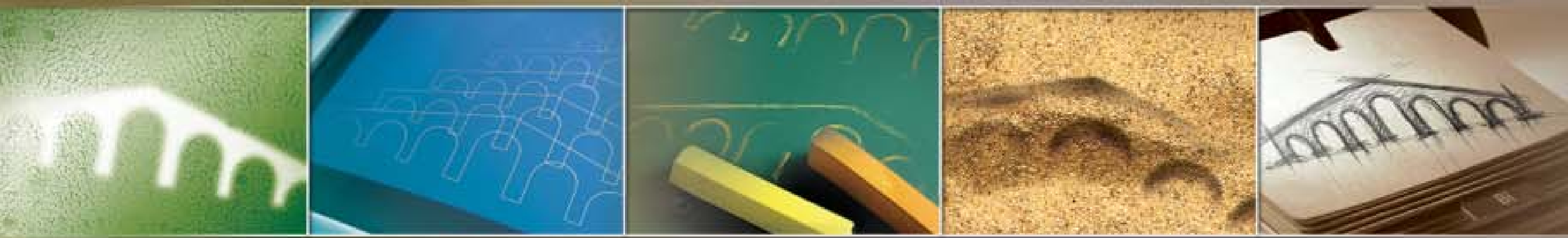
ANNUAL REPORT



2002

SAINT-GOBAIN

SAINT-GOBAIN

Over the course of its development and diversification, Saint-Gobain has consistently been at the forefront of successive industrial revolutions. The Group's present configuration is the fruit of a sweeping transformation of its business operations and structures which began in the 1990s.

Today, Saint-Gobain operates as a manufacturer and provider of high-technology materials and associated services.

Sales	€ 30,274 millions
Net income	€1,040 millions
Number of employees	172,357

CHAIRMAN'S STATEMENT

SAINT-GOBAIN HOLDS UP WELL AGAINST THE BACKDROP OF A DISMAL GLOBAL ECONOMY

In 2002 we improved operating results and strengthened our balance sheet structure. This performance was achieved despite lackluster business conditions in Europe and the United States, which were exacerbated by unfavorable exchange rates for the U.S. dollar and Brazilian real.

Solid operating results

Despite the contraction in markets tied to capital expenditure, sales climbed 1.2% on a comparable basis. The increase was fueled by firm prices in the Housing Products Sector and sustained growth in sales volumes recorded by the Glass Sector.

Operating margin of the industrial divisions stood at a steady 10.6%, buoyed by cost-containment measures rolled out by the Group's manufacturing companies in response to the economic slowdown. A significant contributor was the ongoing restructuring drive carried out in the High-Performance Materials Sector. Meanwhile, the Building Materials Distribution Division increased its profit margin from 4.5% to 4.9%, further to the 2001 transfer of the Pipe Distribution business.

Saint-Gobain's resilience proves the robustness of our business model, which is structured around a balanced mix between historic businesses generating strong recurring revenue and the fast-growth businesses of Distribution and High-Performance Materials.

Increased financial strength

Free cash flow totaled €1.24 billion, reflecting the combination of the Group's solid (4.7% of sales) operating margin and tight control exercised over capital expenditure. This, allied with the significant reduction in working capital requirements – trimmed to 59 days from 68 days – led to net debt being scaled back to €7 billion at December 31, 2002 from €7.8 billion a year earlier.

Financial investments continued in tandem with strengthening the balance-sheet structure. We made further bolt-on acquisitions in the Building Materials Distribution and Ceramics & Plastics sectors, and broadened the geographic presence of our historic businesses. Another highlight in the investment sphere was Saint-Gobain's buyout of minority interests in the Lapeyre Group at the beginning of the year.

Following an increase in new asbestos-related claims filed in the US in 2001, the Group decided to a record a €100 million pre-tax charge in 2002. The number of new claims filed was not significantly higher in 2002 and in 2003, several amendments to federal and state laws may have a positive impact on asbestos-related litigation.

Net income excluding capital gains came in at €1,051 million, boosted by a solid performance in manufacturing operations and a reduction in interest expense. This figure was in line with our target, despite the charge recorded for asbestos-related litigation.

Saint-Gobain's strong and consistent results were achieved due to the ongoing drive and commitment shown by each and every team member, combined with the trust we have earned from our customers. The year 2003 has started off on an uncertain footing, but we are well positioned to further demonstrate our resilience, drawing on the strengths of our diverse markets and global reach.

Jean-Louis BEFFA
Chairman and Chief Executive Officer

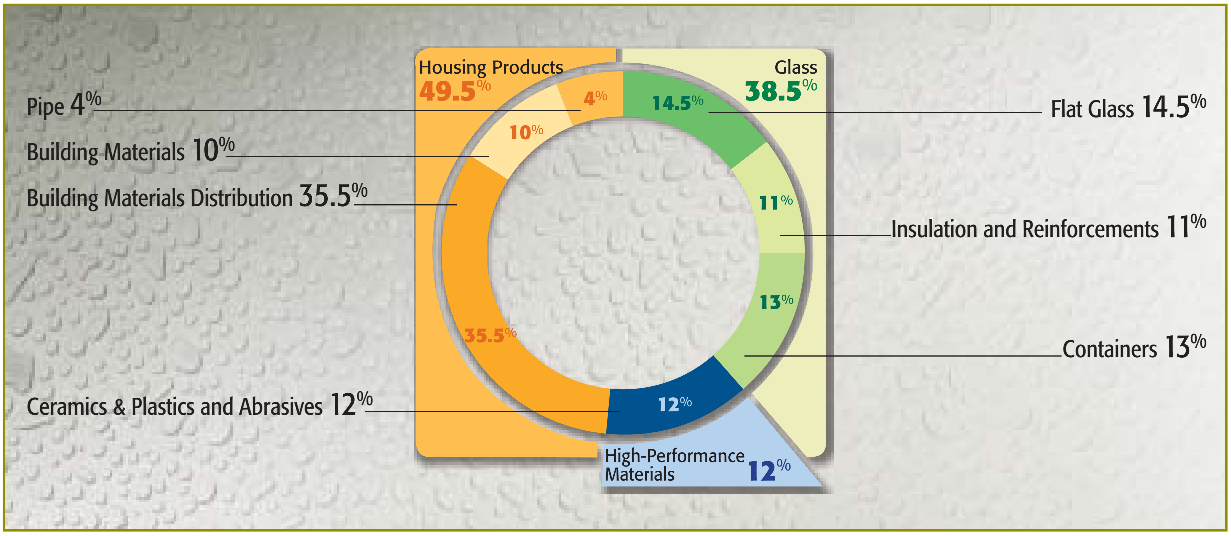
KEY FIGURES

SALES BY SECTOR AND DIVISION

The **Glass Sector** posted the strongest like-for-like growth within the Group in 2002, driven by high sales volumes across the board.

Conversely, sales in the **High Performance Materials Sector** – which slowed considerably during the first half – continued to contract in the second half of the year, albeit less significantly.

The **Housing Products Sector** slightly outstripped the Group's average growth rate, with the Building Materials Division reaping the benefits of the buoyant construction market in the United States and the Building Materials Distribution Division expanding through organic growth and bolt-on acquisitions.



(in € millions)	**2002**	2001	2000	1999	1998
Net sales	**30,274**	30,390	28,815	22,952	17,821
Operating income	**2,582**	2,681	2,693	2,314	1,776
Net income before minority interests	**1,074**	1,174	1,642	1,389	1,182
Net income	**1,040**	1,134	1,517	1,226	1,097
Earnings per share (in €)*	**3.05**	3.33	4.45	3.51	3.04
Net income excluding profit on sales of non-current assets	**1,051**	1,057	1.026	883	790
Earnings per share excluding profit on sales of non-current assets (in €)*	**3.08**	3.10	3.01	2.53	2.19
Net dividend (in €)*	**1.13**	1.125	1.075	0.90	0.80
Highest share price (in €)*	**49.05**	45.00	48.93	47.48	45.62
Lowest share price (in €)*	**18.57**	32.05	29.13	25.78	24.93

(*) After the June 27, 2002 four-for-one stock split.

2002 ANNUAL REPORT

This "Document de Référence" was filed with the Commission des Opérations de Bourse on April 1, 2003, in accordance with Regulation 98-01. It may be used as a supporting document for a financial operation, but only alongside an information memorandum approved by the Commission des Opérations de Bourse. This English-language version of this annual report is a free translation of the original French text. It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version which is the authentic text. The auditors' report applies to the French version of the Management Report and the financial statements.

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I - SAINT-GOBAIN IN 2002

SAINT-GOBAIN TODAY

The origins of the Saint-Gobain Group go back to the founding in France of the Manufacture Royale des Glaces de Miroirs (Royal Mirror Glass Works) in 1665. Over the course of its development and diversification in intervening years, the Group has consistently been at the forefront of successive industrial revolutions. Saint-Gobain's present configuration is the fruit of a sweeping transformation of its business operations and structures which began in the 1990s and went on to fundamentally reshape the Group's strategic focus.

Today, Saint-Gobain operates as a manufacturer and provider of high-technology materials and associated services. Its mission is to produce and distribute the most advanced materials and to deliver sustained growth by leveraging its strong leadership positions.

A RETOOLED GROUP

Apart from the disposal of its Paper-Wood business in 1994, the other principal landmarks in the Group's restructuring have been:

- Acquisition of Norton (1990);
- Acquisition of the Poliet Group (1996);
- Refocusing of core businesses on downstream activities and services, alongside expansion into rapidly growing markets.

Together, these developments have opened up new avenues for the Group's long-term growth. The acquisition of Norton marked a new departure by giving Saint-Gobain a foothold in businesses with a higher technological content. Similarly, its purchase of Poliet heralded a new approach to marketing and services. At the same time, Saint-Gobain began focusing on moving its semi-finished goods businesses "downstream", i.e. closer to end-customers, while also enhancing the added value of its products and services. Objectives pursued under this strategy have focused on unlocking the Group's potential to sustain high-margin, high-volume growth while expanding operating margins and free cash flow, and ensuring greater regularity in earnings. The results of this transformation can be seen in the respective leadership positions of the Group's businesses in its Glass, High-Performance Materials and Housing Products sectors. In each sector, the Group has combined historic businesses with strong recurring revenue streams alongside high-growth businesses with significant development potential. Historic businesses, which include Flat Glass, Containers, Insulation, Pipe and Building Materials, go to market with key strengths. These include worldwide or European leadership, unrivaled technological expertise, ability to generate substantial free cash flow and extensive development potential in rapidly developing countries, the bulk of which are emerging economies.

Businesses with high intrinsic growth, which include Building Materials Distribution, Ceramics and Composites, Abrasives and Reinforcements, share common strengths such as low levels of capital intensity and higher average organic growth. They operate in fragmented markets offering extensive growth potential and opportunities to establish leadership positions. In the last six years, they have played a major role in the Group's restructuring program. Since 1996, three-quarters of the acquisitions completed within the Group have concerned high-growth businesses. In 2002, these businesses accounted for 52% of the Group's consolidated sales, versus 25% five years earlier. Over the same period, Saint-Gobain has doubled its revenue footprint in each of its activities. Thus, for example, in the Building Materials Distribution Division, major acquisitions such as UK-based Jewson and Graham and Germany-based Raab Karcher have driven a 30% increase in sales. In High-Performance Plastics and glass reinforcement fabrics, the same figures are 50% and 20% respectively.

At the same time, Saint-Gobain has pressed ahead with international expansion. To build upon its already diversified presence in Europe and Latin America, the Group has concentrated on making inroads into North American, Central European and Asian markets. Substantial ground has been made in the latter region.

This geographical development has involved all divisions and 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). Building Materials Distribution, which was initially restricted to France, is now a leading European player* and has gained a strong foothold in South America.

Between 1995 and 2001, the Group's historic businesses doubled their sales in emerging countries.

Having retooled the Group's structure and reach, Saint-Gobain can comfortably confront the economic challenges that lie ahead.

* Source: Saint-Gobain

A STRATEGY FOR TODAY'S ENVIRONMENT

Leveraging its balanced mix of activities revolving around consistent centers of expertise, the Group has in recent years implemented a strategy to achieve sustainable profitable growth based on three objectives: developing genuine leadership in all of its businesses, bolstering its technological and sales capabilities, and sharply reducing its exposure to cyclical changes and market fluctuations. Saint-Gobain has built its business model on these foundations, achieving extremely satisfactory results in 2002.

This strategy also applies to the three pillars of the Group's operations: the historic businesses, Ceramics and Composites and Building Materials Distribution. In the *historic businesses* the Group is focusing its major investment programs in emerging economies while at the same time modernizing its existing manufacturing base in Western Europe and the United States. These businesses are also aiming to achieve full production capacity as well as sustained productivity and technological improvements. The pursuit of these objectives will also require tight control of capital expenditure and increased free cash flow which is characteristically high in these businesses. This policy has been borne out by the facts as between 1995 and 2002 the historic businesses achieved average sales growth of 10% per year in emerging countries, which accounted for 9% of total consolidated sales in 2002. 18% of the Group's capital expenditure was given over to the implementation of this policy.

Despite the market downturn suffered in *Ceramics and Composites* in 2001 and 2002, the sector's strategic model is still effective as prices tend to resist well in these highly specialized businesses, even in the most challenging of economic conditions. The Group's positioning in these specialty markets is therefore key to growth and to the extent possible, it is anticipating customers' needs by investing in cutting edge research and development. There are still opportunities to seize for consolidation in these extremely fragmented markets provided the locations of the Group's various manufacturing facilities are optimized. At the same time, if these sectors are to rapidly adapt to market slowdowns they will have to pursue efforts to tightly control production costs and capital expenditure, while targeting capacity choices on countries where growth has remained strong, such as China. Against this backdrop, the Group has been able to maintain its principal objectives for these businesses: strong medium-term organic growth in the region of 5% per year, combined with a sustained high level of return on capital employed.

The business model for *Building Materials Distribution* has three key focuses: marketing and service innovations, increasing geographic reach and seizing market consolidation opportunities through bolt-on acquisitions. Innovation efforts have led to new store concepts, such as La Plateforme, new supplier partnerships and an own brands policy. The geographic growth strategy also includes opportunities for bolt-on acquisitions, which are not limited to France. There are possibilities available for Jewson in the United Kingdom, Raab Karcher in Germany as well as in emerging countries where demand for new formats is strong. The La Plateforme concept is also contributing to the Group's drive for international expansion and has already been rolled out to seven countries. A launch is currently under way in Mexico, which may be followed by Brazil where Telhanorte is already well positioned. Within this sector, it therefore falls to Building Materials Distribution to provide sustained high organic growth, building on a system which is less capitally intensive than the Group's other activities. This strong development capacity was illustrated by a further 12.7% increase in operating income for 2002.

This strategy has brought with it a proper balance of risks and opportunities for all of the Group's activities over recent years. Since 1994, the manufacturing companies have maintained operating margin levels of over 10% while GDP in the OECD nations fluctuated significantly during the period, with a substantial fall in 2001 and 2002.

Thanks to increases in sales prices combined with costs reductions, Saint-Gobain was able to turn in a good performance in 2002 against a backdrop of challenging economic conditions. The Group confirmed its capacity to generate strong organic growth reporting a 1.2% like-for-like increase, despite the slowdown in markets tied to capital expenditure and industrial equipment.

Saint-Gobain has also strengthened its balance sheet structure recently by stepping up the pace of debt reduction.

In 2002, Saint-Gobain's business model once again proved its resistance to market cycles. Faced with uncertain market conditions and new difficulties relating to asbestos-related lawsuits which are described below, the Group maintained its manufacturing strategy focusing on organic growth combined with more targeted acquisitions. Going forward, the total number of acquisitions will be reduced and the Group's balance sheet structure will be further strengthened with the aim of achieving an additional decrease in the gearing ratio by 2005.

TEN-YEAR CONSOLIDATED FINANCIAL HIGHLIGHTS

(In € millions)	**2002**	2001	2000	1999	1998	1997	1996	1995	1994	1993
Net sales	**30.274**	30.390	28.815	22.952	17.821	16.324	13.931	10.719	11.357	10.906
Gross margin	**7.604**	7.698	8.146	6.851	4.573	4.118	3.374	2.664	2.697	2.322
Operating income	**2.582**	2.681	2.693	2.314	1.776	1.593	1.434	1.187	1.112	759
Income before tax and before profit on sales of non-current assets	**1.848**	1.988	1.947	1.821	1.393	1.220	1.124	1.070	808	261
Net income before minority interests	**1.074**	1.174	1.642	1.389	1.182	970	767	716	724	196
Net income	**1.040**	1.134	1.517	1.226	1.097	858	659	642	553	200
Earnings per share (€)	12.20* 3.05**	13.30	17.80	14.05	12.15	9.62	7.61	7.69	6.81	2.76
Net income excluding profit on sales of non-current assets	**1.051**	1.057	1.026	883	790	656	636	613	413	104
Net earnings per share excluding profit on sale of non-current assets (in €)	12.32* 3.08**	12.40	12.04	10.12	8.75	7.35	7.34	7.34	5.09	1.43
Cash flow from operations	**2.673**	2.733	2.643	2.360	1.912	1.693	1.628	1.404	1.237	971
Capital expenditure	**1.431**	1.430	1.722	1.712	1.288	1.353	1.169	852	576	643
Total investment outlay (1)	**2.061**	2.246	4.694	3.479	3.019	2.447	3.034	1.448	997	1.042
Net equity	**11.542**	12.348	11.724	11.151	9.924	9.959	9.082	7.017	6.422	5.417
Net debt	**7.012**	7.792	8.217	6.306	3.885	2.668	2.249	600	383	2.295
Non-current assets	**18.840**	19.678	19.530	16.909	14.033	13.139	12.103	8.463	7.661	8.245
Working capital	**3.951**	3.075	3.222	2.612	1.838	2.262	1.757	2.499	2.990	2.103
Employees (as of Dec. 31)	**172.357**	173.329	171.125	164.698	117.287	107.968	111.701	89.852	80.909	92.348

(*) Before or (**) after the four-for-one stock split carried out on June 27, 2002.
(1) Capital expenditure on plant and equipment plus investments in securities, excluding Saint-Gobain shares bought back.

SAINT-GOBAIN'S BUSINESSES

As a result of the 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 sector has built up an array of fast-growth businesses and has the necessary resources to grasp opportunities for development.

The **Glass Sector** includes Flat Glass, Insulation and Reinforcements, and Containers. By harnessing the extensive synergies between these market-leading businesses, Saint-Gobain has become the **number one glass manufacturer worldwide.** This leading position is unrivaled as none of the Group's competitors operate across the full spectrum of the glassmaking market. 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 automotive 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 is pursuing growth opportunities in emerging countries.

The **High-Performance Materials Sector** comprises two divisions: High-Performance Ceramics & Plastics, and Abrasives. The Sector is the **world leader in Abrasives** and in thermal and mechanical applications of Ceramics. Since the acquisition of Furon in 1999, the Sector has also captured **the number one position in High-Performance Plastics.** Operations are evenly spread between Europe, America and Asia. They are highly innovation-oriented, are often in niche markets, and enjoy strong growth momentum.

The **Housing Products Sector** includes the Building Materials, Building Materials Distribution and Pipe divisions. The Pipe Division is the **number one supplier worldwide** of ductile cast iron pipes used for water distribution. The Building Materials Division is joint world leader 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 in its field since the acquisition of Meyer International in the United Kingdom and Raab Karcher in Germany. With manufacturing operations in Europe, Latin America, Asia and South Africa and significant sales volumes in distant export markets, the Pipe Division also has considerable international reach.

Saint-Gobain's structure has therefore been optimized to enable a worldwide strategy to be rolled out across 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.

REVIEW BY SECTOR AND BY DIVISION

Net sales *(In € millions)*	2002	2001 *pro forma*	2001	2000 *pro forma*	2000
Flat Glass	**4,423**	4,478	4,478	4,167	4,167
Insulation and Reinforcements	**3,329**	3,274	3,274	3,254	3,254
Containers	**4,076**	4,070	4,070	3,906	3,906
(Internal sales)	**(10)**	(9)	(9)	(10)	(10)
Glass	**11,818**	11,813	11,813	11,317	11,317
Ceramics & Plastics and Abrasives	**3,637**	4,018	4,018	4,095	4,095
Essilor	-	-	-	978	978
(Internal sales)	-	-	-	-	-
High-Performance Materials	**3,637**	4,018	4,018	5,073	5,073
Building Materials	**3,074**	3,184	3,184	3,067	3,067
Building Materials Distribution	**10,953**	10,521	10,061	8,383	7,929
Pipe	**1,344**	1,397	1,782	1,392	1,778
(Internal sales)	**(269)**	(278)	(203)	(246)	(178)
Housing Products	**15,102**	14,824	14,824	12,596	12,596
(Internal sales)	**(283)**	(265)	(265)	(171)	(171)
TOTAL	**30,274**	30,390	30,390	28,815	28,815

Pro forma accounts have been prepared for 2001 and 2000, following the transfer, as from January 1, 2002, of the Pipe Division's distribution operations to the Building Materials Distribution Division.

GLASS SECTOR

FLAT GLASS | INSULATION AND REINFORCEMENTS | CONTAINERS

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

Together, these divisions represent 38.5% of Group sales. Each has a strong leadership position, either in Europe or in the international arena as a whole. Saint-Gobain is the world's top player in this sector, buoyed by its being the only glass manufacturer that provides a comprehensive glass offering.

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

Although the Glass Sector is, by definition, capital-intensive, the glass manufacturing businesses are a major contributor to the Group's free cash flow. Capital expenditure has been scaled back over the past two years following the completion of major investment programs in emerging economies, particularly for Flat Glass and Reinforcements. These countries are still priority investment areas, however.

Growth opportunities for the Sector's various businesses lie in leveraging the Group's specific technology and in actively developing new products.

FLAT GLASS

Businesses and products	Key uses	Key competitors	Competitive ranking*
> Basic Flat glass products	> Clear and colored glass, layered glass	> Pilkington (United Kingdom) > Asahi (Japan)	
> Processing and distribution Building industry	> Construction, building industry, interior design, furniture	> Guardian (United States) > P.P.G (United States)	> European leader and one of the world's top three suppliers to the building and automotive industries
> Automotive glass	> Clear and safety products for the automotive industry, glass for replacement parts Aeronautics and mass transit		
> Specialty glass	> Fireproof glass, nuclear safety, aeronautics and mass transit, industrial optics, home appliances, industrial refrigeration	> Schott (Germany)	

INSULATION AND REINFORCEMENTS

Businesses and products	Key uses	Key competitors	Competitive ranking*
> Glass wool > Rock wool > Soundproof ceilings > Insulating foam	> Thermic 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) > Knauf (United States, Europe) > Armstrong (United States)	> Insulation: world leader
> Glass threads (TD,TPA,Tx, etc.)	> Automotive, mass transit, construction, industrial and consumer machines, electrical and electronics industries	> Owens Corning (United States) > P.P.G (United States) > Johns-Manville (United States) > Nippon Electric Glass (Japan)	> Reinforcements: world leader
> Processing (glass, carbon, polyester and Kevlar® glass grids and reinforcing fabrics)	> Building industry, industrial materials, technical composites	> Nitto-Boseki (Japan)	> Leader in external insulation grids for buildings

CONTAINERS

Businesses and products	Key uses	Key competitors	Competitive ranking*
> Bottles and jars	> Food packaging (food products, wine, beer, soft drinks, oils, sauces)	> Owens Illinois (United States) > Vitro (Mexico) > Consumers (United States/Canada) > P.L.M (Sweden)	> Joint world leader > European leader (all businesses combined)
> Flasks	> Fragrances, pharmaceutical and medical products.	> B.S.N Glass Pack (France-Germany) > Pochet (France) > Bormioli (Italy) > Gerresheim (Germany) > Wheaton (United States)	> World leader
> Plastic pumps	> Cleaning products, health and beauty care products > Fragrances and pharmaceuticals	> OI, Indesco, Aptar (United States) > Aptar (United States), Rexam (United Kingdom)	> World leader > Foremost player

* Source: Saint-Gobain

FLAT GLASS

Flat Glass manufactures, processes and markets glass and glazing products for two major markets, the building and automotive industries. Its four main business lines are flat glass manufacturing; processing and distribution for the building industry; production of automotive glass; and specialty glass, which includes products for home appliances, fireproof glass, nuclear safety glass and glass for electronics.

Glass is manufactured in large industrial units known as float-glass lines. These lines produce different types of flat glass, ranging from basic grades in clear and colored varieties, through to more sophisticated glass grades incorporating specific coatings or metallic oxides which are used in many different applications, for example for thermal insulation or sun control. The Division operates in 33 countries and has 29 flat glass floats, of which 11 are jointly owned.

Before being sold, two-thirds of the glass produced by Saint-Gobain's Flat Glass plants is further processed, notably for the building industry. This market is served by a network of downstream processing and distribution businesses which supply an entire range of applications, from structural glazing and wall facings for major construction projects and urban amenities through to glazing products for industrial carpentry, furniture, bathroom fixtures and 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.

The Division is also a manufacturer of automobile parts. It delivers front and back windshields, side windows, glass sun-roofs and other ready-to-assemble modules to major European and global car manufacturers. Whether laminated, colored, treated or specially coated for high-performance applications, the different types of flat glass are sophisticated high-technology products. The pace of change is extremely rapid in this field, to keep up with consumer expectations of ever greater safety and comfort through increased visibility, insulation and acoustic protection. In addition to automotive markets, the aeronautics and mass-transit industries are another significant end-use market for the Division's product expertise.

Edificio las Flores in Mexico City: over 13,000 sq.m. of screen printed glass.

Lastly, the Division includes under the heading of Specialty Glass a number of companies offering specific capabilities in markets such as home appliances (Euroveder, Eurokera), fireproof glass (Saint-Gobain Vetrotech International), industrial optics, and industrial refrigeration. Another specialist subsidiary, Saint-Gobain Display Glass, produces flat glass products for electronic displays.

To meet the needs of its various markets, the Division has adopted a customer-focused organization, with:
- Saint-Gobain Glass for basic products;
- Vitrages de Saint-Gobain for processing and distributing flat glass for the building industry;
- Saint-Gobain Sekurit International for the automotive and mass transit markets;
- Specialty Glass.

International expansion is a constant priority for the Flat Glass Division. Adding to its long-standing presence in all of the major glazing markets in Western Europe, the Division has made inroads into Brazil, Argentina and Chile as well as in Eastern Europe, Mexico and Korea. More recently, it has made significant investments in China and India. In addition, sales offices have been established in a number of countries, including Japan and the United States, in order to develop sales of flat glass products in these markets.

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, and distribution of soundproof ceilings and insulation foams, which are developed in partnership with major chemical companies.

Insulation 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 with a view to providing maximum comfort. Thermal and acoustic insulation standards in the building industry have been introduced in a large number of countries, providing a solid basis of growth for the Insulation Division.

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

In Europe, one house out of three is insulated with the Division's products, and the proportion in the United States is one in every five. The Division is present across the globe, either as a direct producer or via its licensees, and specializes in providing sophisticated and increasingly high-performing systems, drawing on its recognized expertise in acoustic comfort. Thanks to its manufacturing clout and numerous licenses, the Division is a worldwide leader* in mineral fiber insulation products which are sold under a global brand name, Isover.

The development of soundproof ceilings has proven fruitful, manufactured under the Ecophon, Eurocoustic and APS brands.

The Division is structured on a regional basis, aimed at fostering manufacturing and marketing synergies between countries, enabling it to respond promptly to market needs. The aim is to achieve a steady growth rate across all segments.

In industrial countries where it enjoys a long-standing leadership position, the Division constantly seeks to develop new systems with high added value. Isover has gained a strong foothold in emerging economies, successfully tapping the growth opportunities generated by the climate itself and a growing demand for comfort. The new facility in Russia is a prime example of this.

The overall strategy adopted by the Division is underpinned by a twofold goal: bolster its leading position in thermal, acoustic and fireproof insulation solutions and step up expansion in its core market of glass wool. Through its global Isover brand, it provides a range of specific technical, logistic and commercial services with high added value, capitalizing on profitable resources offered by new technologies.

The Reinforcements Division has manufacturing operations in nineteen countries. The current strategy of this Division is to extend its low-cost production platforms beyond Europe, grouping its two core activities – threads and textile processing. Glass thread production is the Reinforcements Division's historic business. It was expanded in 1998 to include processing. This downstream activity has strong growth potential, with current sales representing half of total sales generated by the upstream business of reinforcements.

The glass threads activity is marketed under the Saint-Gobain Vetrotex trade name, which groups a Reinforcements division organized by geographical area (Reinforcements Europe & North America, Reinforcements South America, and Reinforcements Asia Pacific) and a division specialized in textile threads. Saint-Gobain Vetrotex enjoys global reach, supplying downstream processors with glass fiber to be used in the manufacture of composite materials. The key markets served are the automotive and mass transit industries for vehicle bodywork, interior or motor parts, as well as the building industry, leisure equipment (sports goods, boats etc.), the electrical and electronic industries, and the civil and military aeronautics industries.

BTI®, a multiaxial fabric used to facilitate the delivery and rapid assembly of composite bridges.

* Source: Saint-Gobain

Textile-processing operations are grouped into a dedicated Saint-Gobain Technical Fabrics business unit. It produces glass grids and cloths for three types of markets: the building industry, industrial materials and technical composites. This business is less capital-intensive than the glass threads activity, and is more resilient to economic downturns. It has become a second core business for the Division, and is organized around the following companies: Saint-Gobain Technical Fabrics Canada and Saint-Gobain BayForm Canada, Saint-Gobain Technical Fabrics America, Saint-Gobain Bayform America, Saint-Gobain BTI US, Saint-Gobain Technical Fabrics S.A. de C.V. in Mexico, Saint-Gobain Technical Fabrics UK and Saint-Gobain BTI UK, Saint-Gobain Vertex in the Czech Republic, Saint-Gobain Syncoglas in Belgium, Saint-Gobain Tevesa and Saint-Gobain Icasa in Spain, and Saint-Gobain LMC in Italy. The Division also comprises the Glass Mat business unit, dedicated to manufacturing fiberglass units for the building and infrastructure industries. This unit groups facilities located in Europe and the United States.

Saint-Gobain's Calmar's SDS 40 pump for gardening products.

Overall, the Reinforcements Division currently generates some 49% of sales in Eastern and Western Europe, 41% in North and South America and 10% in Asia.

Against a harsh economic backdrop, the Division has set the following primary goals:

- Continue to broaden the geographic reach, niche markets and semi-composite activities of downstream operations.
- Develop production platforms that group all of the Division's businesses at one site in countries with low labor costs.
- Expand distribution networks;
- Continue to enhance capabilities in people management, innovation and cost control.

CONTAINERS

The Containers Division is a front-ranking international player in all three of its business lines. These comprise:

- Glass bottles and jars for food products and beverages;
- Glass flasks for perfume and pharmaceutical products;
- High-performance plastic pump dispensers for beauty, personal care and cleaning products.

To meet the diverse needs of both global and locally based clients, the Division operates glass bottle and jar manufacturing units in Europe (France, Germany, Italy, Spain and Portugal), the United States, South America (Brazil, Argentina), and China.

In the food and beverages sector the Division is present in all market segments. These include still wines, champagnes and sparkling wines, beer, liquor, aperitifs, fruit juices, soft drinks, mineral water, oils, baby food, instant food and drinks, yogurts, deserts, etc.

The Division's expertise in creating new product designs, combined with its flexible manufacturing processes and locally based plants have enabled it to capture the top spot in Europe and the number two position in the United States.*

The Flasks business serves worldwide perfume and pharmaceutical makers from locations in Europe and the Americas. As the world's largest manufacturer of flasks*, its design flair, wide array of glass finishes, and the excellence of its process controls and quality assurance methods, which are used as benchmarks for all its operations, are widely recognized within the industry.

The third Containers business line, pump dispensers, manufactures a core catalogue of products for worldwide markets and has production facilities in Europe, the United States, Latin America and China. As in its other core businesses, the Division enjoys a strong reputation for the quality and performance of its products as well as for its process controls and quality assurance standards.

In each of the Division's packaging businesses, the strategic focus is on ever-enhancing product and service quality to respond swiftly to client needs and expectations.

* Source: Saint-Gobain

HIGH-PERFORMANCE MATERIALS SECTOR

Ceramics & Plastics

Abrasives

The High-Performance Materials Sector is composed of High-Performance Ceramics & Plastics and Abrasives, acquired in 1990 as part of the Norton Group and combined with Saint-Gobain's existing Ceramics and Refractories operations. This Sector has expanded over the past few years on the strength of various acquisitions in the Plastics segment.

The products' end uses are highly diverse, and several of the Sector's businesses enjoy strong growth potential, particularly High-Performance Plastics. Niche markets and specialized product ranges with high added value have also steadily expanded.

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

CERAMICS & PLASTICS

Businesses and products	Key uses	Key competitors	Competitive ranking*
> Industrial Ceramics	> Refractories for glassmaking, ceramics, metallurgy and power generation furnaces. Ceramic pellets and powders for industrial abrasives, refractories, ceramics and other industrial applications. Catalysts used in the petrochemicals industry.	> Cookson (United Kingdom) > Morgan Crucible (United Kingdom) > Washington Mills (United States) > RHI (Austria)	> World leader for thermal and mechanical applications
> Specialty ceramics (including crystals)	> Equipment and components for semiconductor production. Fine and structural ceramics for applications in home appliances, automotive, aeronautics and aerospace components, telecommunications, nuclear power, oil and petrochemicals.	> Kyocera (Japan) > Toshiba Ceramics (Japan) > Asahi (Japan) > Coorstek (United States) > Ceramtech (Germany) > NGK (Japan)	> No. 2 worldwide in specialty ceramics
> High-Performance Plastics	> Fluid systems. Plummer blocks and seals. Technical films and fabrics. Specialty elastomers.	> Entegris (United States) > Smiths Group (United Kingdom) > DuPont (United States) > 3M (United States)	> No. 1 or No. 2 worldwide in all High-Performance Plastics business lines

ABRASIVES

Businesses and products	Key uses	Key competitors	Competitive ranking*
> Grinding wheels	> Roughing, precision grinding, sharpening of tools and materials for the aeronautics, automotive, metals processing, mechanical bearings and iron and steel industries.	> Milacron (United States) > Carbo plc (United Kingdom) > Noritake (Japan) > Tyrolit (Austria)	> World leader for all business lines
> Thin grinding wheels	> Cutting and trimming, metals processing, maintenance, energy, iron and steel, construction and home improvement.	> SAIT (Italy, United States) > Tyrolit (Austria) > Comet (Slovenia)	
> Coated abrasives	> Surface treatments, sanding: aeronautics, automotive, furniture, portable machines, steel, jewelry, watchmaking, biomedical industries.	> 3M (United States) > Hermes (Germany) > Klingspor (Germany) > SIA (Switzerland)	
> Superabrasives	> Precision work for the aeronautics, automotive, cutting tools, mechanical bearings, electronics and composite materials industries. Glass products. Construction materials and stone cutting tools.	> Asahi (Japan) > Diamant Boart (Belgium) > Noritake (Japan) > Wendt Boart (Belgium)	

* Source: Saint-Gobain

CERAMICS & PLASTICS

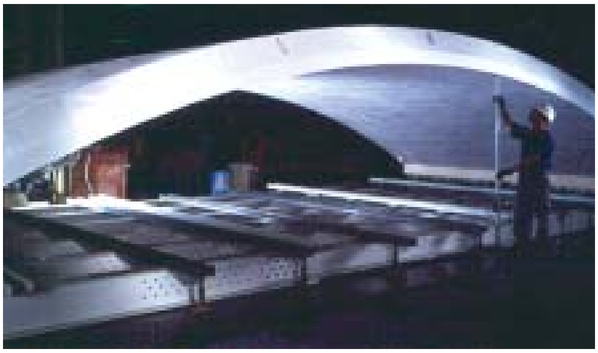
Following a decade of major acquisitions, in 2002 the Division was organized along the same lines as the Abrasives Division within the High-Performing Materials Sector, in a bid to strengthen synergies.

The Ceramics & Plastics Division currently breaks down into four business lines: Ceramic Pellets and Powders; Ceramic Products; High-performance Plastics; and Crystals and Detectors, which features a specific organization structure to cater to the segment's growth potential. This overall structure is built around Saint-Gobain's core businesses of Ceramics and Refractories, as well as around the core businesses of Norton, Furon and Chemfab, Holz and Magic, acquired in 1990, 1999 and 2000 respectively. No major acquisitions were made in 2002.

Through these global business lines the Division generates 35% of sales in Europe, 56% in North America, 4% in South America and 5% in the Asia-Pacific region.

Ceramic Pellets and Powders are used for abrasives, refractories, ceramics and products for catalyst carrying in the petrochemicals industry. In 2002, this business line stepped up its plan to sharpen its competitive edge, primarily by setting up operations in countries with low production costs.

Ceramic Products covers the manufacturing of materials and parts which draw upon the thermal and mechanical properties of both traditional and advanced ceramics (resistance to very high temperatures, to abrasion and to corrosion). In 2002, the business line experienced flat demand for refractories and fused-cast ceramics, mainly due to a decrease in orders for repairs of glassmaking ovens following two buoyant years. At the same time, the semiconductor market showed no sign of recovery during the year.



Fused-cast crowns designed for glass furnaces.

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. It enjoys high growth and profitability, and is structured around four core product families: Advanced Films and Fabrics, which covers films, adhesive tapes and special fabrics for aeronautic, electrical and safety applications; Fluid Systems, including pipes, couplings and tubes for manufacturing, automotive, food processing, pharmaceuticals, chemicals and semiconductors; Precision Bearings and Rings, which manufactures self-lubricating bearings and rings for cars, home appliances, machine tools and airplanes along with composite parts for the aeronautics industry; and Specialty Elastomers, which supplies flexible foams for sealing and vibration-proof foams for cars, manufacturing and the building industry.

Crystals and Detectors are produced for the medical, nuclear, safety, oil and petrochemical markets. The business line's structure was retooled in 2002 to enable it to meet demand generated by these markets' strong growth potential.

Following ten years of acquisitions, the Division is now focused on organic growth. Restructuring and integration processes were rolled out in 2002, with a view to further enhancing the Division's competitive advantage. The focus for the future will be on strengthening its presence in countries with low production costs, as well as undertaking research and development programs that are tailored to its businesses.

Overall, the Division's strategy is rooted in growing internally with a view to becoming number one or number two in 80% of its businesses. It also intends to broaden its reach in Asia, primarily through partnering major customers. Lastly, there will be a drive to leverage operating synergies and enhance asset turnover.

ABRASIVES

Abrasives, which was originally acquired as part of Norton in 1990, has grown steadily through organic and external expansion – both in Europe and the United States – to become the worldwide leader in its industry*.

The Division's unparalleled product coverage makes it the only supplier capable of offering customers a comprehensive range of finishing system solutions, from roughing and surface finishing through to polishing, cutting and precision grinding. Its extensive experience enables it to provide solutions for each stage in the process.

The Division is also the only global manufacturer with capabilities in all types of abrasives made with mineral granules such as aluminum oxide, silicon carbide or diamonds:

- Grinding wheels incorporate natural or synthetic abrasives which have been bonded with a vitrified or organic binder. Their size can vary from the miniature wheels used by lapidaries through to 12-ton wheels for wood pulping in the paper industry. Most of the products in this business segment are made to measure. The Division is the world's largest manufacturer of grinding wheels and operates in a relatively fragmented market.

Thin grinding wheels made by the second abrasives plant in Shangai.

- Thin grinding wheels are formed from bonded abrasives which have been reinforced with fiberglass mesh. These products are generally standardized and their production is the most heavily automated. End-use markets include building and home improvement and industrial users. The Abrasives Division is the undisputed global leader in this product category.

- Coated abrasives incorporate abrasive granules which are coated with a layer of adhesive and affixed to a paper, cloth, fiber or synthetic backing. They are sold in strips, discs, rolls or sheets and are used for a wide range of applications such as polishing reactor turbine rotor blades or in surface finishing for industry and the home. Coated abrasives range in size from the equivalent of a small coin up to sheets several meters wide, which are used to polish and buff wood panels.

- Superabrasive grinding wheels and tools combine a grinding surface made from diamond or cubic boron nitride with a resin or metal bonding system. They are typically used to grind materials which are either very hard or very brittle and can work at a precision of close to one nanometer for certain electronics applications. Their performance in demanding, high-precision grinding jobs and their long-lasting reliability make them indispensable for a wide array of sectors, such as auto manufacturing and aeronautics, as well as construction.

The Division operates manufacturing facilities in some thirty countries and has built up an extensive presence in Asia and South America alongside its established operations throughout Europe and the United States. It serves clients that are present in nearly every country. To meet demand in its various markets and satisfy a broad spectrum of customer requirements, it markets custom solutions directly to industrial clients and supplies large-run products to distributors who serve the trade and mass market. The Division has also made significant investments in e-business tools in order to deliver optimal levels of customer service.

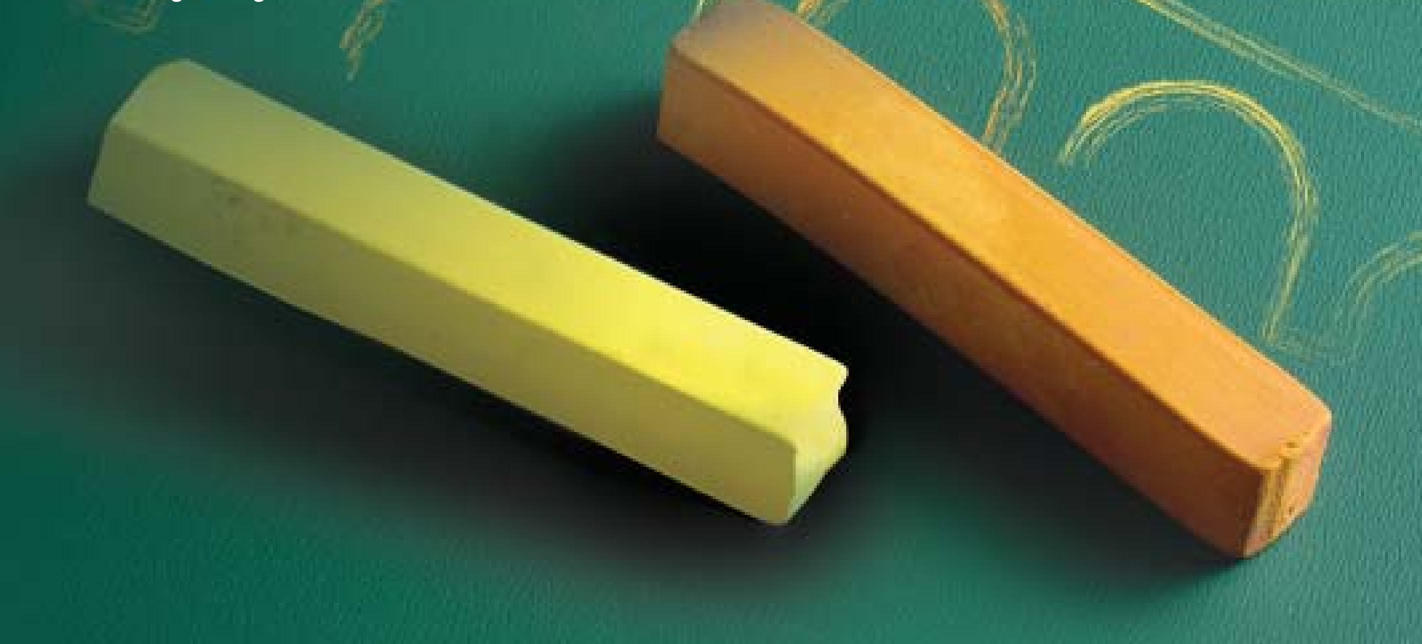
* Source: Saint-Gobain

HOUSING PRODUCTS SECTOR

Building Materials Distribution | Building Materials | Pipe

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 meeting 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 countries across the globe. As from January 1, 2002, Building Materials Distribution has integrated the pipe materials distribution activities formerly consolidated by the Pipe Division. One of the Group's historic businesses, the Pipe Division operates as a specialist producer/provider of equipment for the water-supply industry. 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 around 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 with regard to the Building Materials business, 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 in emerging economies.



BUILDING MATERIALS DISTRIBUTION			
Businesses and products	**Key uses**	**Key competitors**	**Competitive ranking***
> Distribution of building materials for new construction and renovation > Industrial carpentry	> Market for houses and apartments Home equipment: kitchens, carpentry, bathrooms, heating	> Wolseley (United Kingdom/France) > Kingfisher / Castorama (United Kingdom/France) > Travis Perkins (United Kingdom) > Pinault-Bois Matériaux (France)	> European leader in building materials distribution and industrial carpentry
BUILDING MATERIALS			
Businesses and products	**Key uses**	**Key competitors**	**Competitive ranking***
> 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 existing homes Wall coatings, glues and joints for tiling Road-building and utilities Civil engineering Urban furniture Materials for gardens and landscaping	> Imerys (France) > Materis (France) > Owens Corning (United States) > Trex (United States) > Louisiana Pacific (United States) > James Hardie (Australia) > Etex (Belgium) > Wienerberger (Austria) > Royal Group (Canada) > Bonna-Sabla (France)	> European leader for industrial mortars > Among the world leaders in wall facings and coatings > Joint world leader for roofing products
PIPE			
Businesses and products	**Key uses**	**Key competitors**	**Competitive ranking***
> Cast-iron pipes, connectors and accessories > Hydraulic valves and fountains > Road-building supplies > Pipes and connectors for wastewater and rainwater in the building industry	> 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 ductile cast-iron pipes

* Source: Saint-Gobain

BUILDING MATERIALS DISTRIBUTION

The Buildings Material Distribution Division is the leading distributor of building materials in Europe, and the top distributor of ceramic tiles worldwide.*

Formed in 1996 following the acquisition of Poliet, the Division was subsequently enlarged in 2000 on the back of major acquisitions in the United Kingdom and Germany. It serves the home building, renovation and interior decoration markets through more than 2,600 outlets in 14 countries, the bulk of which are in Europe.

Customers include building contractors, tradesmen, architects and interior decorators, as well as home owners. Products are distributed by well-established trading names such as Point.P, Lapeyre and La Plateforme du Bâtiment in France, Jewson and Graham in the United Kingdom, Raab Karcher in Germany, Holland, Hungary and the Czech Republic, Point.P in Spain, and Telhanorte in Brazil. Each banner has direct responsibility for deciding its market positioning, product line-up and value offerings.

Point.P, which is the market leader in France, serves building professionals through a highly decentralized group of businesses operating 1,300 outlets nationwide. It is also present in Catalonia, Spain.

La Plateforme du Bâtiment - a new distribution concept launched in 1998 - is exclusively targeted at building professionals and is modeled on the cash and carry principle. This brand now has outlets in 14 cities in France and is gradually being rolled out to other countries. Seven branches have been set up in Poland, Spain,

* Source: Saint-Gobain

The first Plateforme opens its doors in Mexico.

Hungary, the United Kingdom and Mexico, and there are plans to further step up international expansion.

In 2002, Lapeyre concentrated on repositioning its business. As a specialist in home decoration, Lapeyre covers four essential product “destinations”: fitted kitchens, fitted bathrooms, interior carpentry and exterior carpentry. Other marketing developments throughout the year included renovation of shops, new catalogues and the launch of a new advertising campaign. Lapeyre has an extensive presence in France, with 300 points of sale, and also operates in Belgium and Switzerland. The company’s presence in São Paulo, Brazil through Telhanorte, has given an additional boost to its international development.

The Division has two main banners in the United Kingdom: Jewson, which is Britain’s biggest building materials merchant, and Graham, a specialist in plumbing and heating. Both are firmly focused on providing proactive local service to small contractors and tradespeople through their network of 630 agency outlets.

Raab Karcher is the leading building materials distributor for trade customers in Germany, Hungary, the Netherlands and the Czech Republic and has a network of over 410 agency outlets. The company’s acquisition of Keramundo has given it a leadership position in the German market as a distributor of ceramic tiles.

* Source: Saint-Gobain

Thanks to robust organic growth and acquisitions made by the Division, Building Materials Distribution practically quadrupled its sales in the six years to 2002, thus bringing total sales to some €11 billion by the end of 2002.

In the coming years, the Division will keep up its development by stepping up international expansion, achieving organic growth, fostering synergies between banners and launching new distribution concepts.

BUILDING MATERIALS

The Building Materials Division is one of the world leaders* in its market and has strong leadership positions in the United States, Europe and Latin America.

The Division provides complete offerings for the outside of the home, in both the construction and renovation segments: vinyl and cement 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 cater to local preferences while serving the traditional needs of the building industry. In each market and region, homes have specific architectural features – wall facings and coatings vary from one country to another, while roof tiles are different in many regions. More than half of the Division’s sales are generated in the Americas, yet its vast product offerings are available in twenty-three countries.

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 fittings for terraces) and on the other roofing and ventilation products (asphalt shingles, equipment for artificial ventilation of attics).

Saint-Gobain Weber, the world leader in tiling adhesives and seals*, heads the Division's global mortars business and is actively expanding its geographic reach. It is the European leader in wall facings* and the market leader in Europe and Brazil for industrial mortars.*

Terracotta tiles and bricks for roofing and wall decoration are almost unique to the European market. This business, which was recently redesigned under the Terreal brand, has enjoyed strong marketing momentum following two years of buoyant business generated by the storms that swept through Europe in December 1999. European sales have also been boosted by a steady shift away from concrete tiles to this warmer colored product.

Industrial concrete, a France-based business operated by Saint-Gobain Stradal, manufactures concrete products used in road construction and utilities, as well as in civil engineering projects (railway ties, arch stones, supports). Over the year, this business line continued to actively branch out into urban furniture, floor slabs and paving stones, gardening and landscaping items.

PIPE

The Pipe Division is the world's leading producer and exporter of ductile cast-iron pipes and connectors and supplies for roadworks and utilities.* The Division intends to firm up its leadership position in all markets where it is present by building on its technical and business expertise. This strategy is rooted in three goals:

- Expand into new growth markets to offset flat demand in traditional European markets. The Division has boosted its presence in emerging economies, where it has invested in plant and equipment. A prime example is the development strategy for China, which was given a boost in 2002 by the signing of a joint-venture agreement. This will enable the Division to significantly broaden its reach in China – a country that is in the process of becoming the world's leading market. At the same time, the network of sales offices is being extended throughout the globe in order to better serve markets with the most growth potential. To this end, 2002 saw new sales offices set up in the West Indies and Ireland.

- Accelerate organic growth by innovating. The Division stands apart from its competitors thanks to the high quality of its products and services. By launching new products and overhauling existing ones, it can tap new markets and outplay rivals.

- Continue to enhance productivity, especially by increasing specialization at production sites, leveraging production capacity, pursuing roll-out of manufacturing processes, and containing overheads. Achieving these objectives will be buoyed by the Division's gradual implementation of an integrated information system covering all marketing and logistical aspects.

460 km of ductile cast-iron pipes designed to supply drinking water to Abu Dhabi.

* Source: Saint-Gobain

RESEARCH

A PIPELINE OF MORE ADVANCED AND ENVIRONMENTALLY SOUND PROCESSES, YIELDING INNOVATIVE PRODUCTS FOR CORE BUSINESSES AND NEW MARKETS

In € millions	**2002**	2001	2000
R & D expenditure	**312**	320	300

For many years, Saint-Gobain has had the aim of being constantly at the forefront of technological change in all of its businesses. The Group's global R&D organization works towards three goals. The first of these is to develop a steady stream of innovations for Saint-Gobain's historic businesses. In this area, initiatives are focused on designing processes to meet ever-changing standards of efficiency, quality, reliability and environmental compliance and on developing high-functionality, high-value products that respond to emerging needs in the Group's markets. The self-cleaning glass that has recently been brought to market reflects this aim, as do the new automotive products such as layered glass windshields.

Its second task is to create products that meet demands in high-growth markets and allow Saint-Gobain to bring its expertise to bear in ensuring their commercial development. New products have been designed in the field of environmental applications, water transportation and treatment, renewable energy (in particular solar and wind energy) and information technology and communications, such as printed circuit manufacturing equipment, visual display units or optical transmission systems 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. In 2002, a new research unit specialized in high-performance polymers was commissioned in Northboro, Massachusetts. The breadth and depth of expertise in each of these product groups opens the door to unique combinations, yielding unrivalled capabilities and performance.

The Group's 16 R&D centers in Europe and the United States are responsible for pursuing an ambitious program of research initiatives and are supported in their efforts by around 100 smaller-sized development units, which are spread across the world, wherever the Group has manufacturing operations.

At the core of R&D processes, several sites play a key coordinating role:
- Aubervilliers (France) includes both SGR, the Group's largest research center on Glass, and an R&D unit specialized in Building Materials.
- Cavaillon (France) which is a center of excellence for Ceramics research in Europe.
- The sites of Northboro and Worcester in Massachusetts bring together a key section of researches in Ceramics, polymers and Abrasives.

The table below summarizes the Group's research centers and their capabilities.

Saint-Gobain Recherche (SGR)	All Glass divisions	Aubervilliers (France)
Centre de Recherche et d'Etudes Européen (European Research & Engineering Center)	Ceramics	Cavaillon (France)
R&D Center	Abrasives	Worcester (United States)
Northboro R&D Center	Ceramics, Plastics and Abrasives	Northboro (United States)
Solon Development Center	Crystals and Detectors	Solon (United States)
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)
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 of Wichita Falls	Reinforcements	Wichita Falls (United States)
Process & Product Devt.	Pipe	Pont- à-Mousson (France)
Chalon Technical Center	Containers	Chalon sur Saône (France)
Vinyl Siding & Windows	Building Materials	Jackson (United States)
Development Center Bayex	Technical Fabrics	Sainte Catharines (Canada)

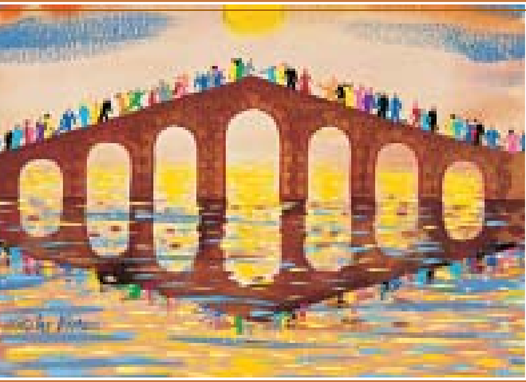
Saint-Gobain's R&D community is nearly 3,000 strong and represents a highly interactive and mobile group of individuals. The various communication and knowledge-sharing forums made available to researchers enable them to pool talents, cross-fertilize and innovate together. Saint-Gobain has forged partnerships with leading university research laboratories, particularly in Europe and North America. In France, it has set up a mixed research center in conjunction with CNRS, France's national research council. Researchers are strongly encouraged to move between R&D and other Group operations, as well as to pursue cross-business line and international experience. Such exchanges do not only enrich the Group, but also help to empower and provide incentives for staff members.

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 2,500 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.

MORE INFORMATION IS AVAILABLE AT
www.saint-gobain.com (Innovation section).

II - SUSTAINABLE DEVELOPMENT

GENERAL PRINCIPLES OF CONDUCT AND ACTION FOR THE SAINT-GOBAIN GROUP



HUMAN RESOURCES

ENVIRONMENT, HEALTH AND SAFETY

GENERAL PRINCIPLES OF CONDUCT AND ACTION FOR THE SAINT-GOBAIN GROUP

In January 2003 the Board of Directors of Compagnie de Saint-Gobain adopted the following as the Group's principles of behavior and action:

The Saint-Gobain Group has developed a number of shared principles applied by both management and employees which have guided the activities of the Group over the years.

Today the Group wishes to give written expression to these principles in order to facilitate their communication and consolidate their implementation throughout the Group worldwide. The purpose of this document is also to make a public statement of Saint-Gobain's adherence to these basic principles of conduct and action, which apply to all companies forming the Group without regard to the country of activity.

The principles set out are not intended to be exhaustive but to cover the most essential areas. They are complemented, and may in the future be further complemented, by sometimes more specific rules having regard to local conditions or particular positions of responsibility, but in any case without detracting from the basic principles.

The application of these principles is a requirement for belonging to the Saint-Gobain Group.

PRINCIPLES OF CONDUCT

The Saint-Gobain Group considers that the basic values shared by management and employees alike are professional commitment, respect for others, integrity, loyalty and solidarity. These are principles of conduct which apply to each one of us.

***Professional commitment** for us means mobilising to the best of one's ability the knowledge and know-how of the individual and also calls for training to keep both up to date. It requires personal commitment and a willingness to take on those tasks which have been assigned and to acquire needed knowledge. It implies the effective contribution of each person in caring particularly for the environment and for worker health and safety.*

***Respect for others** is an absolute prerequisite for the professional and personal development of each person. It must be applied throughout the Group worldwide and implies an acceptance of pluralism and other cultures and of people of all origins. It is expressed in a readiness to listen to others, to inform, to explain and to engage in dialogue.*

***Integrity** requires a rigorous adherence to probity in one's professional activities. It admits of no compromising of the interests of the Group entrusted to the given individual in favour of that person's own private interests – whether in dealings within the Group or in dealings on behalf of the Group with third parties, whatever local practices might be.*
Detailed rules of conduct may be adopted for certain categories of Group personnel where the nature of their responsibilities so requires.

***Loyalty** requires honesty and fairness in dealing with superiors, colleagues, subordinates and third parties dealing with the Group. In particular, it is incompatible with the pursuit of self-interest where the latter conflicts with the goals of the individual Group company or the Group as a whole. It implies the adherence to the guidelines and internal rules of individual Group companies and of the Group as a whole.*

***Solidarity** is based on a sense of individual responsibility at work which prevails over self-centered thinking and encourages team work and bringing out the best in each person. It means rejecting management or operational methods which are geared more to the self-satisfaction of given individuals rather than the interests of the particular Group company or the Group as a whole.*

PRINCIPLES OF ACTION

The Saint-Gobain Group wishes to set out the principles of action which govern the activity of all management and employees in the exercise of their professional responsibilities regardless of the country involved. These principles of action[1] contribute to the realisation of sustainable development and responsible patterns of growth in accordance with the long-term strategy pursued by the Group.

[1] They are intended to embody the OECD Guidelines for Multinational Enterprises, adopted in June 2000.

RESPECT FOR THE LAW

All Group companies are to apply in all areas all laws and regulations in force in those countries where they carry on business.

Particular attention is drawn to the areas described below.
All Group companies shall prohibit all actions which might breach applicable norms of competition law.
They shall refrain from any form of financing political parties or activities, even if allowed under local law.
They also are to reject all forms of active or passive corruption whether in domestic or international transactions(2).
Furthermore, Group companies are to renounce exploiting loopholes or inadequacies in any such laws or regulations where this would mean non-compliance with the norms of the Saint-Gobain Group in the areas described below.

CARING FOR THE ENVIRONMENT

Group companies are to actively promote the protection of the environment.
At company sites management methods shall be followed, wherever the site may be located, which allow measurable environmental performance standards to be set, and actual performance to be regularly evaluated and checked against the applicable standards.

They shall strive to raise the main relevant environmental performance standards of their own sites to the level of particularly effective performance standards found in the Group for comparable sites – even if that means going beyond the requirements of local legislation.

WORKER HEALTH AND SAFETY

Group companies are to take particular care to adopt all measures necessary to ensure the best possible protection against health and safety risks in the workplace.
They shall adopt risk reduction policies and follow-up on the due application of the same, checking actual results against the applicable standards. Such policies shall apply both to their own employees and to employees of sub-contractors where the latter are working on a Group site.
They shall strive to raise the main relevant health and safety performance standards of their own sites to the level of particularly effective performance standards found in the Group for comparable sites – even if that means going beyond the requirements of local legislation.

(2) Covered by the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of 17th December 1997.
(3) As defined by the applicable conventions of the International Labour Organisation.

EMPLOYEE RIGHTS

Group companies are to scrupulously ensure that employees' rights are respected.

They are to promote an active dialogue with their employees.
In addition, and without limitation, they shall respect the following rules, even if not provided for by applicable local law:

1. *they shall refrain from any form of recourse to forced labour, compulsory labour or child labour(3) – whether directly or indirectly or through sub-contractors where the latter are working on a Group site; and*
2. *they shall refrain from any form of discrimination of whatever kind with respect to their employees whether in the recruitment process, at hiring, or during or at the end of the employment relationship.*

Each member of management and employee of the Saint-Gobain Group is personally responsible for applying these principles of conduct and of action.

Each management level - company, business unit, Delegation or Branch - carries its own responsibility for ensuring the application of these principles of the Group.

The Branches and Delegations are to report regularly to the general management of the Group on how the principles are being applied.

The general management of the Group is to implement awareness and training programmes in order to promote these principles across the Group. It will stipulate the measures required to enable effective testing, and checking of actual results against the applicable standards, to be carried out.

* * *

In defining its strategy and the conduct of its operations, the Group is mindful of its responsibility of working towards sustainable development.
The Group's human resources management policy revolves around a central aim of providing a caring environment in which each individual can find personal fulfillment. Further objectives are to promote teamwork, listen actively, engage in constructive dialogue with employee representatives, develop employee skills and offer opportunities for professional growth. The Group is also intent on facilitating the entry of young people into professional life and encourages the involvement of its subsidiaries in local community life.

Respect for the environment is another aspect of Saint-Gobain's commitment to human well-being. The development of its operations must not only take into account the health and safety of its employees and of all persons residing near Group sites, but also avoid impacting the environment. Over the past several years, the Group has implemented procedures to guarantee the health and safety of its employees, to prevent industrial risks and to monitor and minimize the impact of its manufacturing processes. Saint-Gobain is also actively involved in research and innovation to improve the environmental quality of its industrial processes and to develop "green" products.

HUMAN RESOURCES

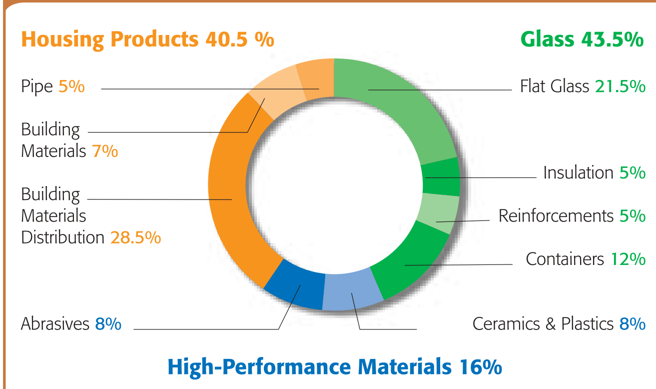
Saint-Gobain's Human Resources management policy is a major strategic focus. Its purpose is to anticipate the needs of the organizations that make up the Group, to create the conditions that cause employees to support company objectives, to meet employee needs by taking into account their career projects and providing satisfactory work conditions.

1. GROUP EMPLOYEES

Living in more than 45 different countries, working in manufacturing, processing or retailing, the Saint-Gobain Group's 172,357 employees at December 31, 2002 are a particularly diverse group of people.

A • BUSINESS LINES

Breakdown by division of employee headcount



51% of the Group's employees work in its "historic" businesses, while the remaining 49% are in the high-growth businesses.

Most of Saint-Gobain's historic businesses, namely Containers, Insulation, Pipe and Building Materials, have seen their share of employee headcount decline over the past several years. These businesses have automated their manufacturing processes to raise productivity and generate free cash flow, which is for the most part invested in emerging countries.

Flat Glass stands out as an exception among the historic businesses, since its share of employee headcount rose to 21.5% in 2002, up from 15% in 1997. This is due to the consolidation of processing subsidiaries, but also to expansion in the United Kingdom and in the emerging countries of South Korea, China, Poland and India.

The high-growth businesses of High-Performance Materials, Reinforcements and Building Materials Distribution have experienced mixed trends in recent years.

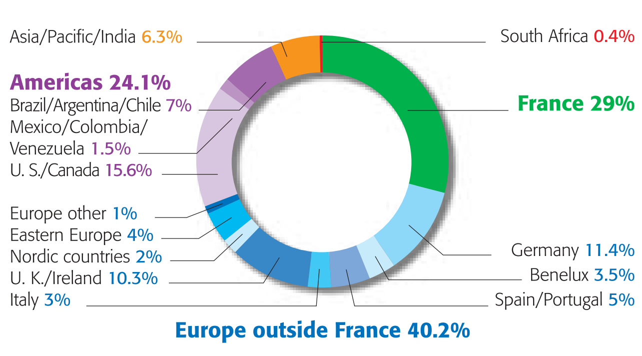
Although developing High-Performance Materials operations remains a major strategic imperative for the Group, their share of employee numbers has eased back in recent years, for three major reasons. First, the numerous acquisitions in the field of Abrasives that the Group carried out in the 1990s gave rise to reorganizations when the new companies were integrated. Second, many sites have been switched to more automatic processes, particularly in the more traditional ceramics activities, such as refractories. Lastly, plummeting capital expenditure in the manufacturing sector made downsizing unavoidable in Abrasives, as the crisis in the telecommunications and semi-conductors markets did in Ceramics & Plastics. These economic trends were amplified by the fact that both businesses are strongly established in the United States, where layoffs in response to economic downturns are more common and larger than in Europe.

The Reinforcements business has maintained a steady share in recent years despite increasing automation at European plants, due to the offsetting effect of acquisitions in countries where plants are less automated, and developments in the processing of glass threads, a more labor-intensive activity.

The Building Materials Distribution division, which now represents 28.5% of total staff against 13% in 1997 is by far the fastest-growing. This jump is the result of large-scale external growth operations, with Jewson and Graham in the United Kingdom and Raab Karcher in Germany, as well as of many bolt-on acquisitions which reflect the Group's determination to develop the business. It is also attributable to dynamic organic growth. One example is the setting up and international roll-out of La Plateforme du Bâtiment, which has allowed 1,524 new jobs to be created in the past four years in Europe and Mexico.

B • THE GROUP'S GLOBAL PRESENCE

Breakdown by country of employee headcount



The share of Western countries is tending to decline in favor of emerging nations. France accounts for 29% of employees, against one-third five years ago, while North America saw its share diminish from 21% to 16%.

Over the past five years, the workforce in Asia, Latin America and South Africa has grown by 60%. Overall, emerging countries now host 19% of Group employees, a consequence of Saint-Gobain's strategy of expansion in those rapidly growing markets.

C. EMPLOYEE CATEGORIES

• **Executives**[1]

Executives and managers represent 11.1% of total Group employees. The Flat Glass and Containers divisions, which have lean organization structures, include 8.6% and 8.1% of executives, respectively. At the other end of the scale, the Insulation and Abrasives divisions have the highest proportions of executives, with 15.3% and 14.3% respectively, as the more dispersed nature of their markets calls for larger sales and marketing teams. The Insulation business also has more extensive research and development operations in relation to its size than the other Group divisions.

• **Blue-collar workers**[2]

Number of blue-collar employees

Blue-collar workers account for 53.7% of total Group employees on average, but the proportion varies widely from one division to another. The Building Materials Distribution division includes only 24.6%, in Lapeyre plants, as sales outlets employ virtually no blue-collar workers.

In the industrial divisions, blue-collar workers represent between 58.5% and 76% of employees, mainly depending on the type of organization structure. Divisions in which shift work is particularly prevalent, such as Containers and Reinforcements, tend to have a higher proportion of blue-collar workers. Further, in each division, the size of structures not directly linked to production, such as sales and marketing or R&D, also influences these figures.

Working hours[3]

Work is organized in shifts in many manufacturing activities, to meet technical requirements. Distribution operations do not have this type of work. In industrial operations 51% of employees perform shift work, and the proportion rises to two-thirds in Reinforcements and Containers.

Each workstation can have two or three shifts, or even more in some cases, when work takes place 24/7, in uninterrupted production. The latter schedule concerns 34% of employees within Saint-Gobain's industrial companies, mainly in glass production lines.

Throughout the Group, any uninterrupted production takes place in cycles, in an alternation of working and rest & recuperation periods. Overall, in all countries the number of hours worked annually by shift workers is lower than that of workers who have a daily schedule.

Overtime[4]

To meet a temporary increase in their workload, some Group companies sometimes need to ask their employees to work overtime. On average, these overtime hours represented 3.9% of hours worked in 2002. This figure is fairly low (between 2.5% and 6%) in most industrial divisions, since production lines that work uninterruptedly only very rarely need to call upon overtime. The figure is slightly lower, 2,2%, in Building Materials Distribution, since this division's sales outlets have regular opening and closing hours, while it is higher in Building Materials, reaching 7.2%. In the latter division, where the proportion of shift work is the Group's lowest, the use of overtime hours in 2002 was attributable to buoyant sales volumes.

D. AGE DISTRIBUTION AMONG EMPLOYEES[5]

The average age of Group employees is 39 years and a half and average seniority amounts to 12 years. Seniority is particularly high in the divisions which have the largest industrial facilities, where employee populations are very stable: the average in the Pipe division is 17 years and a half and in Containers it is 15 years and a half.

In industrialized countries, average age and seniority are roughly consistent from one country to another, and at a fairly high level. The average age varies from 39 to 44 and average seniority is

[1] Data concerning executives are based on 83% of total Group staff.
[2] Data concerning blue-collar workers are based on 90% of total Group staff.
[3] Data concerning working hours are based on 86.4% of total Group staff, excluding Building Materials Distribution.
[4] Data concerning overtime are based on 89% of total Group staff.
[5] The average age of employees is based on 90% of the total and average seniority on 88% of total Group staff.

approximately 12 and a half years. In Germany, Belgium and particularly Spain, where the Group has a long-standing industrial presence, seniority is higher. It is however lower in the Netherlands (8 years and a half) since the Group's presence there is mostly in Building Materials Distribution, where employee turnover is higher.

In the emerging countries of Eastern Europe, Latin America and Asia, the average age is 35 and the average seniority about 7 years. These figures, considerably below the Group average, reflect Saint-Gobain's recent development in these areas.

2. EMPLOYMENT

A. HIRES AND DEPARTURES

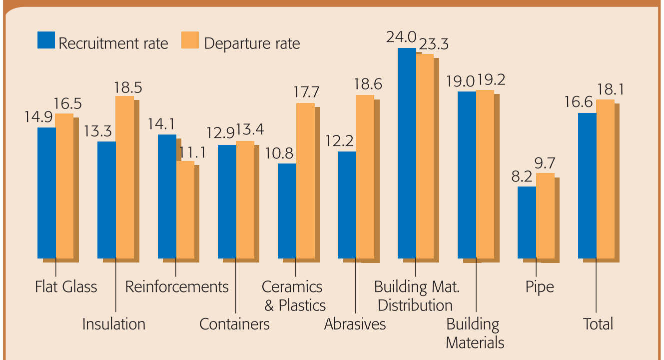
• Employment trends

In 2002, the number of Group employees contracted by 1.5%. This downward movement was principally due to unfavorable economic conditions, which slowed organic growth and called for restructuring in a number of businesses. The most heavily affected divisions were Flat Glass, Pipe, Insulation and above all Ceramics & Plastics and Abrasives.

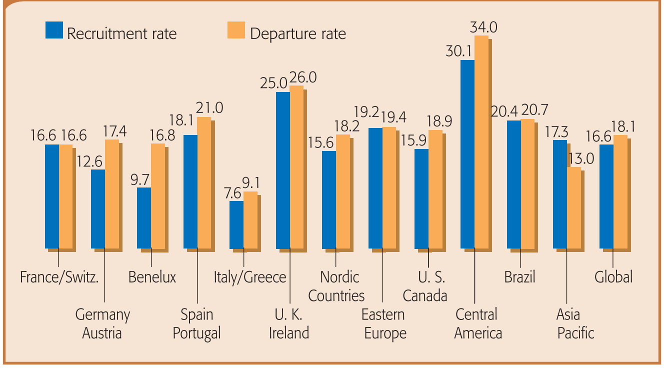
Building Materials and Containers, which enjoyed better trading conditions, kept their employee numbers more or less level.

Two businesses that had a slight job-creating effect were Building Materials Distribution, which continued its organic growth, and Reinforcements, where downsizing in some countries was offset by the recommissioning of a Vetrotex America furnace in the U.S. and by development in emerging countries.

Recruitment Rate and Departure Rate by Division



Recruitment Rate and Departure Rate by Country



On average, Western Europe and North America streamlined their workforces in order to upgrade operations that were struggling and to make the necessary productivity-boosting efforts to stay competitive. All emerging countries created jobs in 2002, on the back of favorable market conditions that supported the Group's active expansion drive. The outcome was that, based on a comparable structure, Asian headcount grew 4.3%, while the Brazilian workforce edged up 0.2% and the Baltic states saw their employee populations surge 13%.

• Employee turnover

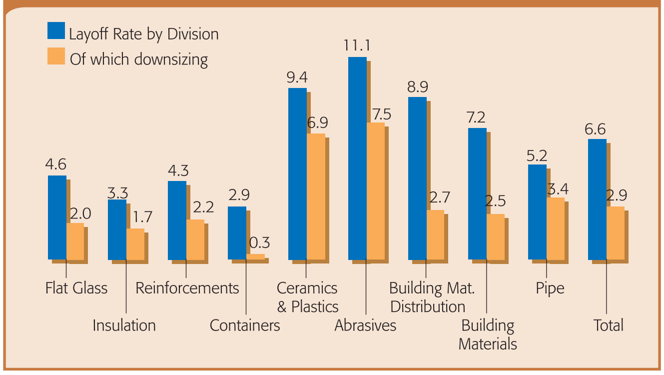
Aside from job creations, employee turnover rates can vary from country to country based on cultural factors in each job market and possible recruitment difficulties. In the United Kingdom, because the job market has traditionally been dynamic, employee turnover rates are higher than in other Western European countries. In emerging countries, higher turnover reflects both numerous opportunities offered by a growing domestic economy and some difficulties encountered in recruiting, integrating or training local staff.

• Reasons for departures(6)

In 2002, 18.1% of Group employees left Saint-Gobain. Among these, layoffs affected 6.6% of total Group staff(7). The proportion did not exceed 5.2% in the Glass Sector and in the Pipe Division, but was 7.2% and 8.9% respectively in Building Materials and Building Materials Distribution, where employee turnover tends to be higher. It reached 9.4% in the Ceramics & Plastics Division and 11.1% in Abrasives, as both of these divisions were hard-hit by the market slowdown and had to reduce their workforces in 2002.

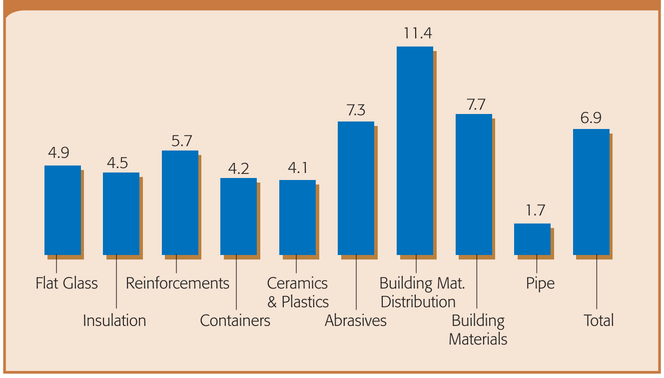
(6) All data concerning departures and reasons for departure are based on 90% of total Group staff.
(7) The layoff rate has been calculated based on 90% of total Group staff at December 31, 2002.

Layoff Rate by Division



Resignations were tendered by 6.9% of Group employees in 2002. The percentage varies from 4 to 8% in most divisions, but it is noticeably lower, at 1.7%, in the Pipe Division where the employee population tends to be stable, and considerably higher (11.4%) in the Building Materials Distribution business which has a higher turnover rate.

Resignation Rate



Among executives, resignation and layoff rates were roughly equal, at 3% .[8]

B. PROGRAMS TO PRESERVE JOBS

The Group carries out layoffs or restructuring programs only when these are unavoidably required for the economic health of the subsidiary concerned. In such cases, a great deal of resources are mobilized both in-house and externally to minimize the impact on employees. In these difficult situations, the Group's size is undeniably an advantage, since it is often possible to offer employees a new position in another subsidiary, if they so wish. Group companies also provide many types of support to employees affected by downsizing, such as outplacement help, assistance to families needing to relocate, personalized training programs or contribution to the launching of a personal project.

As an example, when Saint-Gobain Céramiques Avancées Desmarquest (SGCAD, France) had to be reorganized, 263 positions available within the Group were offered to the 172 employees whose jobs had been eliminated. Each of these persons receives individual attention from an employment counselor, who seeks to provide the best possible outplacement solution, whether in-house or outside the Group. Lastly, SGCAD takes into account the difficulties that can be involved in adapting to new job requirements, by providing complementary training and offering the same help to the spouse as well as assistance in seeking housing or a school if the family has to move. The job preservation plan was approved by SGCAD's employee representatives on January 8, 2003.

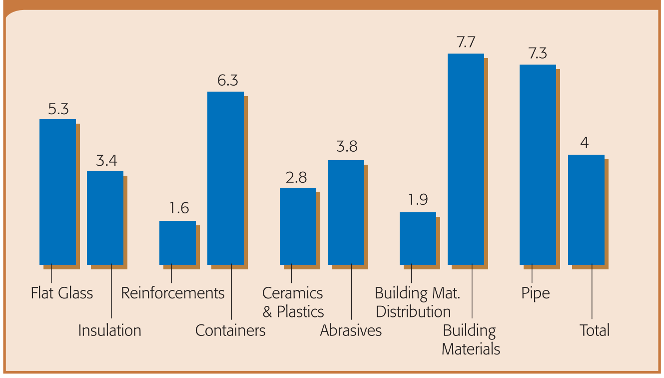
C. USE OF TEMPORARY WORKERS AND CONTRACTORS

Temporary work

When future orders are hard to forecast, if recruitment is hampered by temporary difficulties, or if an employee needs to be replaced, Group subsidiaries may call upon temporary workers.

The services of temporary work agencies[9] are particularly well suited when there is little advance notice and the duration of the need is unknown, therefore they are used for replacements. Absenteeism, of which 69.4% is due to illness, 8% to exceptional leave (mainly family events) and 6.8% to work accidents, creates a need for labor that is generally filled by temporary workers. The proportion of temporary workers, 4%, is practically equal to the absenteeism rate of 3.9%.

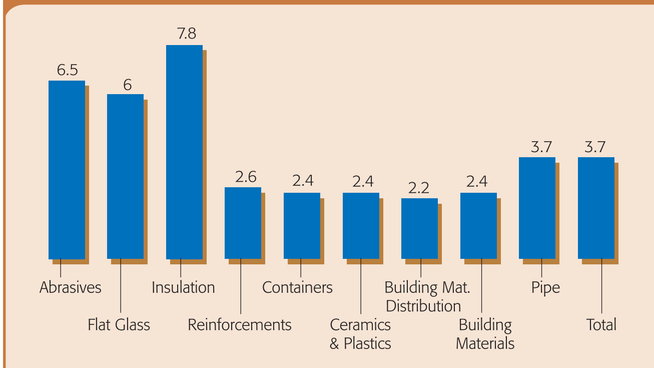
Proportion of Temporary Workers (based on 73.9% of total Group staff)



[8] This figure is based on 87.5% of Group executives.
[9] Data concerning temporary work agencies and absenteeism are based on 73.9% of the total Group staff.

At December 31, 2002, 3.7% of employees had fixed-term work contracts[10], from a low of 2.2% in Building Materials Distribution to 7.8% in Insulation. However, the percentage of fixed-term work contracts is higher for new hires. These contracts accounted for one-third of recruitments for the Group as a whole, and up to half in Flat Glass, Insulation and Pipe. The reason for this high proportion is that, in addition to needs related to a spike in the workload or to replacements for long-term leave (particularly maternity leave, which accounts for 5.4% of absenteeism), these divisions recruit on fixed-term contracts the persons who replace their employees during summer vacations.

Percentage of Employees on Fixed-term Contracts at December 31, 2002



Use of contractors

In all countries where the Group has operations, other companies are called upon to perform work that does not match the Group subsidiary's expertise. Two types of work may be outsourced in this way. The most common are ancillary tasks such as security, maintenance, cleaning, catering, medical services and, for smaller units, payroll services, information technology or accounting. Other tasks that are sometimes outsourced are packaging, and handling or shipping of products. Although related to the manufacturing and distribution of products, such tasks remain outside the Group's core business.

Before signing any outsourcing contract, Group subsidiaries take great pains to verify that the partner company's operations and work contracts comply with applicable regulations. Since site managers can be held responsible for any health or security matters affecting an individual working on their site, the employees of contractors called upon to work at Group sites are subject to the same rules as Group staff. In a certain number of cases, they receive specific training on health and safety rules.

D. PART-TIME WORK[11]

Part-time work is not very well suited to industrial work patterns, and it concerns only 2.4% of Group employees, 8.7% of women and 0.8% of men.

3. HUMAN RESOURCES MANAGEMENT

A. RECRUITING WITH A VIEW TO THE FUTURE

In 2002, the Group recruited approximately 26,000 individuals worldwide.

• Bringing in a new generation

Young people under 25 made up 35.5% of new hires in 2002[12]. This proportion varies according to each country's traditions of higher education, and due to different activity levels in the job market for that age group. It reflects an attempt to ensure balance in the age distribution of the employee population.

In Western Europe, most industrial subsidiaries must ensure that a new generation is brought in, as the baby-boomers are reaching retirement age.

Companies based in emerging countries, particularly in Asia and Central Europe, do not share the same concern, as their employees tend to be younger. They have no need to reach out specifically to the under-25 bracket.

• Attracting top talent

Saint-Gobain seeks to attract top talent through public relations campaigns aimed at the student body and by building special relationships with universities and programs that teach the skills the Group needs. Each year, the Group takes part in three international recruitment forums, two in the United States and one in Europe, and in ten domestic forums in France. It has also built many ties with business and engineering schools, from sponsoring a specialized program or class to personalized support for individual students (in particular to finance thesis work).

A recent study showed that the recruitment section of the Saint-Gobain website is its most visited area. This dedicated space receives over 12,000 applications per year, of which 30% are then redistributed to the divisions and subsidiaries. The Group has also signed up with the French job search engine "Keljob", to give its job offers maximum exposure.

(10) Data concerning employees on fixed-term work contracts are based on 89% of total Group staff, while data on the breakdown of hires by type of contract are based on 88.5% of total Group staff.
(11) Data concerning part-time work are based on 89% of total Group staff.
(12) Data concerning the hiring of young people are based on 75.4% of Group staff, excluding North America.

Locally, each Delegation and company conducts its own recruitment strategy, generally using its own website. Each builds its own relationships with local educational institutions, based on its own needs.
In France, for example, the three annual product catalogs issued by the "Lapeyre, la maison" building materials distribution banner include a recruitment section, to attract potential applicants.

In Sweden, Saint-Gobain Isover, in partnership with five other industrial companies, has since 1995 worked extensively to give teenagers from 16 to 18 a positive view of work in industry, by organizing in-depth sessions during which the young people discover all of the company's functions.

In Germany, the Delegation set up a particularly attractive integration program for high-level new hires. Entitled "Become a Global Player", this program allows ten young people of all nationalities to carry out three six-month assignments in two countries before taking up a permanent position in Germany. This helps them to integrate into the global Group and improves their ability to work within multi-cultural teams.

Lastly, in Brazil the Group partly finances the studies of young people whom it has identified as high-potential future hires.

B. PROMOTING DIVERSITY

Women now account for 18.6% of Saint-Gobain's workforce(13). This low proportion is mainly due to the nature of Saint-Gobain's operations. For a long time, night-time work was illegal for women in many countries (in France until 2001), therefore female workers could not join shifts working in uninterrupted production. They are consequently very much under-represented among blue-collar workers, while they make up 27.3% of the non-blue collar workforce.

There are slightly more women (over 20% of employees) in the high-growth businesses where work is often organized on a daily basis and where few tasks require great physical strength, as compared to the historic businesses whose high-temperature processes run in an uninterrupted fashion. For cultural reasons, there is a more strongly feminine workforce in the Nordic countries, and especially in the Baltic states (27%) and in Central Europe (over 30%), than in the rest of the Group.

The Group aims to achieve a better balance between men and women, particularly at the management level. This is part of a broader aim of promoting diversity and better taking into account different approaches and sensitivities in human relations, not only in-house but in dealing with all of the company's stakeholders.

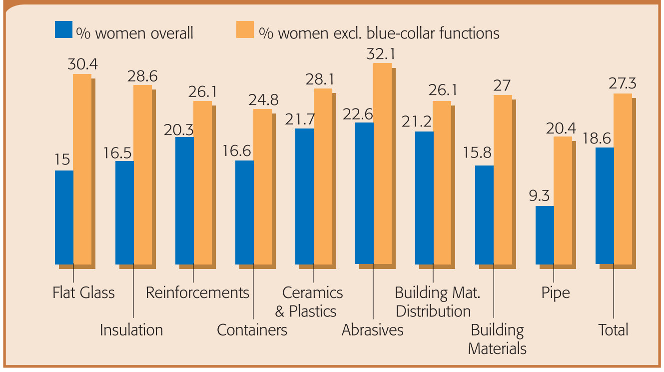
The workforce is becoming increasingly feminine, as 20.4% of new hires are women. This trend is apparent in most countries and particularly noticeable in Spain, where the proportion of women(14) is still below the Group average but 30% of new hires are women.

The drive to build a more feminine management is bearing its first fruits. Today 13% of executives are women, up from 10% in 1997. They work mostly in finance (25% of the staff), human resources (36%) and tax and legal functions (46%), and are much fewer in manufacturing-related work and in general management of facilities or companies.

Because women still do not occupy a substantial share of executive functions, particularly in senior management, and because they still have on average much less seniority within the Group (their average seniority is 2 1/2 years lower than men's) and because more of them work part-time, women still receive only 14.6% of total wages.

Saint-Gobain's policy is to ensure, in recruitment and access to functions wielding responsibility, equal opportunity that is compatible with the nature of the work involved.

Proportion of Female Employees



(13) Data in this paragraph are based on 86% of total Group staff and data on the proportion of women executives are based on 87.5% of Group executives.
(14) The percentage of women among new hires is based on 86% of total Group staff.

• Increasingly international teams[15]

One of the Group's key strengths is its global dimension, since exchanges among countries and internationally diverse teams help boost competitiveness. The Group's first priority is to create local management in each country where it is based. Whether in Eastern Europe, Latin America or Asia, at least 84% of executives are from the local country. Saint-Gobain also seeks to develop a multicultural flair among its managers, by giving them assignments outside their home country, especially at the outset of their careers. 7% of executives and 10% of those under 30 work in international postings. In several divisions, each European country offers an entry-level position to a newly-hired young person from another country. In 2002, some twenty young graduates were also admitted into Group companies worldwide as part of France's Volontaires Internationaux en Entreprise (VIE) program.

Even in Building Materials Distribution, where the very nature of the business makes it an essentially local operation, creating international teams and multiplying exchanges between countries have allowed significant synergies to arise and have promoted the sharing of best practices. For this reason, the Division considers that developing international mobility among its executives is an added strength in its business.

C. OFFERING CAREER OPPORTUNITIES THAT PAVE THE WAY FOR REAL RESPONSIBILITY

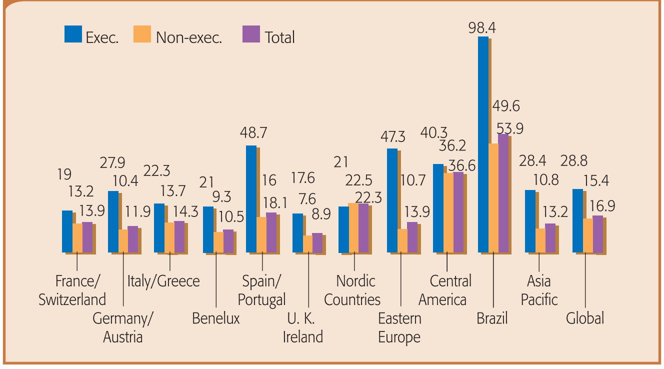
Mobility between regions and functions is one of the essential building-blocks of Saint-Gobain's development. Through the varied experience offered within the Group, executives can prepare themselves step by step to taking on greater responsibility. In-house promotion is a dynamic actuality, because individuals' wishes are taken into account, particularly through annual performance evaluations that have been applied across the board. In addition, job offers are posted on the intranet and the criteria governing expatriate positions have been explained and are applied in all transparency.

In 2002, the rate of mobility among executives, calculated by dividing all movements within the Group by the total number of executives, came to 8%[16].

D. BUILDING SKILLS THROUGH TRAINING[17]

Continual improvement in the Group's performance relies on consolidation and development of its employees' skill-sets. In 2002, each employee received an average of 17 hours of training. The total investment in increasing skills came to €62 million, representing 2.1% of total payroll costs. Training programs focused on five key areas:

Average Number of Training Hours per Employee



• Strengthening competitiveness through the development of technical skills and expertise

Over two-thirds of all training initiatives focus on technical skills, ranging from applied research to production techniques and methods. In addition to each division's own resources, Saint-Gobain has a cross-functional unit, the University of Glass, established in 1985, which aims to roll out knowledge of glass manufacturing and consolidate Saint-Gobain's technological advance. In 2002, 134 engineers and technicians from all divisions and all continents attended training courses at this University.

• Developing the ability to innovate, and sales and marketing skills, to promote organic growth

Organic growth requires a proactive research and development policy and continually improved performance in the market. Training programs support these efforts, with specific cycles aimed at certain audiences, e.g. for young researchers to help them bring their work in line with what markets expect.

Improving sales relationships is of interest to all divisions, and many training programs have been set up to develop better listening skills and boost service quality not only within the sales and marketing teams but also among technical and functional teams. Toward this end, Point.P set up its Point.P School in 1996. This institution, which now includes two campuses and a technical training center, offers seminars on all aspects of the retailing business including sales techniques, product knowledge and management. It welcomed 3,553 trainees in 2002.

(15) All data concerning the international diversity of executives are based on 87.5% of Group executives.
(16) This statistic is based on 87.5% of Group executives
(17) Data concerning training are based on 80.5% of Group staff outside North America.

• Assisting with the Group's international development by transferring know-how to countries where greenfield operations are being launched

For international development to work, it must involve a transfer of know-how from the Group's traditional markets to the regions where it is newly present. In these countries, training efforts are more extensive than in most Western countries. In Brazil and Central America, for example, employees received an average of 54 hours and 36 hours of training, respectively, in 2002. Although transfers of executives and on-site training are the main avenues by which this transfer of know-how takes place, new technology also proves to be an effective tool for the acquisition of technical knowledge. In Mexico an e-Learning training program using multimedia technology has been set up for workers in glass-cutting operations. This project, called MKT2 (Managing Knowledge and Technological Transfer), began in early 2002 and significantly raised the skill levels of all the trainees even as it shrank the training period from 6 months to one month.

Language skills provide the necessary support system for the Group's international development, therefore a considerable degree of training is provided in this area, essentially in the Group's two working languages of English and French.

• Making the most of each person's skills, by enhancing the efficiency of teams

One of the key challenges of training is to leverage the as yet untapped skills of all employees, by training leaders who can facilitate, energize and develop their teams.

Management training takes place both at Group level and within the various countries and operating units. The Group invested heavily in this area in 2002, particularly in emerging countries, and this reflects the importance Saint-Gobain attaches to building a local management structure. The average number of training hours provided to executives was 40 in Central America, 50 in Poland, 60 in other Central European Countries and 98 in Brazil.

• Strengthening the Group's corporate culture and promoting the sharing of best practices

Lastly, one of the principal aims of the training policy is to ensure that all Saint-Gobain employees share the same values and the same management principles, by building on synergies between the various entities.

The head office organizes "Development of Saint-Gobain Management" programs, in which nearly 350 participants from all operating units take part each year. These forums for learning, exchanges, discussions and experimenting can take the form of itinerant seminars or specific sessions in various countries. They revolve around major themes that tie in with the key strategic objectives. External guests such as university professors, consultants and other professionals are often brought in, but the programs also rely on strong involvement from the Group's most senior leadership and on the personal work of each participant. These events are the crucible in which the Saint-Gobain corporate culture continues to be forged. They contribute greatly to the Group's cohesiveness.

4. EMPLOYEE RELATIONS

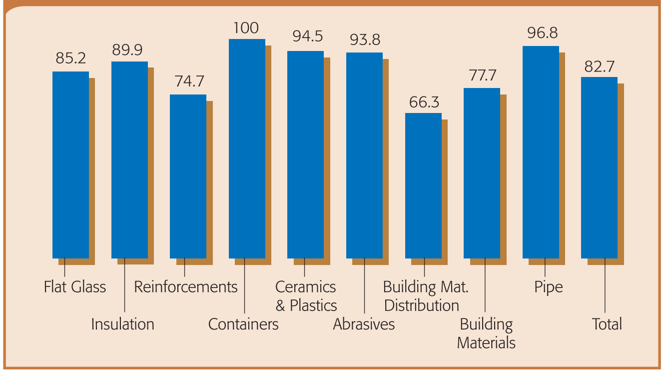
A. AN EMPLOYEE RELATIONS POLICY BASED ON DIALOGUE WITH EMPLOYEE REPRESENTATIVES

• Consultation with employee representatives[18]

The Saint-Gobain Group attaches a great deal of importance to the quality of its dialogue with employee representatives. Indeed, to raise performance within a perpetually changing environment, the Group frequently has to make rapid changes in organization and working conditions. In each region, therefore, general delegations coordinate employee relations, to ensure that specific local features are adequately taken into account.

Approximately 82.7% of Group employees have an employee representative body within their company. In all, 768 agreements were signed within the Group in 2002, dealing with wages (35%), working conditions (24.5%), and, to a lesser degree, employment (12%), vocational training (2%) or other issues.

Percentage Represented by an Employee Representative Body



(18) Data concerning consultation with employee representatives are based on 88% of total Group staff and 417 companies.

In addition to a Group Works Committee and central employee representative coordinators for all of France, the Group has since 1988 set up a European-level forum for employee relations. A plenary meeting has been held each year since 1992 as part of the Collective Agreement on European Employee Consultation. It brings together 70 employee representatives from European Union countries, Switzerland and Norway. During this meeting the Chairman of Saint-Gobain exchanges views with employee representatives concerning the Group's strategy and various economic, financial and social issues of interest to all European subsidiaries. A permanent secretariat in charge of the year-long follow-up with employee representatives keeps up regular exchanges with Human Resources management at Group and Delegation levels. This secretariat includes eight members of seven different nationalities: German, French, British, Spanish, Italian, Dutch and Norwegian.

• Compensation policy

The Group's compensation policy aims to be fair, motivating and transparent. Basic wages are set in each country and each economic sector in relation to market conditions.

In all subsidiaries, the average wage for blue-collar workers is higher than the domestic minimum. In emerging countries it is at least 2.5 times the minimum, and even up to 5 times more in Mexico.

In France, the average annual wage of blue-collar workers is 68% higher than the SMIC minimum wage(19) and payroll taxes in the Containers Division, as one example, amount to 54.75% of total wages.

Executives' wages include a variable portion for which rules are set at Group level and tailored to each region based on local conditions.

Also, to encourage teamwork and ensure that the fruits of success are shared by all, the Group encourages its subsidiaries to sign collective employee incentive profit-sharing agreements whenever possible. In France 85% of subsidiaries have signed these agreements, which cover nearly 93% of employees in the country(20) . In 2002, these companies paid €42.8 million to their employees as profit-sharing bonuses, which represented 4% of total wages.

(19) Based on 169 hours worked per month
(20) Data concerning profit-sharing are based on 92% of total French staff.
(21) Data concerning disabled employees are based on 70% of total Group staff.

• Employee benefits

In most countries where the Group is based, whether in Europe, Asia or Latin America, Group subsidiaries give their employees complementary benefits in addition to those provided by law (e.g. additional medical cover, pensions or life insurance), as well as grants for meals and sometimes for commuting. In France, in all companies with over 50 employees, 1.2% of the payroll is earmarked for activities to benefit employees, managed by the Works Councils.

B. HELPING YOUNG WORKERS ENTER PROFESSIONAL LIFE

Thanks to its size and the variety of professions that it brings together, the Group plays a major role in facilitating the entry of young workers into professional life.

Most of its subsidiaries welcome young people during their studies, through specific contracts that provide an opportunity to contribute directly to the training of future employees. More than 1.5% of the Group's employees in 2002 were beneficiaries of such "youth contracts." Germany is traditionally the most active participant in this type of program, and in 2002 over 750 young students received vocational training in German subsidiaries, representing 4.9% of the domestic workforce. Over 500 people benefited from such "youth contracts" in the United Kingdom, and approximately 600 in France. The Building Materials Distribution companies Jewson and Graham in the United Kingdom and Point.P in France have even set up their own work/study training programs which allow them both to provide the young trainees with a nationally recognized qualification and to prepare cohesive teams of highly motivated salespeople who are specially trained in their products and methods. The Brazilian subsidiaries also welcomed over a hundred young trainees from a work-study program for workers and technicians at SENAI, a specialized vocational institute.

C. DISABLED EMPLOYEES (21)

When an employee is affected by a disability, Group companies attempt, as far as possible, to keep the person in their job. In France, 122 workstations in 36 subsidiaries have been adapted for disabled persons.

In many countries, Group sites have decided to support organizations that employ disabled persons, by selecting them as preferred vendors. Such plants help bring disabled employees into professional life in a setting that is specifically tailored to their situation, in terms of the nature of tasks performed, the pace at which the work is carried out and especially the training received by management teams.

73 companies that employ 84% of Group staff in France are customers of the Centers for Aid through Work (Centres d'Aide par le travail or CAT), and Saint-Gobain PAM hosts one such center at its Pont-à-Mousson site. The siting of this CAT center allows its disabled employees to benefit from the plant's infrastructure, such as the cafeteria and medical services, yet its economic independence is preserved, since the factory is only one customer among several.

Disabled persons represent 3.4% of employees in Germany, 2.9% in Italy, and approximately 2% in France, the Netherlands and Brazil.

D. LOCAL IMPACT

- **Saint-Gobain Développement: Teams dedicated to promoting a dynamic local economy in the regions of France where Saint-Gobain has operations**

Because the Group has such a dense presence in France, it has set up a specific structure, Saint-Gobain Développement, to represent the Group in the various regions and in particular to take steps to promote job creation. With its three regional delegations, this organization is a permanent contact point for local officials and stakeholders.

Saint-Gobain Développement's first responsibility is to carry out, on the Group's behalf, programs to preserve jobs, in outplacement of employees through specialized units, and in re-industrializing and re-energizing areas. Its skills have sometimes been exported as in 2001 when its teams took part in the redeployment of a Canadian site of the Ceramics & Plastics Division.

Additional services are offered to employees, such as support in the evaluation and implementation of personal projects, assistance in pursuing new opportunities within the Group for both executives and non-executives and, if needed, facilitation for a spouse or child.

Supporting job creation in small businesses located near Group sites and involved in either manufacturing or services to industry, is part of the Group's involvement in local economic development.
Saint-Gobain Développement offers low-interest loans to these companies, without requiring any collateral, against job creation commitments. These loans may even be converted into grants if the beneficiary company recruits former employees or spouses or children of employees. Alongside this, technical support is provided to heads of small businesses, particularly in optimizing their industrial organization. The aim is to set up long-term partnerships between Saint-Gobain Développement and local small and medium-sized businesses.

Through Saint-Gobain Développement, the Group also supports associations that help people confronted with social or financial difficulties to re-enter the working world.

Lastly, Saint-Gobain Développement supports divisions and local sites in coordinating the handling of issues with a strong local dimension, such as environmental matters.

- **Saint-Gobain Corporation Foundation, financing many initiatives in the United States**

In the United States, Saint-Gobain Corporation Foundation was born in January 2002 as a result of the merger of the corporate foundations of CertainTeed and Norton. Its mission is to contribute to the progress of local communities in the regions where the Group has sites. The foundation is run by a board of directors and comprises three programs, Corporate Direct, Matching Gifts and Plant Community. Through Corporate Direct, the board of directors provides grants to charities and cultural organizations, as a first priority in the regions where the U.S. subsidiaries have their headquarters. Matching Gifts allows employees or retired former employees taking part in this program to support organizations they care about, and to have the Foundation double the amount of their contribution, up to a maximum of US$2,500 per year and per person. Lastly, those facilities taking part in the Plant Community Program are granted an annual budget based on their number of employees, and they are free to make donations to the organizations of their choice.

These programs are highly decentralized, and the Group grants its subsidiaries a great deal of flexibility in getting involved as they see fit in the economic and social development of their immediate environment, or in local cultural life.

ENVIRONMENT, HEALTH AND SAFETY (EHS)

For the past several years, the Group has brought together these three aspects of its industrial operations into a comprehensive and consistent approach. Based on tangible objectives and drawing upon substantial financial and human resources, this policy has allowed Saint-Gobain facilities to make great strides. However, the Group's involvement in environmental issues goes beyond minimizing pollution from its facilities. It also includes positive contributions to better environmental performance through the development of "green" markets.

1. THE GROUP'S POLICY

A. MODERATE ENVIRONMENTAL IMPACT

Saint-Gobain's industrial operations pose relatively few technological risks. For the most part they process mineral materials and require practically no explosive or environmentally toxic substances.

The main pollution generated by Group subsidiaries comes from the melting processes required to produce glass, cast-iron pipes, various building materials and some industrial ceramics. These processes take place in furnaces where temperatures exceed 1,500°C (2,700°F), drawing upon substantial energy consumption and causing emissions of carbon dioxide (CO_2) and other atmospheric pollutants such as nitrous oxides (NOx) and sulfur oxides (SOx).

One third of Group sales come from the distribution of building materials, a business of people and services that entails very little risk for the environment, but in which the safety of employees and satisfactory working conditions are very important issues.

B. OVERALL OBJECTIVES, TRANSLATED AT A LOCAL LEVEL

In its Principles of Conduct and Action *(see pages 24 to 25)*, the Group requests that its subsidiaries "actively promote the protection of the environment" and " take particular care to adopt all measures necessary to ensure the best possible protection against health and safety risks in the workplace", both for Group employees and for contractors working at Group sites.

From these principles stem concrete objectives for environmental protection, health and safety, that are set by the divisions, delegations and companies, with the aim of achieving regular progress, taking into account the specific constraints of each situation.

C. RESOURCES DEPLOYED

Significant human and material resources have been allocated to achieve these objectives.

1. A dedicated structure

Within the Group, Environment, Health and Safety issues are handled by a specific EHS structure that is matrix-based like Saint-Gobain itself and coordinated by a central Department reporting directly to General Management.

In each Division, depending on its size and type of organization, one or more persons are in charge of translating and tailoring the EHS policy to the specific context of the Division's operations. These EHS managers generally work with their team of correspondents within the various companies, and within each General Delegation a coordinator is also responsible for adapting locally the EHS initiatives of the Group and its Divisions.

These division and delegation-level managers meet twice a year with the Group EHS Department as an EHS Committee, to review issues of interest to all Group companies and share feedback. In turn, these managers organize meetings with their own network of correspondents, and invite the Group EHS Director to attend. As in the operational sphere, this matrix-based organization structure makes it possible to be close to business operations and aware of specific national circumstances, while keeping a consistency with the overall objectives.

Once a year, on the "Health & Safety Diamonds" awards day, the entities obtaining the best results in health and safety are recognized and share their best practices with the rest of the Group. Conversely, those companies that recorded poorer performance over the previous year are required to explain the reasons and set out their objectives for the future. This event promotes a healthy rivalry for higher performance and provides an opportunity for fruitful exchanges among all participants.

2. Investment in Research and Development

Saint-Gobain has two organizations that also contribute to raising the Group's environmental performance:

- Saint-Gobain Conceptions Verrières, whose brief includes improving the environmental performance of glass manufacturing processes, in working on furnace design. In particular, two issues are the subject of in-depth work: developing mathematical models to reduce nitrous oxides (NOx) and the further improvement of energy-saving and carbon-dioxide (CO_2) reduction processes.

- Research & Development teams in 16 research centers and around 100 development units, which work on many environment-related issues.

In 2002, research expenditure directly related to environmental matters came to €11 million. This sum represents the first step in the overall Research and Development investment. Each of the projects funded in this fashion is then followed with one or more development programs at division level, which requires at least three times the amount invested initially.

3. Specific tools

• Tools made available to industrial facilities

The Group EHS Department has designed a certain number of tools that it makes available to the various sites to help them implement their own actions in line with Group policy.

An EHS Reference Manual, which stems from the Group's Principles of Conduct and Action, explains in very tangible steps how each site's management should organize operations to ensure continuing progress: defining an appropriate policy and setting concrete objectives, informing and training employees and monitoring the effectiveness of measures implemented.

A second tool offered by the Group is a self-diagnostic test. It is made up of a detailed list of questions and an evaluation grid to allow plant managers to review their site's situation against a variety of indicators. It also includes regulatory and technical information, and suggested corrective action.

Lastly, the Group recommends five methods for assessing risks at each workstation. As part of its reporting process, each company is required to specify which method it uses. The initial aim of this approach is to assess how risk analysis for each workstation is being rolled out throughout the Group.

• Audits and feedback

Health and safety audits are an indispensable tool to obtain a reliable outside assessment. The Group's size enables it to entrust the auditing of its sites to outside teams that offer the necessary independence, but are also familiar with Saint-Gobain's EHS policy. These audits are launched at the discretion of divisions and operating units, but also, in some cases, following a decision from the parent company. The Group has trained in-house approximately one hundred health and safety auditors, who are provided with two very detailed audit guides, one on health and the other on safety. Each auditor performs an average of two to three audits per year in various Group companies.

A guide to environmental auditing has also been produced and auditors are in the process of being trained in this third area. Beginning in 2003, it will be possible to carry out comprehensive Environment, Health and Safety audits.

Regular audits are needed to measure progress, offering detailed feedback at division, delegation and Group level concerning each site's situation at any given time. Reporting takes place on a monthly schedule for safety and annually for health and environmental issues. Progress made in implementing the policy is thus easy to measure, with an overview of results at Group level.

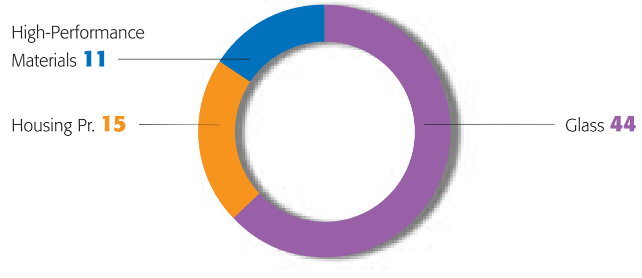
4. Financial resources allocated to environmental protection

The Group's capital expenditure on environmental protection has surged 33% over the past two years, to €70 million in 2002. This covers four types of investment:

- Protective equipment, e.g. soundproofing, dust abatement, wastewater treatment plants, fireproof walls, waste storage areas;
- Recycling, e.g. systems for recycling raw materials, production scrap, water, calories, etc.
- Economizing, e.g. equipment for reducing consumption of raw materials or energy, primary measures.
- R&D expenditure to optimize product life-cycles.

Investment in Environmental Protection in 2002, by Sector

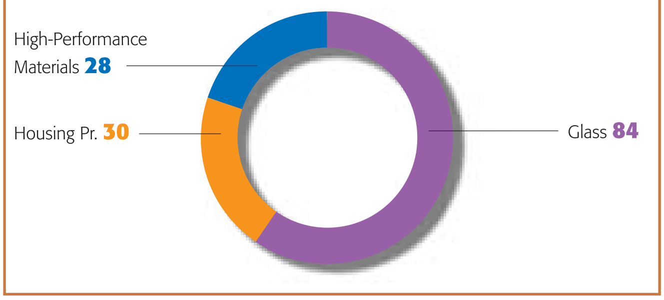
(in € millions)



Environment-related expenses have jumped 14% since 2000, reaching €142 million in 2002. This includes the wages of all individuals working in environmental protection, training costs, depreciation and amortization, insurance cover and guarantees, provisions for environmental risks and all other environment-related expenses.

Environmental Expenses in 2002, by Sector

(in € millions)



Counting both investment and expenses, Saint-Gobain spent a total of €212 million in 2002 to improve its environmental performance and prevent environmental risks. This represents a 20% increase over two years. More than 60% of this amount was taken up by the Glass Sector, owing to its size and its proactive policy of working to reduce the environmental impact of glass furnaces.

Charges to provisions for environmental risks amounted to €4.8 million in 2002, with more than half attributable to the Glass Sector which uses the greatest number of high-temperature processes and includes seven of the Group sites that are regulated under France's "Seveso" legislation for storage of hazardous products *(see page 40).*

5. Communication and training

To drive continually improved EHS performance, Group companies also seek to shape corporate culture for greater awareness and responsibility. EHS managers are in charge of ensuring that all employees concerned receive adequate training for the protection of both their own health and safety and the environment.

Thanks to the Group's EHS intranet portal, the entire EHS organization can exchange information and feedback, and any employee interested in these matters also has access to this content. In the event of serious accidents, the portal is used to roll out very rapidly all relevant feedback and lessons learned, to prevent any re-occurrence of dangerous situations.

6. Integrating outside contractors

Group health and safety requirements also apply to outside companies working at Saint-Gobain sites, and any accidents involving the employees of those companies are included in the reporting process.

Saint-Gobain has also issued a specific booklet of health and safety recommendations for the staff of outside companies, setting out the responsibilities and obligations of the client company (the Group subsidiaries) as well as the duties of the outside company.

2. HEALTH AND SAFETY

A. ADDRESSING THE CAUSES

The Group improves its performance continually, by acting upon the potential causes of accidents and occupational illnesses. Its focus is increasingly on preventive action and subsidiaries are encouraged to analyze the risks that their workers are exposed to and to respond even to "near-accidents."

Priority efforts have been devoted to evaluating and controlling risks at each workstation, to stricter enforcement of the requirement to wear protective equipment and to greater employee education and training.

B. INDUSTRIAL HEALTH FOR EMPLOYEES: SPECIFICALLY-TAILORED ANSWERS

• Muscular-skeletal diseases

The vast majority of known occupational health problems come from muscular-skeletal diseases or back pain due to the handling of heavy weights as well as from the physical labor that is inherent to the Group's various businesses. Automation at Group plants has gradually reduced the number of employees affected by such troubles. In addition, in many divisions, the most physically demanding workstations have been redesigned following ergonomics studies.

• Dust and fibers

In plants where there is a risk of inhaling dust or fibers such as silica or wood, measurements are regularly taken to ensure that legal standards are complied with. In the vast majority of cases, dust and fiber levels are well below the maximum allowed by law.

Within the Lapeyre group for example, wood dust levels were significantly reduced to well below the legal maximum of 5 mg per cubic meter, by redesigning several sites. Now only some 15% of French employees are exposed to dust levels that exceed the recommended threshold of 1 mg/cubic meter. These workers are required to wear individual protective equipment.

• Hazardous products

Lapeyre factories have set up an approval procedure for wood finishing and preservation substances, which has resulted in the replacement of some aggressive products with substitutes that are less harmful to the people handling them. Several people at each site have also received training in chemical risks.

Further, in Abrasives plants as an example, a study is in progress to analyze all products entering each site and what becomes of them during the production process. Following this evaluation, companies will be able to see whether it is appropriate to replace some products or to provide additional protective gear for operators.

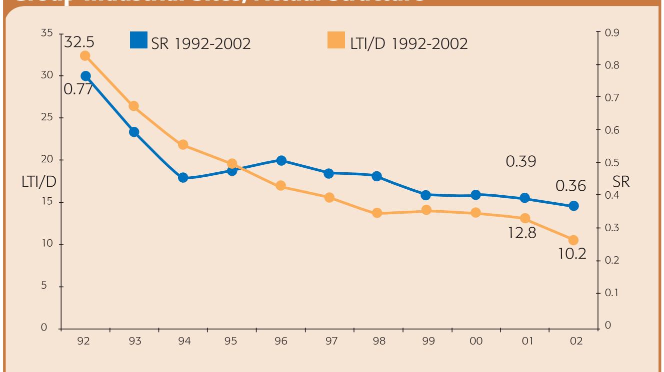
The other risks to which employees may be exposed vary considerably from one division to another, which means that industrial health initiatives need to focus on the specific conditions of each site.

C. SAFETY: CONTINUING PERFORMANCE IMPROVEMENT[22]

The Group has made considerable progress since it developed a comprehensive policy in this area, and 2002 was in line with this trend. Over the past ten years, the incidence rate of injuries with lost workdays (number of lost time injury/days, or LTI/Ds, for every million hours worked) was divided by more than three, falling to 10.2 in 2002 from 32.5 in 1992, while the severity rate (SR, number of person-days lost as a result of disabling injuries per thousand person-hours of exposure) fell to 0.36 from 0.77. Although this is a satisfactory trend overall, it reflects mixed results among the various countries and businesses. In particular, Saint-Gobain deeply regrets five accidents in 2002, that claimed the lives of four employees and one outside contractor. Such accidents are immediately reported to the Group EHS Department and are analyzed at length to ensure that all sites can learn from the resulting feedback as quickly as possible.

The leading causes of accidents remain the movements of persons at Group sites as well as all risks related to handling operations – impact injuries and incorrect maneuvers causing injuries to the hands, head or feet. Specific programs have been implemented to address these risks.

Changes in Incidence Rate of Injuries with Lost Workdays (LTI/D) and Severity Rate (SR), 1992-2002
Group Industrial Sites, Actual Structure



(22) All data concerning safety are based on approximately 85% of total Group staff.

The Asia-Pacific region, North America and Brazil have attained the lowest incidence rates. Brazil's performance, however, was marred by two fatal accidents in 2002, and this has highlighted the need to develop a whole range of education programs to promote safe conduct. Among the most remarkable achievements of the year, India and the Nordic countries (Scandinavia and the Baltic states) improved their incidence rates very significantly in 2002: India's fell to 10.8 from 24 a year ago, and in the Nordic countries it was 10.2, down from 19.2 in 2001. These results are largely attributable to the Group's determination to drive improvements in these two regions, backed by vigorous action by the delegations and the companies themselves. The use of systematic audits in India clearly helped focus maximum attention on safety issues. Poland also kept up the progress it had started to achieve in 2001.

France's results, which had deteriorated markedly since 1998, picked up in 2002. The incidence rate fell to 19.9 from 23.9 in 2001 and the severity rate dropped to 0.94 from 1.06. The measures taken, which included a series of systematic audits, will be maintained in 2003, with the aim of catching up with the Group average as quickly as possible.

Italy, conversely, was unable to follow up on the improvements it had recorded in 2001, despite continuing, regular steps. Its incidence rate rose substantially in 2002. The Mexico, Colombia and Venezuela delegation, whose incidence rate worsened by two points, is seeking to address the situation with targeted measures.

Because of the different nature of its business, data for the Building Materials Distribution division are recorded separately from those for the rest of the Group. Its performance is poorer than the Group average, with an incidence rate of 15.7 and a severity rate of 0.47. This can be explained by the fact that the companies of this division have entered the Group only recently (1996 for Point.P and Lapeyre, 2000 for Jewson and Graham and Raab Karcher) and have had less time to implement Saint-Gobain safety policies. It must also be added that the extensive handling operations in Building Materials Distribution increase accident risks. The Flat Glass division also has a higher incidence rate than the rest of the Group, mainly because of the handling and glass-cutting operations at its subsidiaries specialized in glazing for the building industry. Both of these divisions have made improving safety an utmost priority. They are continuing to implement carefully targeted measures, such as strict enforcement of the wearing of safety equipment or better floor markings for safer movements throughout facilities.

In all, the progress achieved in 2002 represents nearly 600 accidents that have been avoided compared with 2001, and 3,000 fewer days of missed work due to accidents.

3. ENVIRONMENTAL PROTECTION

A. LIMITED AND CONTROLLED INDUSTRIAL AND ENVIRONMENTAL RISKS

1. Three levels of risk

• Nine sites subject to specific regulations

At December 31, 2002 eight sites were regulated under France's "Seveso" legislation implementing the European Directive of December 9, 1996 on "controlling risks related to major accidents involving hazardous substances." The Directive calls for specific legislation to regulate facilities deemed to involve particular industrial risks. Three plants of the Insulation division store phenol and formaldehyde, toxic materials used to manufacture the resin that binds glass wool. One facility belonging to the Abrasives division stores phenol-based resins used to glue abrasive grains to their base. One site of the Insulation division and two of the Containers division store the explosive gases LPG, oxygen and hydrogen. Lastly, one Flat Glass factory stores arsenic oxide used in manufacturing vitroceramics. These sites are kept under very close supervision, both by the Group and by the appropriate local authorities. In the United States the Lake Charles site is subject to similar legislation due to its use of vinyl chloride to produce PVC pellets used as raw materials for some of CertainTeed's construction materials, e.g. sidings, windows or garden furniture. This site is regulated by both the Risk Management Program Rule (RMP Rule) and the Emergency Planning and Community Right to know Act (EPCRA).

• Sites subject to permit requirements

Most of the Group's industrial sites are subject to permit requirements (administrative authorization in France) and must first and foremost comply with the terms of their permit. These terms include annual reporting requirements.

• Other sites

Sales outlets of the Building Materials Distribution division as well as smaller-sized industrial sites or plants that pose no significant risks, mainly the processing subsidiaries of the Flat Glass division and various sites of the Building Materials division, do not require a permit and therefore only need to address local community concerns.

2. The Group's requirements, from regulatory compliance to certification

The Group's first demand of its sites is full compliance with all applicable requirements set out in national legislation and local regulations. Beyond this, Saint-Gobain's approach revolves around a commitment to proactive work for continuous progress in environmental protection. While it takes into account the particular constraints faced by each site, the Group's aim is for subsidiaries "to raise the main relevant environmental performance standards of their own sites to the level of particularly effective performance standards found in the Group for comparable sites" *(Principles of Conduct and Action, see page 24).*

Quality certification is increasingly a standard within the Group, as there were 428 ISO 9000-certified companies at December 31, 2002, not including the 1,250 Point.P sales outlets which have been certified collectively. In addition, at December 31, 2002, 71 facilities had obtained ISO 14000 environmental certification.

3. Preserving biodiversity

Some facilities conducted in-depth surveys of potential risks to their surrounding environment. These showed that the factories were far below critical thresholds for all discharged pollutants.

4. Environmental disputes(23)

In 2002 the Group did not have to pay any court-ordered damage settlements related to environmental matters.

B. CONSUMPTION OF RESOURCES(24)

1. Mainly mineral raw materials, and an increasing proportion of recycled content

Consumption of raw materials is closely related to the nature of each business, therefore it has to be addressed differently for different types of operations. Nevertheless, one of the unusual features of the Group is that all divisions use, to varying degrees, silica sand as a raw material. This sand comes partly from quarries owned by Saint-Gobain and partly from outside purchases. Saint-Gobain consumes a total of approximately 8.5 million metric tons of silica sand per year.

(23) In Europe.
(24) Data concerning resource consumption have been estimated from data based on approximately 80% of the defined scopes.

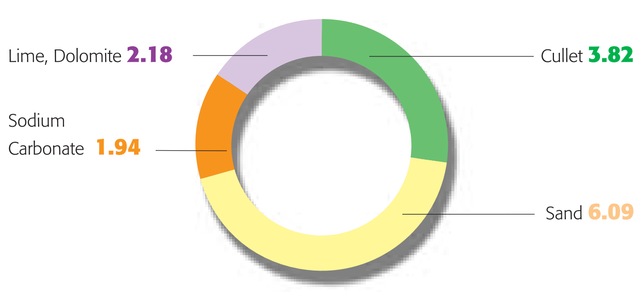
The paragraphs that follow list only Group sectors that consume a significant amount of non-renewable raw materials.

• Glass Sector

In 2002, Saint-Gobain's Glass Sector consumed 6.1 million metric tons of silica sand, which makes up about 70% of the weight of glass. Additives used in processing this crystalline silica were sodium carbonate, of which the sector used 1.9 million metric tons in 2002, as well as lime and dolomite (2.2 million metric tons).

Consumption of Raw Materials by the Glass Sector in 2002

(millions of metric tons)



Group companies use an ever-increasing proportion of recycled glass among raw material inputs entering their furnaces. Nearly 30% of the glass they produce is melted from cullet, up from 26% in 1993. The Containers and Insulation divisions have taken this recycling the furthest. In Containers, 36.7% of the glass produced, i.e. more than one bottle out of three, comes from recycled glass. In Insulation the proportion is as high as 37.8% worldwide and 45.5% in Europe.

There are, however, limits to how much recycled matter can be included in glass production, because the quality requirements of some products require new materials. This is the case for extra-white glass used to make glass flasks for perfumes and medicines. In Reinforcements the use of recycled glass also faces technical challenges.

• High-Performance Materials

The High-Performance Materials Sector includes a large number of companies working in narrow niche markets. Each company consumes its own mix of specific raw materials, in amounts that are not truly material.

• Housing Products Sector

- Pipe

The Pipe Division uses two types of melting processes. In the first, known as "primary smelting", cast iron is obtained in blast furnaces, from iron ore and mineral fluxes. In the second process, known as "secondary smelting", the cast iron is produced from scrap metal and recovered cast iron, melted in cupola furnaces, electric arc furnaces or fuel-heated furnaces. The breakdown among these two types of production depends on the types of markets served, the requirements of specific products, scheduling, market prices of primary and secondary raw materials, etc. In 2002, as in 2000, primary smelting accounted for a greater share of production than did the use of recycled materials, whereas in 1999 and 2001 the reverse was true. In 2002 the Division consumed 1.17 million metric tons of ores and mineral materials, and nearly 700,000 metric tons of recycled materials.

- Building Materials Distribution

Jewson and International Timber in the United Kingdom, as well as Lapeyre in France, are heavy users of wood, and the Division as a whole purchases over 1.5 million cubic meters per year.

In Great Britain, Saint-Gobain Building Distribution UK is a co-founder of the Forests Forever NGO and a member of WWF1995+. It has also signed the charter of the Timber Trade Federation, undertaking to monitor its supply sources and give preference to purchases of wood from certified forests when this is possible, and if it is not, to choose suppliers that are committed to a policy of environmental progress.

Several of Lapeyre's industrial carpentry factories use wood as a raw material. Among the types of wood used, 70% are pines or temperate-climate deciduous trees from countries where forests are managed, and the remaining 30% are tropical woods. The Lapeyre group is committed to protecting forests. It has undertaken to stop using, after 2005, any wood other than from managed or certified forests, i.e. forests for which sustainable conservation is guaranteed. In this spirit, the Lapeyre group in Brazil has joined a grouping of wood buyers certified by the Forest Stewardship Council, set up by Friends of the Earth.

2. Water

Practically none of the Group's manufacturing processes use water as a raw material. However, it is used in large volumes for cooling high-temperature processes. In most cases, this cooling water is recycled internally, which helps limit actual consumption considerably.

In 2002, the Glass Sector used 30.2 million cubic meters of water, in processes that consume from 0.99 to 16.10 cubic meters of water per metric ton of glass produced. The upper end of that range is attributable to the Reinforcements Division's particular situation. In Reinforcements, the bonding process demands heavy water inputs, as chemicals dissolved in water need to be deposited on glass fibers to give them all the required properties. The Pipe Division, for its cooling processes, consumes 22.9 cubic meters of water per metric ton produced, making a total of 33 million cubic meters in 2002. The High-Performance Materials Sector consumes 11.4 million cubic meters of water per year.

Liquid effluent to be discharged is generally treated prior to being re-injected into the natural or municipal network from which it came.

3. Energy

The following paragraphs only deal with Group operations that consume significant amounts of energy.

To melt glass or cast iron, furnaces have to reach high temperatures, from 1,500 to over 1,600° C (2,700°F to over 2,900°F).

The Glass Sector's energy consumption in 2002 amounted to 33,200 Gigawatts/hour (GWh), of which two-thirds was in Europe, mainly in the form of fuel oil and natural gas. Electricity serves as the main energy source for 50% of the furnaces of the Insulation Division, and serves as a backup power source for the other divisions.

Within the Housing Products Sector, terracotta operations used 1,412 Gwh during the year, and the Pipe Division required 5,380 GWh. The main energy sources for these two divisions are coal coke (in blast furnaces and cupola furnaces), but also electricity.

Two businesses account for the bulk of energy consumption within the High-Performance Materials Sector: silicon carbide is melted at more than 1,500°C, and the manufacturing of fused-cast refractories takes place in furnaces where temperatures exceed 2,000°C. For the sector as a whole, energy consumption amounted to 3,518 Gwh in 2002.

The Group is pursuing energy savings through a variety of methods:
- Increasingly efficient energy-recovery systems are being gradually installed on furnaces. The energy content of gases and fumes is recovered and used to pre-heat furnaces or combustion air in burners, or simply for plant heating;
- Where possible, furnace design is optimized to save energy and boost yields. As an example, the yield of smelting equipment in the Pipe Division was considerably improved over the past ten years thanks to oxygen injection through tuyeres;
- Melting cullet does not require the same high-temperature chemical reactions as standard vitrification, therefore less energy is required to make glass from recycled materials.
- Lastly, the gradual roll-out of oxygen furnaces, which already make up 30% of Reinforcement Division furnaces, have in many cases boosted yields.

The search for energy savings will continue in the years to come, with further impetus from the Group's commitment to reduce its CO_2 emissions *(see below)*.

C. SOIL USE CONDITIONS

1. Storage

Underground storage tanks for potentially hazardous products are unfortunate legacies from the past. They are gradually being replaced by above-ground storage tanks that offer better environmental guarantees, in particular thanks to easy visual controls.

2. Quarries

The Group manages directly several types of quarries, for the most part silica sand quarries, but also limestone, dolomite, phonolite (from which alumina is obtained), rhyolite for pellets used to make CertainTeed's roof shingles and clay for Terreal's terracotta products. These quarries are located in France, Spain, Italy, the United States and Brazil.

In all these countries, extracting operations are closely overseen by regulatory authorities. The opening of any new quarry is subject to a permit, which is granted only after an impact study on local fauna and flora. Subsequently, the extraction process is closely supervised. Lastly, at the end of operational use, sites are redesigned, sometimes to return them to their previous condition and in any event with a view to matching best practices. The earth that was removed to reach the material of interest, and set aside, is then re-used to cover water-free surfaces of the land, which are reforested in partnership with forestry authorities. Clay quarries are often converted into outdoor activity centers.

D. EMISSIONS[25]

The Group is continuing to pursue efforts to recycle process water and is intent on reducing its atmospheric emissions of dust and gases, particularly carbon dioxide (CO_2), sulfure oxides (SOx) and nitrous oxides (NOx).

1. Greenhouse gases

The Group as a whole emitted approximately 10.5 million metric tons of CO_2 in 2002, of which 75% came from the Glass Sector and the Pipe Division.

The businesses of the Glass Sector have for several years been taking steps to reduce their CO_2 emissions, and now the Group has made a commitment in line with the timetable set by the Kyoto protocol, to reduce its CO_2 emissions per ton of manufactured product by more than 15%, by 2010, against a 1990 baseline. To bolster this commitment, in December 2002 Saint-Gobain joined the French organization AERES, the Association of Companies for Reducing the Greenhouse Effect. Each of the companies within this grouping must set quantitative targets for reductions in its greenhouse gas emissions and may incur sanctions if it does not meet its commitments. This initiative in France is intended to serve as an example for the rest of the Group.

2. Emission of substances causing acid rain

Saint-Gobain factories emit two types of substances that cause environmental acidification, sulfur oxides (SOx) and nitrous oxides (NOx). Measures taken to limit NOx emissions are described below as part of the paragraph on limiting emissions of nitrification-causing substances.

Sulfur oxides are produced as a result of burning fuel oil and coke. The sources of such emissions are mostly the Pipe, Flat Glass and Containers divisions. The Glass Sector emitted a total of 27,000 metric tons of SOx in 2002, through a variety of production processes that discharged from 0.77 kg to 3.21 kg of SO2 per metric ton of glass produced.

The main methods for reducing SOx discharges are energy savings and the use of higher-quality fuel oil or slack coal, with lower sulfur content.

In the Pipe Division, in addition to the approach described above (the use of high-sulfur coal was discontinued in Belleville, France), the Pont-à-Mousson site replaced coke-oven gases with natural gas.

[25] Data concerning emissions have been estimated from figures based on approximately 80% of the defined scopes.

The Division consequently was able to shrink its SOx emissions to 0.98kg per metric ton in 2002, down from 1.29kg in 2001 and 1.66kg in 1999.

Where possible, the Glass businesses seek to substitute fuel oil with natural gas and, if this is not possible, they use fuel oil with lower sulfur content. They are also gradually putting in place desulfuring systems using limestone, at the end of the production process. Waste products captured in filters can then be recycled in the furnace.

3. Emission of substances causing nitrification

Nitrous oxides (NOx) are produced through high-temperature oxidation of combustion air. They too are by-products of Glass and Pipe operations.

The Group decided over ten years ago to take steps to fight these emissions, by focusing on primary measures that eliminate or at least limit the generation of these NOx gases. As an example, the PHENIX process applied in the Flat Glass Division mainly involves optimizing combustion conditions within furnaces. Saint-Gobain is today one of the world's best performing industrial groups for the reduction of nitrous oxides through primary measures.

Oxygen furnaces provide another interesting alternative since by displacing nitrogen in combustion air, they cause far less NOx emission. In Reinforcements, nearly 30% of furnaces are now oxygen furnaces, but the economics of this technology make it difficult to apply to Flat Glass or Containers.

4. Substances causing photo-chemical pollution

The Group emits two types of substances that cause photo-chemical pollution: nitrous oxides *(see above)* and, to a lesser degree, volatile organic compounds (VOCs), which are created in certain product processing and finishing phases of specific operations.

VOCs are by-products of the various organic substances used for bonding of fibers and glass wool and sizing abrasives (phenol and formaldehyde), for production of silicon carbide (polycyclic aromatic hydrocarbons), for asphalt roof shingles (formaldehyde), as solvents used in coatings for cast-iron pipes, or in various products for wood protection and finishing at Lapeyre.

In the Insulation Division, these emissions have been monitored for about fifteen years. By substituting certain types of glues, significant strides have been made.

The Abrasives Division has launched a comprehensive inventory of all inputs in its production processes, analyzing the behavior of their components at the various stages. One of the key aims of this is to identify VOC emissions more precisely, as a first step toward being able to reduce them

In the Pipe Division, the following initiatives have been implemented recently to reduce VOCs:
- Replacing existing coatings with solvent-free products;
- Capturing emissions and treating them through thermal oxidation.

Such efforts will be carried out throughout the Group in coming years, drawing upon the many experiences gained in this field.

5. Dust emissions

The Group is also involved in an active dust-abatement drive. Particularly for its Glass operations, the Group has decided to use as a reference the new French standard (a draft administrative decree for which France's high council of regulated sites issued a favorable ruling on December 18, 2002) and to adapt it where possible to the constraints faced by other Saint-Gobain facilities throughout the world.

6. Heavy metals and other substances requiring special monitoring

Other hazardous substances emitted by the Group include heavy metals from impurities in raw materials. Although the quantities involved are small, monitoring is necessary and is being extended to all sites. Increasingly, dust particles contained in filters, which often contain traces of toxic metals, are recycled in furnaces or through appropriate channels. Only final waste that cannot be recycled is landfilled.

E. MANAGEMENT OF PRODUCTION WASTE

1. Small amounts of hazardous wastes disposed of through approved channels

Waste resulting from the combustion and melting of glass, such as sulfates and heavy metals, is collected at the bottom of regenerators or in furnace flues, as well as in dust filters. The amounts involved are small, and they are disposed of by specialized professionals that also handle paints, solvents or used motor oils.

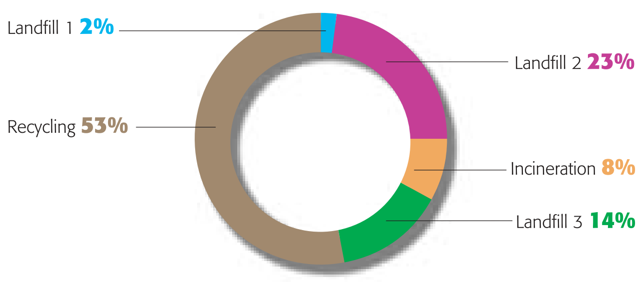
2. Non-hazardous products are increasingly recycled or reused

By-products and production scrap can to a large degree be returned into the manufacturing cycle fairly easily, since glass, cast iron or clay are recyclable materials.

Residues which are not recycled in-house can be reused in various ways outside the Group. Glass wool waste can be added to bricks to strengthen their mechanical properties, used sand serves in cement kilns, slag from blast furnaces or cupola furnaces is used as public works filler material, PVC waste can be included in lower-quality plastics, glass threads can reinforce lesser-grade ceramics or thermoplastics.

To reduce costs, the Group is planning to enter into a framework agreement with a waste management specialist to rationalize its handling of this issue in France and Germany and, as much as possible, minimize waste generation at source. If this cooperation proves effective, it will be rolled out to the other countries.

Recycling and Disposal of Solid Waste in France (617 thousand metric tons)



Landfill classification based on hazardousness of waste: (1: high, 2: average / household waste, 3: low)

In the Spring of 2002, the U.S. implemented a program for the recycling of production scrap, whether at the site where it was produced, in another Group subsidiary located nearby, or through an outside company. This project has a dual aim of better economic efficiency, through lower landfilling costs and recycled or reused by-products, and higher environmental performance. Various working groups have been set up and they have identified 17 types of waste that could be better managed. Extending this approach to the country as a whole will promote a maximum number of synergies among the divisions present in the U.S., and provide lessons for the rest of the global Group.

3. Point.P's waste collection and recycling centers, an environmental service

The 130 Point.P outlets have been equipped with waste collection centers that can receive all types of waste, from inert materials to packaging, to hazardous and non-hazardous commercial waste. This service helps small building-industry businesses solve the often difficult problem posed by the disposal of waste from construction or renovation sites. Its 2002 revenues amounted to €3.5 million.

F. NOISE AND ODOR POLLUTION

Some noisy manufacturing processes require soundproofing to be installed on the production line and protective equipment to be worn by operators. However, disturbances for neighbors of Group facilities in terms of noise or odors are very limited.

G. REMEDIATION OF DECOMMISSIONED SITES

Decommissioned factories that once contained asbestos have been decontaminated, and two of them have been levelled. In France, administrative rulings governing future use of such sites have been issued by local authorities or are being prepared, to ensure that interested parties are duly informed of the past history of these facilities and to define technical constraints for the future use of the grounds.

4. ENVIRONMENT-FRIENDLY PRODUCTS

POLLUTION CONTROL AND ABATEMENT

Application	PRODUCT / SERVICE	DIVISION
Emissions control	Particle filters for road vehicles Synflex tubing for fuel and gas hoses	Ceramics & Plastics Ceramics & Plastics
Wastewater management	Piping, pumps, valves and filters for water treatment and purification systems Effluent filters Catalysts	Pipe Building Materials (Stradal) Insulation / Reinforcements Ceramics & Plastics
Solid waste management	Silicon carbide components for incinerators	Ceramics & Plastics
Soil and surface water remediation	Sludge separators Rainwater drainage systems	Building Materials (Stradal) Pipe / Reinforcements / Building Materials
Noise and vibration abatement	Acoustic glass for cars and buildings Isover mineral wools (construction + public works + auto industry) Acoustic windows Sound insulation system for tile cladding	Flat Glass Insulation Distribution (Lapeyre) + Flat Glass Building Materials
Analysis and monitoring equipment	Water, chemical (Norwell) and gas (Synflex) testing equipment Ionizing radiation meters Cast-iron fiber concrete reinforcements for hazardous-waste containers	Ceramics & Plastics (Fluid Systems) Ceramics & Plastics Pipe
Emissions control	Compression of insulation fibers	Insulation
Wastewater management	Design and management of water treatment systems	Pipe
Solid waste management	Recycling centers at building materials distribution outlets Applications for recycled glass	Building Materials Distribution Building Materials Glass divisions
Noise abatement	Two software solutions: “Clara” and “Bastian” Acoustic tests for glass windows	Flat Glass and Insulation Centre de Développement Industriel

ENERGY-EFFICIENCY PRODUCTS

PRODUCT / SYSTEM	DIVISION
Thermal insulation materials (rock wool) and foams	Insulation / Reinforcements
Insulating glass (low radiation and sun control)	Flat Glass
Daylighting	Flat Glass Ceramics & Plastics (Chemfab)
External cladding panels	Building Materials Insulation Reinforcements
Sealing products for construction	Building Materials
Refractories for heat exchangers	Ceramics & Plastics
Window frames and insulating doors	Distribution (Lapeyre)
Plastic and fiber composites for cars	Reinforcements / Insulation
Glass-plastic glazing for cars	Flat Glass
Tinted and sun control glass for cars	Flat Glass
Thermal components and breaks for the building industry	Ceramics & Plastics
Vitroceramic cooktops	Flat Glass
Lightweight bottles	Containers
Norglide (lubricant)	Ceramics & Plastics
Zero-halogen fire-retardant thermoplastics (chlorine, fluorine)	Ceramics & Plastics
Pump dispensers for fluids	Containers (Calmar)
Damp-proofing mortars (renovation of masonry)	Building Materials (Weber)

FACILITIES USING RENEWABLE ENERGY

PRODUCT / SYSTEM	DIVISION
Solar energy: Mirrors and photovoltaic modules for solar power stations Photovoltaic tiles	 Flat Glass Building Materials
Reinforcement of blades for wind turbines	Reinforcements

III - 2002 MANAGEMENT REPORT

ECONOMIC AND MARKET CONDITIONS

A SUBDUED GLOBAL RECOVERY… THAT HAS NOT YET REACHED EUROPE

The recovery forecast for 2002 was restrained, hampered by geopolitical uncertainties and turbulent financial markets across the globe.

The **United States** experienced mixed fortunes. On the one hand, household purchasing power was buoyed by the government's highly expansionist budgetary policy and record low interest rates, which stood at 1.25% as of December 31, 2002. Consumer spending increased, and households refinanced their home loans in a bid to rebuild wealth eroded by the plummeting equity markets. On the other hand, companies remained in poor financial health, dragged down by debt and low operating margins. Capital expenditure continued to dwindle, although it showed some signs of picking up towards the end of the year. Over full-year 2002, GDP grew 2.4% versus 0.3% in 2001.

In Europe, the weak signs of recovery that emerged in the first half of the year following inventory rebuilding did not firm up in the second half. As in the United States, the key economic driver was consumer spending, but industrial output stagnated, capital expenditure contracted, and employment was flat. During the year the euro rose sharply against the US dollar.

In the euro-zone, *Germany* once again turned in a weak performance. Jobless rates rose and strict budgetary policy did not encourage consumers to loosen their purse strings. Household spending therefore remained low, although edged up at the end of the year. Manufacturing was bolstered for a while by a rebound in foreign demand, but ebbed again, in tandem with a further contraction in capital expenditure. The year nevertheless ended on a slightly more positive tone, paving the way for brighter prospects in 2003. In addition, the downturn in the construction industry seems to be coming to a halt, judging by the recent increase in building permits.

In France, economic recovery was sparked in early 2002 by inventory rebuilding and a turnaround in exports, but slowed in the third quarter. Once again, the growth engine was private consumption, boosted by cuts in personal income taxes, relatively stable employment levels and moderate inflation. Capital outlay fell across the board, however, with expenditure on industrial equipment shrinking by 11%, but according to manufacturers should rally by an estimated 9% in 2003.

Italy bordered on stagflation, with GDP inching up by a restrained 0.4% over the year. Consumer spending was particularly lackluster, growing by a tempered 0.4%, as inflation curbed purchasing power and employment continued to contract. Capital expenditure flagged until the third quarter, when it picked up on the back of tax breaks provided for in the Tremonti bis Act.

Spain was once again a star player in the euro-zone, despite the slowdown in consumer spending towards the end of the year.

The UK economy proved particularly resilient, with demand propelled by high consumer and public spending. Households dug into savings and took out huge home loans, pushing up real-estate prices by an average 30% year-on-year and creating a bubble that may well burst. On the supply side, strong performance by the service industry offset a further falloff in manufacturing, which was hurt by a decline in exports engendered by the strong pound.

Japan remained mired in recession in 2002, marked by internal imbalances. The rebound in exports in early 2002 petered out during the year. Asset prices continued to decline and the third-quarter jump in consumer spending did not offset the sharp contraction in capital expenditure.

***Asia's* emerging economies** fared extremely well, although dipped slightly in the second half following a downswing in exports. China was a premier player in the region, turning in strong growth that helped to boost intra-Asian trade.

In *Latin America,* Brazil remained shaky. The slide – albeit controlled – of the real weighed on public debt. Meanwhile, Argentina remained deeply entrenched in recession and the oil crisis in Venezuela intensified.

Economies in *Eastern Europe* continued to hold firm, despite heavy summer floods that swept through the Czech Republic and Hungary. Poland slowly returned to the growth track, having troughed in the first quarter. Overall, domestic demand across Eastern Europe remained healthy, although this in turn weakened the region's trade balance.

THE CONSTRUCTION INDUSTRY

The negative trend observed in late 2001 in the construction industry continued throughout 2002 in the bulk of euro-zone countries. By the end of the third quarter, the construction index had contracted 2.1% year-on-year.

In France, the downswing was not significant. Activity in the home-building sector held up well, with 303,000 residential construction starts, spurring a 0.6% rise compared with 2001. The increase was spread evenly between apartment blocks and individual homes.

Non-residential construction was stymied by a falloff in the office property market, which slipped back to the levels of 2000. Industrial and retail construction plunged at the beginning of the year, but then falteringly leveled off as from spring.

The construction market in *Germany* continued to soften, but total residential building permits rallied towards the end of the second half, raising hopes that the falloff might slow despite the budget cuts planned for the industry in 2003.

Mortgage rates in the *United States* turned negative in real terms, bolstering home-loan refinancing and fueling a 3.4% increase in home purchases. This in turn propelled housing starts to a record high. The volume of spending on public administration buildings grew 4.7%, but the corporate construction market slumped 16.7%, weakened by companies' troubled finances.

THE AUTOMOTIVE SECTOR

Across Europe, sales of new cars held firm, down by a restrained 2.9% to 14.4 million vehicles sold versus a 0.6% rise in 2001.

In *Germany* – the Sector's main market in Europe – sales of new vehicles were down for the third straight year, declining 2.6%.

In *France,* new vehicle registrations remained on an excellent trend, with 2,145,000 new vehicles registered, even though this represented a 4.5% decrease on 2001 when sales hit a decade high.

Italy was impacted by Fiat's trials and tribulations, and had to roll out incentive programs. This kept sales of new cars on an even keel throughout the second half, and the market ended the year down 6.2%.

New vehicle registrations declined by a subdued 3.8% in the *United States,* with zero interest rates helping to keep the market steady.

THE ELECTRONICS SECTOR

Trading conditions in the international semiconductors market remained weak in 2002. Sales climbed 1.3%, but this did not offset the 32% plunge experienced in 2001. Prices remained extremely low.

The Asia-Pacific region once again turned in a solid performance, accounting for 37.5% of worldwide sales.

FIRM RESULTS IN 2002, IN LINE WITH TARGETS

Saint-Gobain's solid fundamentals and robust business model were successfully put to the test in 2002. Against one of the toughest economic backdrops in many years, the Group met its target of achieving a similar level of net income excluding capital gains as in 2001, which was the Group's highest year on record. Performance was particularly robust in the second half of 2002, up significantly both on the first half and on the comparable prior year period, when performance was marred by the first signs of a slowdown.

Operating results were strong in 2002. Like-for-like sales climbed 1.1%, operating income increased 0.2%, and operating margin was 8.5%, or 10.4% excluding Distribution activities. Net income advanced 5.7%, not including capital gains and the charge for asbestos-related litigation, which is discussed further on in this report. Based on the number of shares outstanding at December 31, 2002, earnings per share excluding capital gains dipped by a restrained 0.6% to €3.08.

Consolidated net income retreated 8.3% to €1,040 million, due to capital gains decreasing significantly to €3 million from €84 million the previous year. Consolidated earnings per share amounted to €3.05.

These sound results also reflect Saint-Gobain's **stronger capital base.** Over the year, the Group sharply reduced net debt and interest expense while substantially increasing free cash flow (cash flow from operations less capital expenditure), which came in at €1,242 million following the record high of €1,303 million in 2001.

The Group's performance was achieved in harsh trading conditions. In addition to unfavorable exchange rates – notably for the Brazilian real and the U.S. dollar – several areas that are crucial to Saint-Gobain's business continued to weaken. For instance, capital spending dropped even further, particularly in electronics, which hurt Ceramics, Plastics, Abrasives and, albeit to a lesser extent, Reinforcements. This was exacerbated by the ongoing decline in the German construction market, which slipped 7% on the heels of an 11% falloff in 2001.

Rising to the challenge of these gloomy business conditions, Saint-Gobain met its price-strengthening objective, lifting sales prices by an average 1.1% throughout the year. The Flat Glass Sector stayed the course, Building Materials performed well, as did Containers, and Building Materials Distribution continued to make headway. Other performance factors, in addition to sharply lower net debt and interest expense, included tight control over capital spending and working capital. Pre-tax income was nevertheless trimmed by a €104 million exceptional charge related to asbestos litigation.

The Group made no major acquisitions in 2002, preferring to continue supplementing growth with bolt-on acquisitions. These mainly concerned Distribution operations. Several non-core businesses were sold, primarily in the Ceramics and Abrasives divisions.

(In € millions)	**2002**	2001	2000 *pro forma Essilor by equity method*	2000
Net sales	**30,274**	30,390	27,837	28,815
Operating income	**2,582**	2,681	2,563	2,693
Income before profit on sales of non-current assets and taxes	**1,848**	1,988	1,836	1,947
Net income before minority interests	**1,074**	1,174	1,594	1,642
Net income	**1,040**	1,134	1,517 (*)	1,517
Cash flow from operations	**2,673**	2,733	2,530 (**)	2,643
Cash flow excluding capital gains	**2,688**	2,765	2,634 (**)	2,747
Capital expenditure	**1,431**	1,430	1,638	1,722

(*) of which Essilor €39 million.
(**) of which Essilor €11 million.

On an actual structure basis, Group sales inched back 0.4%. On a like-for-like basis, however, they climbed 1.1% versus 1.6% growth in 2001. The increase was primarily ascribable to price increases, which averaged an across-the-board 1.1%, combined with a 0.1% rise in sales volumes, driven by improved trends in the fourth quarter. Nevertheless, the 2.9% negative currency translation effect arising on the Group's trading currencies that lost ground against the euro pushed down euro-converted sales by 1.8%.

Among the sectors, Glass recorded the highest like-for-like increase, posting a 2.8% gain. The rise was due to higher sales volumes across all of the Sector's divisions. By contrast, sales in the High-Performance Materials Sector slowed significantly during the first half, and continued to decrease in the second half, albeit more moderately. Housing Products registered 1.3% growth, slightly outpacing the Group's average growth rate over the year. The rise was fueled by two factors. First, a good showing from the Building Materials Division in the United States, driven by the extremely healthy U.S. construction market; and second, the expansion of the Building Materials Distribution Division, achieved through organic growth and bolt-on acquisitions.

The sales trends in North America and Europe – the Group's major trade areas – moved in inverse directions compared with 2001. In North America, sales volumes swung up 1.5% in 2002, having suffered a 4.8% decline the previous year in the wake of the manufacturing slowdown at the beginning of the summer and the events of September 11. European sales volumes, on the other hand, dipped 1.3% over the full year, buffeted by economic headwinds, compared with a marginal contraction in 2001. The overall breakdown in sales was as follows: France 30%; other European countries 41.5%; North America 21.5% and 7% for the rest of the world.

Operating income decreased 3.7% on an actual structure basis but increased 0.2% like-for-like, reflecting the Group's ability to hold firm. Operating margin inched down to 8.5% from 8.8%, primarily on account of the lower sales figure reported by the High-Performance Materials Sector. Profitability in the Glass Sector was slightly eroded by lower sales prices in the Flat Glass and Insulation-Reinforcements Division. At the same time, operating income for the High-Performance Materials Sector was reduced by 37.8%, due to severe trading difficulties. Group operating margin improved somewhat in the second half, coming in at 8.6%, on a par with the comparable prior year period. The figure was even higher excluding Distribution operations, reaching 10.4% against 10.2%. Operating margin for the Building Materials Distribution Division climbed from 4.5% to 4.9% after neutralizing the one-off transfer of the Pipe Distribution business.

In North America, profitability rose, with operating margin increasing to 8.6% from 8.1%. Latin America and Asia also improved on prior-year levels. In Europe, margins increased in the United Kingdom and Spain, but were eroded in France and, to a greater extent, in other European countries, especially Germany.

The Group's overall resilience with regard to operating income was rooted in the twin drivers of successful endeavors to boost sales volumes and prices, and continuous efforts to contain costs. The Group's headcount was reduced by 1.5%. This, combined with slightly higher sales volumes, generated a 2.7% increase in productivity compared with the 1.8% rise recorded for the year ended December 31, 2001.

Other contributors to the Group's results include a 16.4% reduction in net interest expense and other financial charges, significantly improving interest cover. Net debt was scaled back for the third year in a row, down 10% year-on-year to €7 billion. The Group's gearing ratio also improved, pruned to 59% from 61% despite currency effects negatively impacting the capital base.

The debt paydown is attributable to two reasons. First, ongoing efforts to generate high free cash flow. Cash flow from operations eased back 2% to€2,673 million, including tax on capital gains from asset disposals and the €104 million pre-tax charge recorded for asbestos-related litigation. At €1,431 million, or 4.7% of sales, capital expenditure was unchanged from 2001. Free cash flow stood at €1,242 million. The second explanatory factor is the significant headway made in containing working capital.

Investments in securities declined to €789 million from €847 million in 2001. This figure included €350 million for the purchase of minority interests in Lapeyre, €166 million for bolt-on acquisitions in the Building Materials Distribution and Ceramics & Plastics divisions, and €159 million for share buybacks.

Overall, the Group's financial results in 2002 reflect how Saint-Gobain strengthened its capital base while holding firm against the dismal economic climate. This performance was achieved by upholding sales volumes, further raising sales prices, continuing to deliver productivity gains and keeping a tight control over working capital. As a result, the Group was able to meet its net earnings per share target while pursuing its cost-cutting program and despite a €104 million pre-tax charge booked to cover asbestos-related litigation.

OUTLOOK FOR 2003

Management forecasts are based on a moderate growth scenario for 2003. This factors in continued estimated growth in emerging economies – especially Brazil – and a gradual recovery in the North American market, provided consumption levels remain high and capital expenditure picks up in the second half. However, new construction starts may well slow in North America in the latter six months of the year.

The European outlook is similar to 2002, with a slight falloff in the construction industry. France is expected to be particularly hard hit, although this should be somewhat offset by the renovation market, which will likely continue to expand – albeit at a more subdued pace than previously. The German construction market will probably experience another decline, but on a lesser scale than in 2002.

The High-Performance Materials Sector should start to recover, but most likely not before the second half, and more ground should be gained in the Building Materials Distribution and Pipe divisions. Emerging markets will also be an ongoing focus of expansion for the Group, as these economies burgeon.

Going forward, the Group will continue to roll out the key strategies of its business model. Assuming that the international economy does not deteriorate, and that the asbestos-related charge stays more or less on a par with 2002, the Group is forecasting a modest increase in operating income and net income excluding gains on asset sales. Cash flow is expected to remain high, and continuous efforts will be made to scale back debt and interest expense.

2003 FINANCIAL CALENDAR

Release of first-quarter 2003 sales	April 24, 2003
Annual General Meeting	June 5, 2003
First-half 2003 results announcement	July 24, 2003
Release of sales figures for the first nine months of 2003	October 28, 2003

GLASS SECTOR

(In € millions)	2002	2001	2000
Net sales	**11,818**	11,813	11,317
Operating income	**1,325**	1,357	1,228
Cash flow from operations	**1,614**	1,560	1,421
Capital expenditure	**869**	827	961

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

The Glass Sector posted the strongest like-for-like growth within the Group in 2002, driven by high sales volumes across the board. Profitability eased back slightly however, due to a contraction in sales prices in the Flat Glass and Insulation/Reinforcements divisions which was not offset by the significant increase in earnings for Containers.

FLAT GLASS

Contribution to the Group	2002	2001	2000
% of net sales	**15%**	15%	14%
% of operating income	**19%**	21%	16%
% of cash flow from operations	**23%**	22%	19%

KEY CONSOLIDATED DATA

(In € millions)	2002	2001	2000
Net sales	**4,423**	4,478	4,167
Operating income	**495**	551	430
Cash flow from operations	**622**	613	489
Capital expenditure	**377**	361	425

Flat Glass sales dipped 1.2% on 2001. The decrease was primarily attributable to a 3% negative exchange-rate effect following the sharp fall in value of the Brazilian real and Argentine peso, combined with a slight rise in the euro against the Korean won, Indian rupee, Mexican peso, U.S. dollar, pound sterling and the zloty.

There were no significant changes in the Division's structure, barring several minor acquisitions in the United Kingdom and the fireproof glass segment.

The European construction market experienced dismal trading conditions during the year, growing by a mere 1% overall, and down by 4% in Germany. In addition, competitors of **Saint Gobain Glass** brought new float plants on stream in 2002, pushing down sales prices. The Division strove to keep prices firm, even at the cost of giving up market share, and was able to partly offset the negative impact of competitive price pressure by enhancing its product offer. This engendered a shift in the product mix, marked by a year-on-year contraction in Saint-Gobain's float glass sales as a percentage of total sales, and an increase in layered glass sales.

The situation was somewhat different outside Europe, particularly in Brazil and Argentina, where the Group actively worked towards strengthening prices. This helped to temper the negative currency effect, while an increase in exports mitigated the decline in sales volumes. Sales surged in Mexico and South Korea, but prices were eroded by local competition in Mexico and Chinese imports in South Korea.

For **Vitrages de Saint-Gobain,** 2002 was a year of declining sales volumes and prices, although the picture was mixed across geographic areas. Whereas sales contracted sharply in Poland, Germany and Italy, and, to a lesser extent, in the Benelux countries, Switzerland and France, they advanced significantly in the United Kingdom, Spain and Portugal, and even more so in the Nordic countries and Central Europe.

In the automotive segment, **Sekurit** kept sales volumes steady despite a 2% decrease in European automobile production. This was achieved as a result of the trend to increase the glazed surface per vehicle and significant growth in roof sales. The segment's overall rise in sales also stemmed from product-range extensions –

New technology used to adjust the color of automobile glass.

especially highly sophisticated products such as layered glass windshields, and laminated glass roofs and side windows. At the same time, these new offerings helped to spur price increases. Outside Europe, higher sales prices and volumes partially offset negative exchange-rate effects in Brazil. Sales remained stable in Mexico and North America, and soared in South Korea as relations were tightened with one of the country's most active automobile manufacturers.

Sales in the **Transport** business line were driven down by the crisis in the aeronautics industry and falling orders from the rail sector. However, sales contributed by Autover, specialized in replacement glazing, were lifted by enhanced inventory management.

Specialty glass posted a rise in sales, primarily stemming from the following factors: an increase in Eurokera sales – especially in the United States – powered by the company's successful white ceramic glass offering; market share gains recorded by Euroveder in home appliances; continued expansion in fireproof product sales by Vetrotech; and strong growth in South Korea's insulation market, served by Hankuk Haniso.

Against this backdrop of mixed trends across business lines, operating income for the Flat Glass Division slipped back by €56 million in 2002, following a strong rise in 2001. Explanatory factors, other than those discussed above, include lower sales volumes and prices for Saint-Gobain Glass Europe.

Saint-Gobain Glass units outside Europe also experienced a sales decline in the year, albeit on a lesser scale than the European outfits. This was due to higher repair and start-up costs for glassmaking furnaces and production lines in South Korea and China, as well as a falloff in South Korean sales prices. In Brazil, rising sales prices ran up against higher costs and the fall in value of the real. Saint-Gobain Glass India, on the other hand, posted a rise in earnings, buoyed by strong marketing positions in its domestic market.

Vitrages de Saint-Gobain reported earnings more or less on a par with 2001, whereas 2002 was a year of improved results for **Sekurit** in Europe. This was due to enhanced technical performance in France; robust sales and earnings in Spain, Portugal and the Czech Republic; more efficient running of industrial facilities in the Benelux countries; and broad-based plans to reduce overheads.

Outside Europe, Brazil improved on its 2001 earnings level, thanks to price strengthening measures. Mexico also reported stronger results than the previous year, spurred by enhanced technical performance and the positive impact of the fall in value of the Mexican peso against the U.S. dollar towards the end of the year. In Asia, South Korea's earnings figures were lifted by buoyant business at Hankuk Sekurit and the successful start-up in China of the new facility in Changchun.

In the **Specialty Glass** line, Eurokera once again posted a rise in earnings, driven by stellar sales and strong technical performance in all three of its plants. Euroveder, Sovis North America and Hankuk Haniso likewise posted earnings growth.

Outlook for 2003

The Flat Glass Division forecasts a moderate increase in sales during the coming year. Positive contributory factors include expected expansion in sales volumes, higher float glass prices outside Europe, and an enhanced product mix in the automotive segment and in processing operations for the construction industry. Adverse factors will likely comprise ongoing negative exchange-rate effects and further downward pressure on prices in the European construction industry.

The Division intends to pursue its growth strategy, which is underpinned by three main goals:

- Launch new value-added products on the automotive, construction, and – if possible – electronics markets;
- Extend capacity across all businesses in Asia and emerging economies;
- Create additional targeted capacity for layered glass manufacturing in the United Kingdom and China.

INSULATION AND REINFORCEMENTS

Contribution to the Group	2002	2001	2000
% of net sales	**11%**	11%	11%
% of operating income	**14%**	15%	16%
% of cash flow from operations	**16%**	16%	17%

KEY CONSOLIDATED DATA

(In € millions)	2002	2001	2000
Net sales	**3,329**	3,274	3,254
Operating income	**351**	402	423
Cash flow from operations	**436**	448	451
Capital expenditure	**198**	229	258

Insulation

The European insulation market continued to deteriorate on the heels of a difficult year in 2001. This accentuated the problem of excess capacity, which became structural. The slowdown in Germany showed no signs of coming to a halt. Finland and the former Soviet Union fared well, however.

During the year, alliances were formed among competitors, with Spain-based Uralita and Germany-based Pfleiderer bringing together their insulation activities. Similarly, operations were aligned between Knauf – a German company – and Alcopor, based in Switzerland. Alcopor had previously taken over the European business of Owens Corning.

In the United States, business was much stronger than expected in the wake of September 2001, but was nevertheless restrained compared with the previous year as prices continued to come under pressure.

Against this backdrop, the Insulation Division held out better than anticipated, posting sales closely on a par with 2001.

Operating income contracted slightly, reflecting weaker margins in Europe as sales volumes were hurt by fierce competition. The decline was, however, offset by efficiency gains, enabling the Division to keep up healthy profitability ratios. Operating margin improved in the United States.

Net income came in higher than 2001, thanks to reduced interest and exceptional expense.

2003 augurs well for the Division's development, with a likely rise in sales volume and additional success of high-added value products following Europe's introduction of thermal and acoustic insulation standards in the building industry.

Volumes are expected to grow in the United States, boosted by lower interest rates, even though prices may be slightly eroded.

Despite these growth drivers, the Insulation Division expects sales figures to come in only slightly higher than 2002. Earnings should trend more sharply upwards, however, lifted by the Division's continuous efforts to contain costs, and its ramp-up of technical, logistic and commercial services with high added value.

Reinforcements

The recovery forecast for the second half of 2002 did not pan out. Consequently, the Reinforcements Division concentrated on bolstering volumes and regaining market share lost in 2001, enabling Saint-Gobain Vetrotex to grow sales in all sectors except electronics despite the cyclical trough. Fiberglass business expanded in parallel with stronger sales prices. Growth was sustained at Saint-Gobain Technical Fabrics, on account of resilient performances turned in by Saint-Gobain Vertex Fabrics and the Composites business in the United States and Europe.

The Division's structure reflects the increasingly global nature of the Reinforcements market, with Vetrotex Europe and North America being brought together within Burena (Business Unit Reinforcements Europe & North America). The Division has reorganized its Technical Fabrics business on a worldwide basis around three market segments – construction, industrial materials and composites – with the aim of fostering synergies between existing and new companies in the United States and Europe.

One of the Division's key priorities during the year was to continue developing low-cost production platforms. At the same time, the construction of two new furnaces was launched, one in Hodonice in the Czech Republic and the other in Hangzhou in China. Operations were firmed up in China in the Division's two core businesses. In addition, a foothold was gained in Japan via a joint venture set up with Nippon Sheet Glass under the name of NSG Vetrotex K.K., based in Tsu near Nagoya.

R&D functions were reorganized, in order to reduce time-to-market and speed up both global product development and process development and process research functions. These programs include the development of Z glass, renowned for its anti-corrosion properties, and products that are compatible with phenolic resins for the fireproof glass market, road reinforcement, TWINTEX® applications, and textile processing for abrasive grinding wheels.

In 2002, the Division's performance was outstanding in terms of quality, output and safety, positively impacting the cost base.

During the year, SAP – a global enterprise resource management software – was successfully rolled out in eight of the Division's companies in Europe and North America. This will enable Reinforcements to achieve efficiency gains and respond more promptly to customer needs.

Operating in an unsettled market, the Division's core focus for 2003 will be continuing to defend market share and growing the business.

Low-cost production platforms will be put in full production in the Czech Republic, China, Mexico and Brazil, both for glass thread manufacturing and processing operations.

As regards *Technical Fabrics,* the Division intends to implement cost-cutting measures while boosting the added value of products. SG BayForm, specialized in the production of inscet screens and integrated into Saint-Gobain Technical Fabrics, will benefit from capital injections designed to spur growth. The Fiberglass unit will be setting up a new production line in the Czech Republic, as part of its cost-efficiency and product-quality program. The Division will also be expanding its Distribution activities.

2003 should see the launch of new fireproof products (phenolics), new uses of TWINTEX®, remodeled fabrics for abrasive grinding wheels and new bulk molding compounds.
Another primary point in the year will be firming up smooth running of information systems.

CONTAINERS

Contribution to the Group	2002	2001	2000
% of net sales	**13%**	13%	14%
% of operating income	**19%**	15%	14%
% of cash flow from operations	**21%**	18%	18%

KEY CONSOLIDATED DATA

(In € millions)	2002	2001	2000
Net sales	**4,076**	4,070	3,906
Operating income	**479**	404	374
Cash flow from operations	**556**	499	480
Capital expenditure	**294**	237	278

Significant investments for flasks in France and Germany.

No significant changes in the structure of the Containers Division occurred during the year. Sales rose 0.1% compared with 2001, negatively impacted by currency conversion effects in the amount of €177 million. At constant exchange rates, sales rose €175 million, up 4.3% on the previous year. Trading currencies concerned were the U.S. dollar (+€50.6 million), the Brazilian real (+€28.6 million) and the Argentine peso (+€23.9 million).

Sales from the Bottles and Jars segment held up well across the board, advancing by 4.3% in Europe. The market was particularly buoyant in Italy, whereas France suffered from a weak "still wines" market.
In the United States, sales from Bottles and Jars inched up 2.9% excluding exchange-rate effects. South American sales surged, with a more balanced mix between the Tumblers business and Bottles and Jars.
Sales from Flasks dipped 1.3%, due to slightly tougher conditions in the perfume market. Trading conditions picked up towards the end of the year, however.

Plastic Pumps increased 3.6% in spite of exchange losses on the U.S. dollar. The increase at constant exchange rates was 7.3%.

Prices and volumes held firm across the Division.

Operating income jumped 18.6%, despite unfavorable currency translation effects. Excluding exchange-rate effects, operating income surged 26.2%. The increase concerned practically the entire Division, except for the Flasks and – more notably – Perfume segments. Plant productivity was optimized, reflecting the first full-year benefits reaped from restructuring carried out in Spain and measures undertaken to ensure that European plants operate at full capacity.

Lastly, the Bottles and Jars segment in the United States posted a 35% leap in net income, at constant exchange rates. Division-wide reorganization measures led to cost savings and productivity gains, which were not offset by the significant negative impact of rising energy costs in 2001 and recent months.
Plastics reported a very strong 29% rise in sales, after €1.6 million in negative currency translation effects. Restructuring efforts in both the United States and Spain in 2001 and 2002 enabled the segment to achieve satisfactory profitability levels.

Another contributor to the Division's robust results was tight control over overheads across all business lines. Cash flow climbed 11% to a high €556 million, enabling the Division to finance the 24% increase in capital expenditure while paying down a significant €387 million worth of debt.

Notwithstanding the unsettled economic conditions prevailing in countries where the Containers Division has operations, and barring any major incident that might impact energy costs and exchange rates in particular, Management expects performance in 2003 to be on a par with 2002.

HIGH-PERFORMANCE MATERIALS

Contribution to the Group	2002	2001	2000*
% of net sales	**12%**	13%	15%
% of operating income	**9%**	15%	21%
% of cash flow from operations	**9%**	12%	18%

(*) Including Essilor for six months in 2000.

KEY CONSOLIDATED DATA

(In € millions)	2002	2001	2000
Net sales	**3,637**	4,018	5,073
Operating income	**244**	392	668
Cash flow from operations	**246**	330	582
Capital expenditure	**160**	173	290

(*) Including Essilor for six months in 2000.
Internal sales are deducted from sales data by Sector and by Division.

Business and earnings in the **High Performance Materials Sector** – which slowed considerably during the first half – continued to contract in the second half of the year, albeit less significantly. Markets linked to industrial investment remain severely depressed both in Europe and the United States and as at early 2003, the global electronics sector had not shown any tangible signs of recovery.

CERAMICS & PLASTICS

Earnings in Ceramics & Plastics contracted in 2002, reflecting continued lackluster conditions in the global electronics sector, combined with limp capital expenditure and industrial output.

Sales were down 4.8% on a like-for-like basis, and operating income eased back to €244 million from €392 million.

Restructuring measures were undertaken during the year, which should lift earnings in 2003 even if the markets – especially electronics – do not stage a major recovery.

Ceramics

2002 was another challenging year for Ceramics. Specialty Ceramics suffered from the sluggish electronics and semi-conductor markets. Businesses serving the medical sector began to be wound up towards the end of 2002, with the restructuring of Saint-Gobain Céramiques Avancées Desmarquest. This will enable Specialty Ceramics to focus on markets where the Division leads the industry or is climbing up the leadership ranks.

Industrial Ceramics was adversely affected by the decrease in orders for repairs of glassmaking furnaces.

The last quarter of the year saw operations successfully start up at the particle filter plant located in Courtenay, France – the outgrowth of a joint venture between the Division and Ibiden, a Japanese group. Also in 2002, the first silicon carbide filters were delivered to PSA Peugeot-Citroen. The carmaker's long-term plan is to incorporate these filters into all of its diesel vehicles.

Plastics

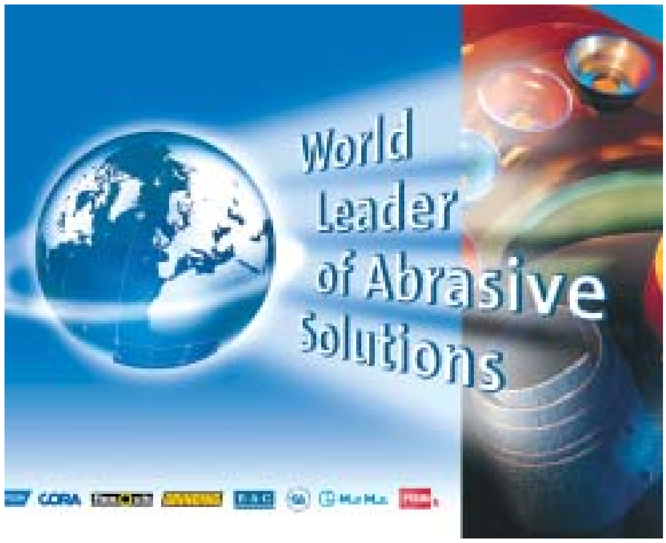
The Plastics business was likewise hit by the tough semiconductor market, as well as by a slowdown in new airport projects. These adverse effects were, however, mitigated by stable sales in the health, food-processing and automobile industries. In response to this market contraction, the Division closed five industrial sites in the north-east region of the United States, and streamlined operations at its remaining sites. Meanwhile, it focused on expanding in the ever-growing health sector via an acquisition in the second half of the year.

Numerous synergies were fostered in the Division through 2002, including industrial and expense synergies generated from acquisitions made between 1998 and 2001. R&D synergies were also reaped, as the Division began to combine R&D teams from the Plastics business line at Northboro in the United States, in order to start joint operations in 2003. The new structure – organized around two main R&D centers, one in Cavaillon in France, and the other in Northboro in the U.S. – will serve as the launch pad for designing and developing vanguard concepts for plastic products.

Assuming that the market holds steady in 2003, sales volumes of ceramics and plastics should come in slightly higher than 2002, propelled by new product concepts and launches.

Operating margin is expected to significantly improve, with restructuring plans set up in 2002 starting to bear fruit. Efforts to run production sites at full capacity will be ongoing throughout the year, while a broad range of projects launched in 2002 will be completed during the first quarter.

The Division's full-year target for 2003 is twofold: put organic growth back on track and sharply improve operating income irrespective of market conditions. Achieving such goals will require further restructuring as well as an earnings upswing in the semiconductor sector, which has already been retooled in line with the current environment. Other primary factors will be marketing and selling new products developed in 2002, coupled with targeting R&D efforts at a select number of major growth projects.



Abrasives

Following a decade of acquisitions and external expansion, the main path of development for the Abrasives Division lies in organic growth.

2002 was marred by difficult business conditions and the negative impact of the fall in value of the U.S. dollar and Brazilian real. However, while some markets continued to falter, such as aeronautics and tooling, others turned around, as was the case for the U.S. automotive sector and the automotive repair industry in Europe and the United States. On balance, Saint-Gobain Abrasives was resilient, outperforming several competitors and thereby strengthening its market positioning.

Supply chain management was honed in Europe, with major distribution centers set up in a bid to further enhance customer service.

Although sales figures were down compared with 2001, the picture was mixed across product lines.

- Sales of bonded abrasives, which are closely tied to the capital spending cycle, were particularly hard hit in Europe and North America, due to the recession in the United States. Strong falls were recorded in the aeronautic segment, following the relocation of many European and U.S. foundries. Conversely, the U.S. automotive industry rallied strongly. In one of the most challenging environments of recent years, the Division gained market share, especially in the United States. R&D spending was kept up despite the harsher operating conditions, paving the way for the launch of new products in 2003 that set the standard in terms of quality, reliability, and accuracy.

- Coated abrasives felt the brunt of foundry relocations and fallout in the home improvement market in Europe. On the other hand, the Division benefited from robust performance in the U.S. by both the automotive industry and automotive repair market (wood trimmings and panels). It also reaped the gains of an enlarged footprint in the Asian markets – mainly India and South-East Asia – as well as in South America. Restructuring operations conducted in North America further drove up the Division's price competitiveness.

- Sales of thin grinding wheels inched back in the main European markets, especially with respect to distribution operations. Price competitiveness improved, however. This was achieved by focusing capital expenditure on the twin goals of automating plants with high labor costs and increasing capacity at plants located in countries where labor costs are low. A particular focus in this regard was the plant at Shanghai. In the course of 2002, this business firmed up its leadership position.

- Superabrasives continued to suffer from softer demand during the year. The Division is seeking to outplay rivals in 2003 by fully leveraging new products that are due to come on stream and reaping the benefits of significant capital expenditure programs aimed at automating production lines.

Major restructuring plans have been rolled out in Europe and North America, to create a leaner structure for the coming years that will help boost Saint-Gobain Abrasives' price competitiveness.

Capital outlay was driven by the above twofold goal of automating plants with high labor costs and increasing capacity in countries where labor costs are low. At the same time, the Division is continuing to invest in upgrading information systems. Further substantial productivity gains were generated in 2002, both in Europe and the United States, offsetting the negative effects of lower sales volumes and inflation.

Norton abrasive sponge.

Assuming that markets will remain weak, the priorities for 2003 are furthering sales growth in Asia and bolstering market share across all business lines. Another primary focal point will be lifting the Division's cost competitiveness, by expanding operations at the Polish and Chinese manufacturing sites and pursuing automation programs in Europe and the United States. Finally, the Division will continue to roll out its strategy of fully leveraging production capacity and productivity gains.

HOUSING PRODUCTS SECTOR

(In € millions)	**2002**	2001	2000
Net sales	**15,102**	14,824	12,596
Operating income	**1,004**	915	780
Cash flow from operations	**814**	768	702
Capital expenditure	**401**	429	469

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

Over the full year, the Housing Products Sector continued down the same growth track as in the first half, boosting profitability and slightly outstripping the Group's average growth rate. The Building Materials Division benefited from the buoyant construction market in the United States. The Building Materials Distribution Division continued to expand, fueled by organic growth and bolt-on acquisitions, and was thus able to deepen synergies. Operating margin surged to 4.9% against 4.5% in 2001 (including full-year contributions from Pipe Distribution operations). Pipe Division sales slipped slightly over the year however, but swung sharply upwards in the fourth quarter, led by the first deliveries under the Abu Dhabi contract.

The new banner created from the merger between the Lapeyre and GME stores.

2002 saw the Pipe Division's distribution operations being integrated into the U.K. and German sales networks of the Building Materials Distribution Division. The restructuring pushed down sales of these networks ensuingly by 8.5%, from €460 million to €421 million.

External growth was an ongoing objective in 2002, with 41 bolt-on acquisitions, representing full-year sales of €382 million. At €305 million, the contribution to sales from external growth operations was up 2.8% against the previous year. Conversely, the move to refocus the Division's distribution operations – begun in 2001 with the disposal of equipment leasing companies in the United States and industrial carpentry production facilities in Germany – pushed down sales by 1.5% to €160 million. Total sales for Building Materials Distribution advanced 4.1%. Based on a constant Group structure and excluding the negative 0.7% impact of exchange rates, sales rose 1.5%.

BUILDING MATERIALS DISTRIBUTION

Contribution to the Group	**2002**	2001	2000
% of net sales	**36%**	33%	28%
% of operating income	**21%**	18%	16%
% of cash flow from operations	**15%**	12%	12%

KEY CONSOLIDATED DATA

(In € millions)	**2002**	2001 *pro forma*	2001	2000 *pro forma*	2000
Net sales	**10,953**	10,521	10,061	8,383	7,930
Operating income	**534**	475	490	415	422
Cash flow from operations	**414**	321	339	296	309
Capital expenditure	**227**	252	247	244	229

Pro forma data for 2001 and 2000 include Pipe Division distribution operations within the Building Materials Distribution Division.

Following two banner years in 2000 and 2001, there was a 1.5% contraction in the French renovation and home improvement markets, where the Division's networks enjoy strong coverage. On the other hand, the French building industry saw a 1.2% increase in construction starts on private houses during the year. This market is dominated by tradespeople and small and medium-sized companies, who make up the bulk of Point.P and La Plateforme customers. New apartment block construction dipped 2.1%.

In a year when the market as a whole lost ground, Building Materials Distribution posted a rise in like-for-like sales in France, which accounts for nearly 50% of the Division's total sales. This growth was primarily powered by market share gains achieved by all distribution networks, as well as the opening and renovation of new generation "Lapeyre, la maison" shops and additional La Plateforme outlets, bringing the total number to 14. External growth accounted for €130 million of sales. The number of Point.P stores has risen to 1,300, fueled by 24 acquisitions representing full-year sales of €186 million.

In the United Kingdom, Saint-Gobain Building Distribution (formerly Meyer) increased like-for-like sales, within a market that experienced underlying volume growth of some 2.3%. La Plateforme du Bâtiment launched two new outlets in 2002, in Birmingham and Cardiff. External growth operations were pursued, with ten acquisitions whose full-year sales amounted to €93 million. During the year, Pipe Distribution was impacted by its integration into the specialized networks of Saint-Gobain Building Distribution.

In a depressed German market which contracted by 7% in 2002, Raab Karcher pursued its strategy of growing market share in the renovation industry. Sales in Germany were boosted over the year, driven by external growth operations, particularly the September 2001 acquisition of Keramundo, Germany's leader in ceramic tiles*. Pipe Distribution operations are currently being fully integrated into the Raab Karcher network.

Outside Germany, Raab Karcher strengthened market positions in Holland, Poland, Hungary and the Czech Republic through organic growth that was buoyed by sales from the three Plateforme du Batiment outlets in Warsaw and Katovice in Poland, and Budapest in Hungary. External growth operations were also pursued, via the acquisition of Czech builder's merchant Bay Wa and Van Ditshuizen in Holland, representing €16 million and €30 million of sales, respectively. Point.P reinforced its customer base in Spain, with 18 new stores in Catalonia, and opened the first Plateforme outlet in Madrid. Lapeyre streamlined its international network in Switzerland and Belgium, having closed stores in Spain and Poland. It also restructured Okfens in Poland, specialized in the manufacture of PVC windows and joinery products.

In Brazil, Lapeyre vigorously expanded the store network of Telhanorte, a mass-market distributor of fitted bathrooms. Three new Telhanorte outlets were opened during the year. Rent X, an equipment leasing company, was sold in the United States. This was followed by the disposal at end-December 2002 of half of the distribution network of melamine-coated products, putting sales from this business at €80 million. A first Plateforme outlet was launched in Mexico at September 2002.

Total operating income for Building Materials Distribution climbed 12.7% from €475 million in 2001 to €534 million in 2002, including €15 million worth of Pipe Distribution losses. This performance, although partly eroded by substantial start-up costs, reflects €10 million worth fewer losses from Pipe Distribution operations, as well as synergies achieved by leveraging the Division's reach in Europe. Operating margin climbed to 4.9% against 4.5% in 2001, including contributions from Pipe Distribution operations.

The Division is aiming to steadily grow all its business lines in 2003 despite Europe's weak trading conditions forecast by analysts. By building on momentum in its networks, continuing to seek out synergies, and ramping up bolt-on acquisitions and the launch of new sites, the Division expects to outpace market growth and boost profitability.

* Source: Saint-Gobain

BUILDING MATERIALS

Contribution to the Group	2002	2001	2000
% of net sales	**10%**	10%	11%
% of operating income	**13%**	11%	9%
% of cash flow from operations	**9%**	11%	10%

KEY CONSOLIDATED DATA

(In € millions)	2002	2001	2000
Net sales	**3,074**	3,184	3,067
Operating income	**335**	294	252
Cash flow from operations	**247***	297	273
Capital expenditure	**135**	134	172

* After the €100 million CertainTeed asbestos-related litigation charge (before tax)

Wall facing renovation by Saint-Gobain Weber in Venice, Italy.

Like-for-like Building Materials sales advanced 1.9%, marking an improvement on 2001, which was already a very good year. Growth was mainly led by the Mortars segment, where volumes and prices were up on 2001, especially in France, Spain and Brazil. In the United States, sales were on a par with 2001. Roofing products contracted slightly, but this was offset by sales volumes from other business lines. Sales prices held firm in the Tiles business, enabling this segment to report similar sales to 2001, which was a buoyant year.

On an actual structure basis, the Division's sales eased back 3.5%, stemming from the fall in value of the U.S. dollar and Brazilian real.

Like-for like operating income jumped 19%, driven by operations in the United States, which benefited from improved raw materials yields and efficiency gains, as well as strong sales and increased productivity in the Mortars segment.

Operating income on an actual basis climbed 14% year-on-year, and operating margin rose to 11%.

Net cash flow from operations rose 5.4%, excluding the impact of the charge for asbestos-related litigation. Including the impact of this charge, net cash flow was 17% lower than in 2001. The Division nevertheless continued to pay down debt, by containing capital expenditure and working capital.

The outlook for construction in the U.S. remains favorable. In 2003, California-based Marshall – purchased at the end of 2002 –will be consolidated into CertainTeed's Window's business. In Europe, business is likely to remain stable, and may even contract slightly.

The positive effect of ongoing productivity gains may be offset by rising prices for raw materials such as asphalt, PVC and cement, combined with unfavorable exchange rates. These factors will not facilitate the task of improving the Division's operating income, which reached a record high in 2002.

Debt paydown will continue, however, reflecting the Division's aim of keeping up its conservative capital expenditure strategy in 2003 and maintaining tight control over working capital.

A dual strategic goal has been set for the coming year: reinforce positions in core market segments and sub-segments, such as the United States, Central Europe and Brazil, while expanding into new markets in China and Eastern Europe.

To permit meaningful comparisons, 2001 figures have been adjusted to take into account the transfer to the Building Materials Distribution Division of distribution operations concerning all materials for pipe systems developed in Germany and the United Kingdom.

PIPE

Contribution to the Group	2002	2001	2000
% of net sales	**4%**	6%	6%
% of operating income	**5%**	5%	4%
% of cash flow from operations	**6%**	5%	5%

KEY CONSOLIDATED DATA

(In € millions)	2002	2001 *pro forma*	2001	2000 *pro forma*	2000
Net sales	**1,344**	1,397	1,782	1,392	1,778
Operating income	**135**	146	131	113	106
Cash flow from operations	**153**	150	132	133	120
Capital expenditure	**39**	43	48	52	67

Pro forma data for 2001 and 2000 exclude Pipe Distribution operations to reflect their transfer to the Building Materials Distribution Division.

In 2002, the Pipe Division had to confront challenging economic conditions in its main markets of Europe and Brazil. Meanwhile, Distant Export sales stayed strong.

Overall sales decreased 3.8% to €1,344 million, of which 1.6% was linked to currency fluctuations primarily arising from devaluation of the Brazilian real.

In Europe, sales decreased nearly 4% on 2001. The decline was mainly ascribable to ongoing contraction in the construction and public works markets in Germany and a sharp slowdown in the water industry in Italy, due to market participants waiting for new tranches of European funding, scheduled to be freed up as of 2003. In other European countries, the Division managed to maintain sales on a par with 2001, notably in France and the United Kingdom, where firm pipe system sales mitigated weak public highway markets. Spain also held up well, with demand hovering around the same high levels of 2001.

By upholding sales prices and continuing to launch new products that stand out from the competition, the Division was able to limit the impact of harsh trading conditions. The “Natural” pipe offering was broadened in European markets; sales of the “Pluvial” rainwater drainage system took off in France; a new multi-material pipe connector offering was rolled out; and the product offer for pipe systems for the construction industry and highway products continued to be revamped.

In Brazil, sales were hurt by lower spending on public infrastructure arising from the abrupt economic slowdown. Conversely, sales expanded in China, a strong growth market, powered by increased production capacity.

Distant Export sales were on a par with the high levels of 2001. This performance was led by the signing of the largest contract to date, for 460km of ductile cast-iron pipes designed to supply drinking water to Abu Dhabi. The first deliveries under this contract began in the fourth quarter. Other major contracts were won towards the end of the year, mainly in the Middle East, putting the order book at an all-time high at the start of 2003.

Operating income decreased to €135 million from €146 million the previous year, due to declining volumes. Operating margin dipped only slightly, however, from 10.5% to 10%, mainly attributable to firm sales prices and ongoing productivity gains at plants.

Capital expenditure was contained, representing a restricted 2.9% of sales, and exceptional expenses were lower than 2001, boosting free cash flow.

The Division continued to expand operations during the year, acquiring a foundry in the Czech Republic. This will be integrated into its manufacturing operations and will help sharpen the competitive edge of the connectors product line. Other developments in 2002 included the signing of an industrial partnership agreement with Xuzhou General Iron and Steel in China, the aim of which is twofold: to extend the Division's product range and help to serve strongly growing demand in the Chinese market. Overall, the Division expects its production capacity in China to double as of 2003 thanks to the development of both the new partnership and its existing manufacturing facility. Another highlight of the year was the successful implementation of Enterprise Resource Planning (ERP) software in Germany and Brazil, which is due to be gradually rolled out in all other companies of the Division.

2003 should see gains being reaped from the major contracts won in the Distant Export business line, buoyed by the Abu Dhabi contract. At the same time, sales are expected to rebound, especially in France and Italy. Two unknown factors nevertheless remain as 2003 starts to unfold. One is the German market, which has trended downward over the past few years, and the other is Spain, where the market has been at a record high for two consecutive years.

IV - STOCK EXCHANGE INFORMATION

STOCK EXCHANGE INFORMATION

At December 31, 2002, Saint-Gobain ranked twenty-fourth in France as regards market capitalization (€9,535 million) and sixteenth as regards the volume of shares traded on the Premier Marché of Euronext Paris SA (Euroclear France SA code: 12 500), with an average of 1,682,752 shares traded daily in 2002. Saint-Gobain stock is also traded on the principal European stock exchanges of Frankfurt, London, Zurich (since 1987), Amsterdam, and Brussels (since 1988). The average transaction volume on these foreign markets was also large, notably on the London Stock Exchange. The Saint-Gobain share is also included in the Dow Jones "Sustainable Development" indexes (DJS World Index and DJS European Index) and in the DJ Euro Stoxx 50 index of 50 leading European stocks.

The Saint-Gobain share forms 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 2,576,045 lots in 2002, against 1,652,060 in 2001.

HIGHEST AND LOWEST SHARE PRICES (source: Euronext Paris SA)

Year	High in €	Low in €	Year-end price
1998	182.48	99.70	120.28
1999	189.90	103.10	186.70
2000	195.70	116.50	167.30
2001	180.00	128.20	169.50
2002 *	49.05	18.57	27.96

(*) After the four-for-one stock split of June 27, 2002.

DIVIDENDS

Year	Number of shares for which a dividend was paid	Income per share: Dividend	+ tax credit	Total income in €	Yield based on closing price for the year
2000	85,213,263 shares	4.30	2.15	6.45	3.86%
2001	85,258,628 shares	4.50	2.25	6.75	3.98%
2002(*)	341,010,680 shares	1.13	0.565	1.695	6.06%

(*) After the four-for-one stock split of June 27, 2002.
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 2002 (source: Euronext Paris SA)

Paris Stock Exchange	Volume of shares	Market capitalization (in € thousands)	High in €	Low in €
January	9,642,076	1,624,970	176.50	162.20
February	11,537,468	1,955,600	180.50	161.00
March	11,094,990	2,032,420	189.80	173.60
April	10,235,755	1,918,240	194.80	179.40
May	9,998,522	1,930,260	196.20	185.40
June(*)	20,442,993	2,806,690	190.40	169.10
July	74,091,650	2,597,520	46.10	24.50
August	59,997,794	1,721,280	32.70	24.23
September	49,966,232	1,349,500	30.74	21.94
October	80,463,477	1,822,070	27.13	18.57
November	56,958,538	1,491,420	31.18	20.60
December	34,672,358	990,520	32.20	26.11
Total	**429,101,853**	**22,240,490**		
2003				
January	46,700,460	1,262,186	30.00	24.02
February	48,509,235	1,351,797	29.90	25.60
March (to 20)	32,352,700	812,478	28.51	22.40

(*) After the four-for-one stock split of June 27, 2002.

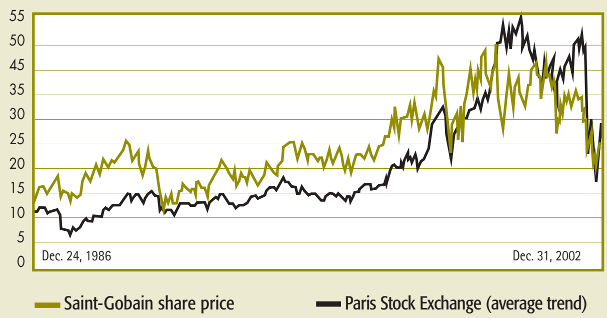
TRANSACTIONS SINCE JANUARY 2002 (source: London Stock Exchange)

London Stock Exchange	Volume of shares	Value In £ thousands
January	3,863,569	402,421
February	2,516,861	263,931
March	2,750,274	308,745
April	1,484,389	172,317
May	845,789	101,493
June (*)	3,593,227	325,670
July	31,867,461	703,763
August	17,892,302	325,160
September	31,521,677	563,121
October	19,653,921	286,529
November	5,186,619	80,913
December	2,634,878	47,797
Total	**123,810,967**	**3,581,860**

(*) Four-for-one stock split on June 27, 2002.

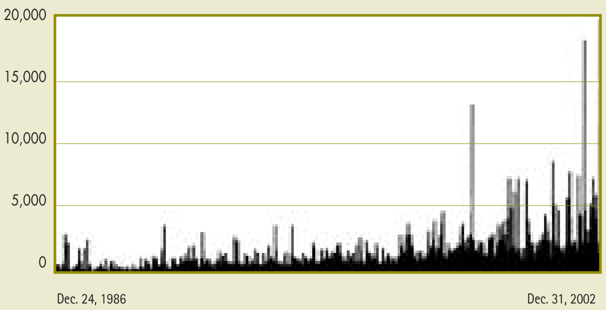
SHARE PRICE (IN €) (source: Datastream)

(in euros)
After the four-for-one stock split



NUMBER OF SHARES TRADED

(in thousands)
After the four-for-one stock split



A total of 399,400 shares were traded on the Frankfurt Stock Exchange in 2002 (source: Datastream).

In 2001, the Group issued succesful public tender offers for the minority interests in its Spanish subsidiary Saint-Gobain Cristaleria and three Brazilian subsidiaries Saint-Gobain Canalização, Brasilit and Saint-Gobain Vidros SA. All four companies were de-listed following these offers.

In February 2002, a public tender offer was launched for the shares in Lapeyre held by minority interests, following which the Group held 94.6% of Lapeyre's capital. In May 2002, the Group filed a public buyback offer, followed by a compulsory buyout, for the Lapeyre shares still held by the public.

The only two Group companies that are currently listed on a regulatory stock exchange – other than Compagnie de Saint-Gobain – are Saint-Gobain Oberland, listed on the Frankfurt, Munich and Stuttgart stock exchanges, and Hankuk Glass Industries, listed in Seoul.

OCÉANE BONDS

(CONVERTIBLE INTO EITHER NEW OR EXISTING SHARES)

In February 2002, Compagnie de Saint-Gobain issued five-year "Océane" bonds that are convertible into either new or existing shares, for a total amount of €920 million. These securities have been listed on the *Premier Marché* of Euronext Paris SA since February 18, 2002.

TRANSACTIONS SINCE FEBRUARY 2002 (source: Euronext Paris SA)

Paris Stock Exchange	Number of bonds	In € thousands	High in €	Low in €
February	71,640	15,333,052	219.9	212.0
March	48,849	10,666,755	224.5	213.5
April	38,005	8,307,219	224.0	213.0
May	46,888	10,319,160	222.8	201.0
June	26,656	5,737,902	220.5	210.2
July	10,416	2,194,965	221.0	189.0
August	42,021	8,141,586	219.0	188.0
September	3,147	619,208	215.0	193.3
October	12,267	2,380,748	210.1	185.0
November	49,283	9,505,568	200.5	188.0
December	3,431	684,114	204.9	198.6
Total	**352,603**	**73,890,277**		

NON-VOTING PARTICIPATING SECURITIES

In June 1983, Compagnie de Saint-Gobain issued non-voting participating securities for FRF 700 million with an attached warrant giving the right to subscribe to an additional FRF 700 million of non-voting participating securities. In all, 1,288,299 securities of FRF 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 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 2002 results, the remuneration in 2003 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 2002 in respect of the 2001 fiscal year was €10.21.

TRANSACTIONS SINCE JANUARY 2002 (source: Euronext Paris SA)

Paris Stock Exchange	Number of securities	Market capitalization In € thousands	High in €	Low in €
January	1,909	308,146	163.5	160.0
February	2,991	482,543	163.4	160.0
March	3,587	573,461	162.3	159.1
April	910	145,335	162.3	157.5
May	3,745	606,429	162.4	160.0
June	2,105	339,028	162.1	159.5
July	4,692	741,180	162.4	150.0
August	1,567	236,040	153.8	148.0
September	989	148,905	156.8	142.1
October	1,832	259,784	150.0	131.0
November	5,781	814,712	154.0	134.6
December	4,145	584,430	146.7	135.0
Total	**34,253**	**5,239,993**		

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, depending on 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 2002 was €71.57, paid in two installments.

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

TRANSACTIONS SINCE JANUARY 2002 (source: Euronext Paris SA)

Paris Stock Exchange	Volume of securities	Market capitalization (in € thousands)	High in €	Low in €
January	169	26,062	157.0	153.9
February	107	16,427	157.0	151.0
March	40	6,160	154.0	154.0
April	112	17,277	156.0	152.0
May	59	9,216	156.2	156.2
June	139	21,944	160.0	157.8
July	22	3,412	160.5	150.3
August	25	4,023	160.9	160.9
September	300	48,044	161.0	160.0
October	309	47,548	154.9	152.0
November	200	30,405	152.1	152.0
December	340	51,393	152.7	151.0
Total	**1,822**	**281,911**		

SHAREHOLDER INFORMATION

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

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

In 2002, Compagnie de Saint-Gobain organized several meetings with its shareholders in France – in Montpellier in April, Lyon in May, Toulouse in June, Bordeaux in November and Lille in December. It also organized a meeting abroad for the first time – in Brussels in November. The Company also took part, for the seventeenth consecutive year, in the *Décisions Patrimoine* event held in October in Nantes (formerly known as *Journées Investir*) as well as in the fifth Actionaria trade fair in Paris in November. In addition to the two annual meetings with analysts and journalists held in January and July in Paris and London at the time of the publication of estimated results, several other information meetings took place during the year in European cities where the Company's shares are listed, as well as in the United States and Japan.

A Minitel service 3615 code GOBAIN (€0.15/min), (a videotext system operated by France Telecom) is available for shareholders, financial analysts, stockbroking firms, portfolio managers and individuals. This provides current information regarding the Group and the market price of its shares and enables shareholders to contact Saint-Gobain correspondents directly.

Information on the Group can also be obtained from the Compagnie de Saint-Gobain website as can presentations to financial analysts.

www.saint-gobain.com

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

actionnaires@saint-gobain.com

Through BNP Paribas, Compagnie de Saint-Gobain makes available to its shareholders a number of complementary services to improve the administration of their fully registered shares. For further information, contact the Financial Communications Department at Compagnie de Saint-Gobain or:

BNP Paribas
Les Collines de l'Arche
GIS - Emetteurs
F- 75450 Paris Cedex 09
Toll-free number (in France) 0 800 03 33 33
Toll-free fax (in France) 0 800 77 25 85

V - SHAREHOLDERS, BOARD OF DIRECTORS, OFFICERS

SHAREHOLDERS

CAPITAL STOCK

At December 31, 2002, the capital stock of Compagnie de Saint-Gobain amounted to €1,364,042,720, breaking down into 341,010,680 ordinary shares (after the four-for-one stock split of June 27, 2002) with a par value of €4 each, compared to 85,258,628 shares with a par value of €16 at December 31, 2001.

The reason why the number of shares was practically unchanged was due to the balance between the issue of 1,175,849 shares subscribed by employees under the Group Savings Plan and the issue of 113,320 shares following the exercise of the same number of stock options(1) on the one hand and, on the other, the cancellation of 4,953,708 shares in November 2002.

OWNERSHIP STRUCTURE

	December 31, 2002		March 1, 2002		December 31, 2000	
	% interest	Voting rights	% interest	Voting rights	% interest	Voting rights
Group Savings Plan	6.3%	9.6%	6.5%	9.4%	6.1%	8%
Caisse des Dépôts et Consignations	4.6%	4.4%	4.6%	4.3%	-	-
BNP Paribas Group	1.0%	1.8%	2.1%	4%	3.0%	5.5%
AXA Group	2.4%	3.8%	1.9%	3.3%	1.7%	1.7%
Vivendi Universal	0	0	0.2%	0.2%	1.6%	3.0%
Treasury stock	1.5%	0	1.4%	0	2.3%	0
Other shareholders	84.2%	80.4%	83.3%	78.8%	85.3%	81.8%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

The breakdown of ownership and voting rights has changed in recent years. As a result of the policy of unwinding cross-shareholdings, Suez and Saint-Gobain have not had any capital ties since 1998 and Vivendi Universal has not held a stake in Saint-Gobain since May 2002. Institutional investors such as Caisse des Dépôts et Consignations have gradually taken over the role previously occupied by these two historic shareholders. Lastly, the Group Savings Plan has considerably increased both its ownership interest and its voting rights, since these amounted to only 4.1% and 5.8% respectively at the 1999 year-end, becoming the Company's leading shareholder.

In September 2002, U.S.-based State Street Bank and Trust Company notified the Company that it had crossed the 5% disclosure threshold. In November, it announced that the shares held once again represented less than 5% of the Company's capital. The shares concerned are held in accounts managed by State Street Bank and Trust Company on behalf of its clients. State Street Bank and Trust Company acts solely as custodian and does not own the shares.
To the best of the Company's knowledge, there are no pacts concerning the capital stock.

According to the December 31, 2002 identification of holders of bearer shares, the number of shareholders is estimated to be around 250,000.

(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.

In accordance with the Company's bylaws fully paid up shares registered for two years in the name of the same shareholder carry double voting rights. 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. 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 above. These provisions were included in the Company bylaws following the authorization of the Ordinary and Extraordinary General Meeting of February 27, 1987.

At December 31, 2002 the number of voting rights was 358,837,078 for 341,010,680 shares. Given the 670,580 outstanding stock options at that date(1) the potential capital would be made up of 341,681,260 shares assuming all rights were to be exercised and not taking into account any conversion of Océane bonds into new shares. If all of the bonds were to be converted, the Company's capital would be made up of 359,205,072 new 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.

CHANGES IN CAPITAL IN THE LAST FIVE YEARS

	Capital	Number of shares	
5-98	FRF 9,019,220,500	90,192,205	Group Savings Plan: issue of 965,392 shares (at FRF 666)
12-98	FRF 9,029,578,800	90,295,788	Subscription to 103,583 shares by the exercise of as many stock options
1-99	€1,376,550,410	90,295,788	Conversion into euros of capital stock
6-99	€1,307,722,916	85,781,000	Cancellation of 4,514,788 shares
6-99	€1,372,496,000	85,781,000	Increase in the par value to €16
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
6-01	€1,377,862,608	86,116,413	Group Savings Plan: issue of 903,150 shares (at €133)
11-01	€1,362,189,600	85,136,850	Cancellation of 979,563 shares
12-01	€1,364,138,048	85,258,628	Subscription to 121,778 shares by the exercise of as many stock options
6-02	€1,382,951,632	86,434,477	Group Savings Plan: issue of 1,175,849 shares (at €135.50)
6-02	€1,383,404,272	86,462,767	Subscription to 28,290 shares by the exercise of as many stock options
6-02	€1,383,404,272	345,851,068	Four-for-one stock split (par value of shares reduced from €16 to €4)
11-02	€1,363,589,440	340,897,360	Cancellation of 4,953,708 shares
11-02	€1,364,000,000	341,000,000	Subscription to 102,640 shares by the exercise of as many stock options
12-02	€1,364,042,720	341,010,680	Subscription to 10,680 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 28, 2001, the Board of Directors has been granted authority, until August 2003, 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 authorization was partly used with a waiver of preemptive subscription rights in February 2002 for the Océane convertible bond issue described below).

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 three percent of capital stock and to cancel up to 10% of capital stock before June 2003 (this authorization was partly used in November 2001 and November 2002).

Lastly, the Shareholders' Meeting of June 28, 2001 renewed until August 2003 the authorization granted previously to the Board of Directors to issue shares subscribed by employees under the Group Savings Plan, up to a maximum aggregate par value of €64 million (the authorization was partly used in January 2002 and March 2003), and also granted authority to the Board to issue shares subscribed by employees of the Group's U.S. subsidiaries via a company selected for the purposes of employee savings operations likely to be organized for their benefit, up to a maximum par value of €16 million (included within the previous €64 million limit). This latter authorization, renewed by the Ordinary and Extraordinary General Meeting of June 6, 2002, has not been used.

ISSUE OF OCÉANE BONDS

In February 2002, Compagnie de Saint-Gobain issued "Océane bonds" that are convertible into either new or existing shares, for a total amount of €920 million, at an annual interest rate of 2.625%. These bonds, maturing on January 1, 2007, have a nominal value of €210 each. They have been listed on the *Premier Marché* of Euronext Paris SA since February 18, 2002 (see page 88) and carry an early repayment option that can be exercised by the issuer as from February 18, 2005 if the Saint-Gobain share price exceeds 31.25% of the bond issue price, taking into account the stock-split. If all of the bonds were to be converted, this would give rise to the issue of 17,523,812 new Saint-Gobain shares.

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.

The Company implemented two standard Plans in 2002, one with a five-year term and the other with a ten-year term. The total amount of subscriptions to the PEG for the two plans came to €159 million, up from the €120 million recorded in 2001, corresponding to 1,175,849 shares.

In France, some 70% of employees have subscribed to the PEG through company mutual funds. The PEG has been extended to employees in twenty other European countries and six countries on other continents. In all, about 35,000 Group employees have now subscribed to the PEG.

At December 31, 2002, the Group Savings Plan held 6.3% of the Company's capital stock and 9.6 % of its voting rights.

In January 2003, a new Group Savings Plan, offering the standard options of five- and ten-year terms, was launched, as well as an option with a five-year term leverage effect. The total number of Saint-Gobain shares open for subscription is 6,500,000 (See prospectus dated February 11, 2003 bearing COB approval No. 03-053).

SAINT-GOBAIN STOCK OPTION PLANS

Stock option plans have been approved by the Board of Directors every year since 1987; the plans for the years from 1987 to 1993 inclusive are now terminated, as the maximum term to exercise these options had been set at five years up to 1991 and eight years then ten years subsequently.

Saint-Gobain stock option plans are decided by the Board of Directors following a review of proposals presented by the Appointments Committee, which in 2002 included Bernard Esambert, Chairman, as well as Daniel Bernard and Bruno Roger.

In addition to Group Management (9 persons), the options granted in November 2002 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 (18 persons);
- Category B includes the main operations and functional managers of the Divisions and General Delegations (772 persons);
- Category C includes high-potential executives as well as managers or employees who have achieved superior performance (569 persons).

The total number of beneficiaries of the November 2002 plan was therefore 1,368, on a par with 2001 when they numbered 1,351. 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 2002 was 3,785,500 (compared with 3,774,800 in 2001) and amounted to 1.1% of capital stock at December 31, 2002.

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. €23.53 for the November 2002 plan.

The main general 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 four years;
- all rights to options are forfeited if the employee terminates employment with the Group, unless expressly agreed otherwise by the Chairman of the Board and the Appointments Committee.

Specific exercise conditions are attached to some categories of beneficiaries. For instance, the Board of Directors has made the vesting of half of the options granted to Group Management and Category A recipients in November 2002 conditional upon the Saint-Gobain share price outperforming the exercise price by more than 20% on the exercise date.

Further, 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 2002, if they had more than five years' seniority in their current function, to own at least 2,800 registered Saint-Gobain shares and to increase their holdings by at least 400 shares per annum; Category B beneficiaries are required to own at least 400 registered shares at all times.

The following three tables summarize key data on unexpired stock option plans at December 31, 2002, with the latter two dealing with the stock options of corporate officers and of the ten largest recipients.

Date of Shareholder's Meeting authorizing the plan	6/14/1991 6/11/1992	6/13/1995	6/13/1995	6/25/1997	6/25/1998	6/24/1999	6/24/1999	6/28/2001	6/28/2001
Date of Board of Directors' Meeting	9/15/1994	11/16/1995	11/21/1996	11/20/1997	11/19/1998	11/18/1999	11/16/2000***	11/22/2001	11/21/2002
Type of options	subscription	subscription	subscription	purchase	purchase	purchase	purchase	purchase	purchase
Number of beneficiaries	127	121	161	182	218	393	780	1 351	1 368
Total number of shares which may be obtained Of which:	210,775	208,790	303,690	296,865	321,995	437,725	674,125	943,700	3,785,500*
• number of shares that Group Management may obtain	78,700	83,800	121,200	137,600	137,000	134,500	202,600	231,200	936,200*
• number of corporate officers concerned	15	14	20	19	19	19	20	18	18**
Effective date of options	9/15/1996	11/16/1997	11/21/1998	11/20/1999 or 11/20/2002	11/19/2001 or 11/19/2003	11/18/2002 or 11/18/2004	11/16/2003 or 11/16/2005	11/22/2004 or 11/22/2005	11/22/2005 or 11/22/2006
Expiry date	9/14/2002	11/15/2003	11/20/2004	11/19/2005	11/18/2006	11/17/2009	11/15/2010	11/21/2011	11/21/2012
Subscription/Purchase price	€81.56	€70.13	€85.68	€113.88	€118.15	€162.53	€150.89	€160.87	€23.53*
Discount on average share price	20%	20%	20%	10%	5%	0	0	0	0
Number of options outstanding at December 31, 2002	24,445	41,150	126,495	226,226	302,670	417,725	659,425	923,700	3,785,500*

(*) Taking into account the four-for-one stock split of June 2002.
(**) The list of the 18 members of the Group Management is provided on page 80.
(***) In addition, a specific grant of 5,000 purchase options at an exercise price of €132.43 was carried out on March 30, 2000.

Stock purchase options granted to each corporate officer and options exercised in 2002	Number of options granted/Number of shares subscribed or purchased	Exercise price	Expiry date
Options granted in 2002 to each corporate officer by the issuer or by any Group company			
Jean-Louis Beffa	240,000	€ 23.53 (*)	November 2005
Gianpaolo Caccini	130,000		
Options exercised in 2002 by each corporate officer			
Jean-Louis Beffa	0	-	
Gianpaolo Caccini	7,620	€20.39 /€17.53	Sept 2002/Nov 2003

Stock purchase options granted to the ten largest recipients other than corporate officers and options exercised by these individuals	Number of options granted/ Number of shares subscribed or purchased	Unit price
Options granted in 2002 by the issuer and any Group company granting options, to the ten largest recipients of options among employees of the issuer or any other Group company granting options (aggregate figure)	479,000	€23.53 (*)
Exercise in 2002 of options granted by the issuer and any Group company granting options, to the ten largest recipients of options among employees of the issuer or any other Group company granting options (aggregate figure)	103,900	Average weighted price €25.91

(*) As mentioned above, the vesting of half of the options is conditional upon the Saint-Gobain share price outperforming the exercise price by more than 20% on the exercise date.

The only other stock option plans on shares in Group companies, whether publicly traded or not, concern Lapeyre, whose last plan dates back to 1996 and ended in 2002.

SAINT-GOBAIN SHARE BUYBACKS AND CANCELLATIONS

In the course of 2002, the Company bought back 5,403,148 of its own shares in accordance with the authorizations granted by the Ordinary and Extraordinary General Meeting of June 6, 2002 (prospectus dated May 7, 2002 bearing COB approval No. 02-527). Of these Saint-Gobain shares held in treasury stock, the Board of Directors canceled 4,953,708 shares at its meeting of November 21, 2002, using the authorization granted by the Ordinary and Extraordinary General Meeting of June 6, 2002.

BOARD OF DIRECTORS

Compagnie de Saint-Gobain upholds the principles of corporate governance defined by the Committees chaired by Marc Viénot (of which Jean-Louis Beffa was a member) as well as by the Committee chaired by Daniel Bouton, and implements in full the recommendations that they have issued.

BOARD OF DIRECTORS

At March 1, 2003, the membership of the Board of Directors of Compagnie de Saint-Gobain was as follows:

JEAN-LOUIS BEFFA

Chairman and Chief Executive Officer.

Jean-Louis Beffa, 61, is also Vice-Chairman of the Board of Directors of BNP Paribas, a Director of the Bruxelles Lambert Group, President of Claude Bernard Participations, and a member of the Supervisory Board of Le Monde, Le Monde Partenaires and Société Editrice du Monde. Within the Saint-Gobain Group, Jean-Louis Beffa is the permanent representative on the Board of Saint-Gobain PAM, a Director of Saint-Gobain Cristalería and Saint-Gobain Corporation, and joint Chairman of the corporate foundation Saint-Gobain Center for Economics Research. He is also Vice-Chairman of the Supervisory Board of the Pension Reserve Fund. He owns 172,000 Saint-Gobain shares.

Les Miroirs - F - 92096 La Défense Cedex, France

DANIEL BERNARD

Chairman and Chief Executive Officer of Carrefour.

Daniel Bernard, 57, is also a Director of Alcatel. Within the Carrefour Group, Daniel Bernard is Vice-Chairman of Dia S.A., Director of Comptoirs Modernes, Eterco, Grandes Superficies de Colombia, Presicarre, Carrefour Comercio e industria, Centros Comerciales Carrefour, Finiper and GS, as well as Chief Executive Officer of Carrefour Americas Ltda, Chief Operating Officer of SISP and Vice-President of Vicour.

He owns 4,400 Saint-Gobain shares.

6 avenue Raymond Poincaré - F - 75769 Paris Cedex 16, France

ISABELLE BOUILLOT

Chairwoman of the Management Board of CDC Finance - CDC Ixis.

Isabelle Bouillot, 54, is also a Director of San Paolo IMI, a member of the Supervisory Board of Accor and permanent representative on the Supervisory Board of CNCE. Within the Caisse des Dépôts Group, she is a member of the Supervisory Board of CNP Assurances, as well as Chairwoman, Supervisory Board member or permanent representative on the Board of Directors or Supervisory Boards of various subsidiaries of CDC Finance - CDC Ixis.

She owns 1,200 Saint-Gobain shares.

26-28 rue Neuve Tolbiac - F - 75658 Paris Cedex 13, France

ROLF-E. BREUER

Chairman of the Supervisory Board of Deutsche Bank AG.

Rolf-E. Breuer, 65, of German nationality, is also Chairman of the Supervisory Board of Deutsche Börse AG, a member of the Supervisory Boards of Deutsche Lufthansa AG, E.ON AG and Bertelsmann AG, and a Director of Landwirtschaftliche Rentenbank. He is a member of the Consultative Committee of C.H. Boehringer Sohn, and Chairman of Bundesverband Deutsche Banken e.v. During 2002, Rolf-E Breuer was also appointed Vice-Chairman of the Supervisory Board of Siemens AG and a member of the Supervisory Board of Münchener Rück AG.

He owns 4,516 Saint-Gobain shares.

Taunusanlage 12, D-60262 Frankfurt am Main (Germany)

PAUL ALLAN DAVID

Professor of Economics at the Universities of Stanford and Oxford.

Paul A. David, 68, a U.S. citizen, is Professor of Economics at Stanford University (USA), and Professor of Economics and History at the University of Oxford (United Kingdom). He does not hold any other directorships.

He owns 800 Saint-Gobain shares.

Stanford University, Department of Economics, Stanford, CA 94305-6072 (USA)

BERNARD ESAMBERT

Vice-Chairman of the Supervisory Board of the Lagardère Group.

Bernard Esambert, 68, is also Chairman of the Supervisory Board of Banque Arjil et Cie and Arjil & Associés Banque (Lagardère Group), a Director of Bolloré and Compagnie des Glénans (Bolloré Group), as well as of Hachette Filipacchi Medias and Pierre Fabre S.A. He is a member of the Supervisory Board of Paroma and Compagnie Financière Saint-Honoré. Bernard Esambert is also Chairman of the French Foundation for Epilepsy Research and of the Federation for Brain Research, Vice-Chairman of the Companies Institute *(Institut de l'Entreprise),* a member of the Board to the French stock market authorities *(Commission des Opérations de Bourse),* Director and Treasurer of Fondation Touraine and Association Georges Pompidou.

He owns 4,200 Saint-Gobain shares.

43 rue Vineuse - F - 75016 Paris, France

JEAN-MARTIN FOLZ

Chairman of the Management Board of Peugeot SA.

Within the PSA group, Jean-Martin Folz, 56, is Chairman of the Board of Directors of Automobiles Peugeot and Automobiles Citroën, and a Director of Banque PSA Finance, Peugeot Citroën Automobiles and Faurecia. He is also a Director of Solvay.

He owns 1,200 Saint-Gobain shares.

75 avenue de la Grande-Armée -F - 75116 Paris, France

ERIC D'HAUTEFEUILLE

Former Chief Operating Officer of Compagnie de Saint-Gobain.

Eric d'Hautefeuille, 63, is also a Director of Gaz de France. Within the Saint-Gobain Group, he is a Director of Saint-Gobain Emballage, Saint-Gobain Isover, Saint-Gobain Glass France, Saint-Gobain Cristaleria and International Saint-Gobain.

He owns 4,000 Saint-Gobain shares.

46 quai Henri IV - F- 75004 Paris, France

SYLVIA JAY

Director General of the British Food and Drink Federation.

Lady Jay, 56, is a British citizen. She does not hold any other directorships. She is a Lay member of the Disciplinary Committee of the General Council to the Bar, Governor of the British Nutrition Foundation, and trustee of the Pilgrim Trust, the Food Foundation UK, the Food and Drink Federation Pension Fund, and the Entente Cordiale Scholarships Scheme.

She owns 800 Saint-Gobain shares.

6 Catherine Street, UK - London WC2B 5JJ (United Kingdom)

JOSÉ-LUIS LEAL MALDONADO

Chairman of the Spanish Banking Association.

José-Luis Leal Maldonado, 63, of Spanish nationality, is also a Director of CEPSA, Alcatel España and Renault España, as well as Saint-Gobain Cristalería.

He owns 4,000 Saint-Gobain shares.

C/Velasquez, 64-6e E-28001 Madrid (Spain)

SEHOON LEE

Co-Chairman of Hankuk Glass Industries and Hankuk Sekurit (South Korea).

Sehoon Lee, 53, of South Korean nationality, is also the Chairman of the Management Committee of the Hanglas Group, Chairman of the Board of Directors of Saint-Gobain Hanglas (Asia), SL Investment Co and SL Advisory Co, as well as Vice-Chairman of the Korean Chamber of Commerce.

He owns 1,000 Saint-Gobain shares.

Sehoon Lee was appointed by the Board of Directors on November 21, 2002 to replace Jean-Marie Messier, who resigned from his position on June 7, 2002.

Youngpoong Building, 33 Seorin-dong, Jongno-gu, Seoul 100-752 (South Korea)

JEAN-MAURICE MALOT

Former President of the Saint-Gobain Employees' and Former Employees' Shareholders' Association and Chairman of the Supervisory Board of the Group Savings Plan Mutual Funds.

Jean-Maurice Malot, 63, is Chairman of Sivaq SA and Vice-Chairman of the Libourne Chamber of Commerce and Industry.

He owns 800 Saint-Gobain shares.

Les Miroirs - F - 92096 La Défense Cedex, France

GÉRARD MESTRALLET

Chairman and Chief Executive Officer of Suez.

Gérard Mestrallet, 53, is also a member of the Supervisory Boards of AXA and Taittinger, and a Director of Crédit Agricole and Pargesa Holding. Within the Suez Group, Gérard Mestrallet is Chairman of Société Générale de Belgique and of Tractebel and Vice-Chairman of Hisusa and Sociedad General de Aguas de Barcelona. In 2002 he was also a Director of Ondeo and Frabepar, a member of the Supervisory Board of Casino, Crédit Agricole Indosuez, Métropole Télévision M6, SAGEM and Société du Louvre, and a permanent representative on the Board of Directors of Fimalac and Le Monde Entreprises.

He owns 840 Saint-Gobain shares.

16 rue de la Ville-l'Evêque - F - 75008 Paris, France

MICHEL PÉBEREAU

Chairman and Chief Executive Officer of BNP Paribas.

Michel Pébereau, 61, is also a Director of Lafarge and TotalFinaElf, a member of the Supervisory Boards of AXA and Dresdner Bank, and a non-voting director of Galeries Lafayette. Within the BNP Paribas Group, he is a Director of BNP Paribas UK. In addition, he is Vice-Chairman of the International Monetary Conference, a member of the International Advisory Panel of the Monetary Authority of Singapore, of the International Capital Markets Advisory Committee, and of the Federal Reserve Bank of New York, and Chairman of the French Banking Federation.

He owns 820 Saint-Gobain shares.

3 rue d'Antin - F - 75002 Paris, France

BRUNO ROGER

Member of the Executive Committee of Lazard LLC and President of Lazard Frères SAS.

Bruno Roger, 69, is also a Director of Cap Gemini Ernst & Young and Sofina, and a member of the Supervisory Boards of AXA and Pinault Printemps Redoute. Within the Lazard Group, he is the Chairman of the Supervisory Board of Eurazeo.

He owns 48,040 Saint-Gobain shares.

121 Boulevard Haussmann - F - 75008 Paris, France

Chief Operating Officer: GIANPAOLO CACCINI

Gianpaolo Caccini, 64, is also a Director of Nexans and JM Huber Corporation. Within the Saint-Gobain Group, he is a Director of Saint-Gobain Corporation. He owns 4,820 Saint-Gobain shares.

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

MEMBERSHIP OF THE BOARD OF DIRECTORS

Acting upon a recommendation presented by the Appointments Committee, the Board of Directors reviewed the independence of each Director in compliance with criteria established in the Bouton report on corporate governance. It was subsequently concluded that in accordance with the above criteria, the following are independent Directors: Daniel Bernard, Isabelle Bouillot, Paul A. David, Bernard Esambert, Jean-Martin Folz, Sylvia Jay and Gérard Mestrallet. This corresponds to seven Directors out of fifteen. The Board does not include any Director that has been elected by employees (although does include a Director representing employee shareholders), or non-voting Directors. In accordance with the Company bylaws, each Director must own at least 800 shares(2).

(2) After the four-for-one stock split.

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;
- Gérard Mestrallet: November 1995;
- Jean-Maurice Malot: June 1997;
- Isabelle Bouillot and José-Luis Leal Maldonado: June 1998;
- Eric d'Hautefeuille: June 1999;
- Daniel Bernard: June 2000;
- Jean-Martin Folz: March 2001;
- Paul A. David and Sylvia Jay: June 2001.

The dates on which Directors' terms of office expire are as follows:

- Bernard Esambert, Sehoon Lee, Jean-Maurice Malot and Gérard Mestrallet: 2003 Annual Meeting.
- Jean-Louis Beffa, Isabelle Bouillot, Sylvia Jay and José-Luis Leal Maldonado: 2004 Annual Meeting.
- Rolf-E. Breuer, Jean-Martin Folz, Eric d'Hautefeuille, Michel Pébereau and Bruno Roger: 2005 Annual Meeting.
- Daniel Bernard: 2006 Annual Meeting.
- Paul A. David: 2007 Annual Meeting.

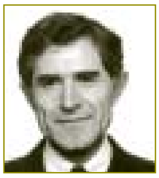
Acting upon a recommendation of the Appointments Committee, the Board of Directors will be submitting for approval the ratification of the following appointments or renewals at the next Annual General Meeting scheduled to take place on June 5, 2003:

Sehoon Lee

Sehoon Lee, 53, of South Korean nationality, is Co-Chairman of South Korea-based Hankuk Glass Industries and Hankuk Sekurit. After obtaining a doctorate in Philosophy from the University of Seoul and an MBA from Wharton (the University of Pennsylvania), Sehoon Lee joined the South-Korean Hanglas Group in 1977 as Chief Financial Officer. He occupied various positions within the group before becoming Chairman and Chief Executive Officer in 1995. Mr Lee is also the Chairman of the Management Committee of the Hanglas Group, Chairman of the Board of Directors of Saint-Gobain Hanglas (Asia), SL Investment Co and SL Advisory Co, as well as Vice-Chairman of the Korean Chamber of Commerce. He is a *Chevalier de la Légion d'Honneur à titre étranger.* He owns 1,000 Saint-Gobain shares.

Sehoon Lee was appointed by the Board of Directors on November 21, 2002. The sixth resolution provides for the ratification of his appointment and the renewal of his term of office.

Gérard Mestrallet



Gérard Mestrallet, 53, is Chairman and Chief Executive Officer of Suez. He graduated from the *Ecole Polytechnique,* the *Ecole de l'Aviation Civile* and the *E.N.A.* After occupying various posts at the Ministry of the Economy and Finance, Gérard Mestrallet joined Compagnie de Suez as *Chargé de Mission* in 1984, before being appointed Deputy General Delegate in charge of industrial affairs in 1986. In 1991 he became a Director and Chairman of the Management Committee of Société Générale de Belgique. In 1995, he was appointed Chairman and Chief Executive Officer of Compagnie de Suez, and then in 1997 Chairman of the Management Board of Suez Lyonnaise des Eaux. Mr Mestrallet is also a member of the Supervisory Boards of AXA and Taittinger and a Director of Crédit Agricole and Pargesa Holding. Within the Suez Group, Gérard Mestrallet is Chairman of Société Générale de Belgique and of Tractebel and Vice-Chairman of Hisusa and Sociedad General de Aguas de Barcelona. In 2002 he was also a Director of Ondeo and Frabepar, a member of the Supervisory Board of Casino, Crédit Agricole Indosuez, Métropole Télévision M6, SAGEM and Société du Louvre, and a permanent representative on the Board of Directors of Fimalac and Le Monde Entreprises. Gérard Mestrallet owns 840 Saint-Gobain shares.

Shareholders are invited to renew Gérard Mestrallet's term of office in the seventh resolution.

Pierre Kerhuel

Pierre Kerhuel, 59, is a Civil Engineering Graduate of the *Ecole des Mines de Nancy*. He began his career in 1967 in the IT department of Everitube, which subsequently became Everite, part of the Building Materials Division of the Saint-Gobain Group. He went on to be successively appointed Head of Scheduling, Logistics, Sales Management and Products, before becoming Sales Director – France in 1977. In 1979 he was appointed as Marketing Director for Everitube and in 1981 Sales Director. Between 1985 and 2000, he worked as the Chief Executive Officer of Tuiles Lambert, before being appointed as Senior Vice-President of Saint-Gobain Terreal, part of Saint-Gobain's Tiles business, in November 2000. He has been a member of the Supervisory Board of the Group Savings Plan Mutual Funds since December 1999 and in December 2002 became President of the Saint-Gobain Employees' and Former Employees' Shareholders' Association, replacing Jean-Maurice Malot. Pierre Kerhuel is also a Director of Toit Dak, a Belgium-based Saint-Gobain subsidiary.

Shareholders are invited to elect Pierre Kerhuel as a Director in the eighth resolution.

Denis Ranque

Denis Ranque, 51, is Chairman and Chief Executive Officer of Thales. After graduating from the *Ecole Polytechnique* and the *Ecole des Mines de Paris.* Denis Ranque occupied various energy-related posts at the Industry Ministry. He joined the Thomson Group in 1983 as Corporate Strategy Director and went on to become Aerospace Director for the Electronic Tubes Division. In 1986, he was appointed Director of the High Frequency Tubes Department of the division which was spun off in 1988 under the name Thomson Tubes Electroniques (TTE). In 1989, he became Chief Executive Officer of TTE, before taking up the position of Chairman and Chief Executive Officer in 1991. In 1992, Denis Ranque became Chairman and Chief Executive Officer of Thomson Sintra Activités sous-marines. He was then appointed by Thomson-CSF and GEC-Marconi as Chief Executive Officer of Thomson Marconi Sonar, a joint-venture created in 1996 operating in sonar systems. Since January 1998, Denis Ranque has been Chairman and Chief Executive Officer of Thomson-CSF, which has now changed its corporate name to Thales.

He is also Chairman of the Board of Directors of l'*Ecole Nationale Supérieure des Mines de Paris,* a Director of the *Fondation de l'Ecole Polytechnique* and Chairman of the *Cercle de l'Industrie* since 2002.

Shareholders are invited to elect Denis Ranque as a Director in the ninth resolution.

OPERATIONAL STRUCTURE OF THE BOARD OF DIRECTORS

Acting upon the recommendations presented in the report by the Appointments Committee, at its July 25, 2002 meeting, the Board of Directors resolved that Jean-Louis Beffa, Chairman of the Board of Directors and holding the title of Chairman and Chief Executive Officer, would continue to be responsible for the general management of Compagnie de Saint-Gobain for the term of his directorship.

Acting upon the recommendation of the Chairman and Chief Executive Officer, the Board of Directors resolved that Gianpaolo Caccini would continue to exercise the duties of Chief Operating Officer.

In accordance with the recommendations of the Bouton report, it has been decided that the Board of Directors will issue internal rules of operation in the course of 2003. Details of these will be provided in the 2003 annual report.

In addition, following the request of the Appointments Committee, the Group has commissioned a specialized consultant to carry out a formal appraisal of the operations of the Board of Directors. The outcome of this appraisal will also be detailed in the 2003 annual report. A similar type of evaluation was conducted in 2000[(3)] enabling the Board to approve and enact from that date relevant measures to provide Directors with information and documents necessary for performing their tasks, especially prior to Board meetings.

Since 2000, the Board of Directors has defined periods when Directors are requested to abstain from carrying out any transaction relating to Saint-Gobain shares. These periods cover the 45 days preceding publication of the estimated annual and interim consolidated financial statements, and the 15 days preceding publication of the final version of the annual and interim consolidated financial statements, as well as the trading day following each of said publications. The Group's other top executives are also subject to these restrictions, as are employees with access to "sensitive" information.

During all other periods, transactions concerning Saint-Gobain shares may be carried out, except if certain specific information about Saint-Gobain or Saint-Gobain shares has not been rendered public and which might otherwise have had an impact on the Saint-Gobain stock price.

(3) See 2000 Annual Report, page 55.

In February 2003, in application of Commission des Opérations de Bourse (COB) regulation 2002-01, the Company published on the COB website declarations by the Group's Directors and corporate officers with regard to transactions in the second half of 2002 concerning the subscription, purchase or sale of Saint-Gobain shares (excluding stock options) and any forward financial instruments relating to Saint-Gobain shares. According to these declarations, no such transactions had taken place.

Lastly, the Board of Directors held seven meetings during fiscal 2002. The attendance rate at these meetings was 84%.

BOARD OF DIRECTORS' COMMITTEES

FINANCIAL STATEMENTS COMMITTEE

- Michel Pébéreau, Chairman
- Isabelle Bouillot
- Gérard Mestrallet

Two-thirds of the Committee is composed of independent directors *(see page 75)*.

The Financial Statements Committee performs all of the tasks recommended by the Viénot and Bouton reports.

The Committee met four times in 2002. The attendance rate at these meetings was 92%.

At each meeting, the Committee reviewed issues with Group Management, the Finance Department 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), as well as the estimated and final interim consolidated financial statements (July and September, respectively).

Also at each meeting, a summary of the main points brought up by the statutory auditors with the Finance Department during the preparation of the financial statements was reviewed in the presence of the statutory auditors, notably concerning significant risks and off-balance sheet commitments.

At each meeting, the Committee was presented a status report on asbestos-related litigation in the United States. In conjunction with the statutory auditors, the Committee conducted a detailed review of the financial impact and accounting implications of asbestos-related litigation on U.S. subsidiaries concerned and on the Group as a whole. This review was subsequently presented to the Board of Directors.

In addition, the Committee was informed by the auditors of the amount of fees received from Group companies during 2001 in relation to statutory audits, legal and tax advice, and advisory services. Fees for the latter two categories did not exceed 37% of the total amount of fees paid to one of the statutory auditors. The other statutory auditor only received fees related to audit work.

In addition, the Committee reviewed the budget for 2002 and considered several issues related to changes in accounting standards. It also reviewed the report on the operations of the Treasury and Financing Department for the year ended December 31, 2001, the treasury and financing operations of the Benelux Delegation in 2001 and the activity report of the Internal Audit Department for 2001 as well as this Department's audit program for 2002 and activity report for the first half of 2002.

The Committee presented its work to the Board of Directors at meetings held on January 24, March 28, July 25 and September 19, 2002.

APPOINTMENTS COMMITTEE

- Bernard Esambert, Chairman
- Daniel Bernard
- Bruno Roger

Two-thirds of the Committee is composed of independent directors *(see page 75).*

The Appointments Committee also performs the work of a remunerations committee, as provided for in the Viénot and Bouton reports.

The Committee met four times in 2002. The attendance rate at these meetings was 83%.

During these meetings, the Committee reviewed Saint-Gobain's stock options policy[4] and finalized its recommendations to the Board of Directors concerning the number of beneficiaries and their breakdown, as well as the general and specific conditions for exercising the options and the performance conditions to which a proportion of these options is subject. 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.[5]

The Committee also commissioned a specialized consultant to compare total compensation of corporate officers with the Company's peers, based on the amount of the fixed compensation and on criteria used to determine the variable portion. The Committee presented its report to the Board of Directors and put forward recommendations concerning compensation of corporate officers for 2002 (see below).

In addition, the Committee reviewed the nomination of Sehoon Lee as Director and recommended his appointment to the Board.

The Committee presented its conclusions to the Board of Directors at the meetings of March 28, July 25 and November 21, 2002.

REMUNERATION OF DIRECTORS

The Ordinary and Extraordinary General Meeting of June 28, 2001 set the annual amount of attendance fees payable to Directors at €500,000.

The Board of Directors decided to allocate the amount according to the following rules:
- The Chairman of the Company does not receive attendance fees.
- Each of the other members of the Board of Directors is allocated an annual lump sum of €16,000, to which is added €2,200 for each meeting attended.
- In addition, each Director who is a Chairman or member of the Financial Statements Committee or Appointments Committee is respectively allocated an annual lump sum of €4,600 or €1,600, to which is added €1,600 for each Committee meeting attended.
- Lump-sum amounts are paid on an accruals basis when terms of office begin or end in the course of the period.
- Payments are made in arrears at the end of each half-year, and any remaining balance in the allocated annual amount is distributed at the outset of the following year proportionally to attendance at Board meetings during the previous year.

Attendance fees paid for fiscal 2002 amounted to €500,000, unchanged from the previous year.

[4] Company policy on granting stock options and details of current stock option plans are presented on pages 71 to 73.
[5] See pages 71 and 72.

The net[6] individual amounts of attendance fees paid by the Company to its Directors (including both lump-sum and variable payments) for 2002 were as follows: Daniel Bernard €34,967, Isabelle Bouillot €39,820, Rolf-E. Breuer €22,535, Paul A. David €24,642, Bernard Esambert €46,396, Jean-Martin Folz €32,857, Eric d'Hautefeuille €35,666, Sylvia Jay €26,750, José-Luis Leal Maldonado €22,535, Sehoon Lee €3,456, Jean-Maurice Malot €35,666, Jean-Marie Messier[7] €12,558, Gérard Mestrallet €37,777, Michel Pébereau €45,630, Bruno Roger €45,439.

REMUNERATION OF CORPORATE OFFICERS

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.

Remunerations of Group officers are set with the dual aim, on the one hand of 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 portion 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 2002 from Group companies by Group Management, as defined below, amounted to €13 million (the amount for 2001 was €12.9 million), of which the variable portion represented €4.6 million (€4.7 million in 2001).

The gross fixed remuneration, as well as compensation in kind, paid in 2002 to Jean-Louis Beffa, Chairman and Chief Executive Officer, and to Gianpaolo Caccini, Chief Operating Officer, by Group companies[8] amounted respectively to €980,000 (€776,689 on a comparable basis in 2001) and €490,000 (€451,733 on a comparable basis in 2001). Their variable remuneration is 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 estimated gross amount which should be paid for 2002 by Group companies[8] comes to €660,000 for Jean-Louis Beffa (€969,700 for 2001) and €330,000 for Gianpaolo Caccini (€485,000 for 2001).

On a pro forma basis[9], all of the above remunerations represent net compensation of approximately €770,000 for Jean-Louis Beffa and €415,000 for Gianpaolo Caccini.

Messrs. Beffa and Caccini do not receive any Director's attendance fees for their functions as corporate officers carried out in Group companies[8].

(6) After deduction of the withholding tax for Messrs. Breuer, David, Leal Maldonado, and Mrs. Jay, whose tax residence is outside France.
(7) For the period covering January 1, 2002 to June 7, 2002, the date on which Jean-Marie Messier's resignation came into effect.
(8) Meaning all French and foreign companies either fully consolidated or accounted for by the equity method in the Group's financial statements.
(9) Gross remuneration minus income tax and payroll charges, i. e. approximately 53% on a pro forma basis.

GROUP MANAGEMENT (as of March 1, 2003)

EXECUTIVE MANAGEMENT

JEAN-LOUIS BEFFA
Chairman and Chief Executive Officer

GIANPAOLO CACCINI
Chief Operating Officer

JACQUES ASCHENBROICH
Senior Vice-President

PIERRE-ANDRÉ DE CHALENDAR(1)
Senior Vice-President

PHILIPPE CROUZET
Senior Vice-President

EMILE FRANÇOIS
Senior Vice-President

JEAN-FRANÇOIS PHELIZON
Senior Vice-President

CHRISTIAN STREIFF
Senior Vice-President

BERNARD FIELD
Corporate Secretary

EXECUTIVE COMMITTEE

JEAN-LOUIS BEFFA
GIANPAOLO CACCINI
PHILIPPE CROUZET
BERNARD FIELD
Secretary to the Executive Committee
LAURENT GUILLOT

FUNCTIONAL MANAGEMENT

JEAN-CLAUDE LEHMANN
Vice-President, Research

NICOLE GRISONI-BACHELIER
Vice-President, External Relations

LAURENT GUILLOT
Vice-President, Corporate Planning

SONIA SIKORAV(2)
Vice-President, Purchasing

PRESIDENTS OF THE DIVISIONS

JACQUES ASCHENBROICH
President, Flat Glass Division

ROBERTO CALIARI
President, Reinforcements Division

PIERRE-ANDRÉ DE CHALENDAR(3)
President, Building Materials Distribution Division

PETER DACHOWSKI
President, Insulation Division

MARTIN ELLIS
President, Building Materials Division

JÉRÔME FESSARD(4)
President, Containers Division

CLAUDE IMAUVEN
President, Pipe Division

CHRISTIAN STREIFF
President, Ceramics & Plastics Division
President, Abrasives Division(5)

(1) As from March 1, 2003.
(2) As from July 1, 2002.
(3) Emile François up to January 31, 2003.
(4) Claude Picot up to January 31, 2003.
(5) Gilles Colas, President of the Abrasives Division up to May 31, 2002.

GENERAL DELEGATES

OLIVIER DU BOUCHERON
General Delegate to Benelux

JEAN-CLAUDE BREFFORT
General Delegate to Brazil and Argentina

ROBERTO CALIARI
General Delegate to Italy and Greece

GILLES COLAS(6)
General Delegate to the Asia-Pacific region

JEAN LARONZE
General Delegate to Poland

NIELS CHRISTIAN LÄRSEN
General Delegate to the Nordic Countries and the Baltic States

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(7)
General Delegate to the United Kingdom and Ireland

PIERRE TRACOL
General Delegate to Spain, Portugal and Morocco

(6) Patrick Roux-Vaillard up to January 31, 2003.
(7) Pierre-André de Chalendar up to January 31, 2003.

STATUTORY AUDITORS OF THE COMPANY

The Statutory Auditors of the Company are:

- PricewaterhouseCoopers Audit, 32 rue Guersant, F - 75017 Paris, France, represented by Mike Moralee and Christian Marcellin, reappointed on June 25, 1998 for a term of six years expiring at the 2004 Annual General Meeting.
- La Société d'Expertise Comptable Economique et Financière (SECEF), 3 rue de Turique, F - 54000 Nancy, France represented by Jacques Tenette, reappointed on June 29, 2000 for a term of six years expiring at the 2006 Annual General Meeting.

BYLAWS

Saint-Gobain is a French public company regulated by articles L 210-1 et seq of the French Commercial Code, with its head office at Les Miroirs, 18, avenue d'Alsace, 92400 Courbevoie, France. It is registered with the Nanterre corporate register under reference 542039532 (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 term 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, France, Financial Communications 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. 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 General Meetings (Decisions of the General Meetings of 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 fifteen.

Each Director must own at least two hundred Company shares[8] (Ordinary and Extraordinary General Meetings of June 24, 1999 and June 28, 2001).

GENERAL MEETINGS

Any shareholder may attend a general meeting in person or be represented by proxy, 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.

However double voting rights are granted in respect of all fully paid up shares 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 General Meeting of February 27, 1987).

(8) Before the four-for-one stock split.

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.

Distributable income is comprised of the net income for the year, less losses brought forward from prior years and any amount to be appropriated to reserves as a result of legal or statutory requirements, plus any retained earnings. Out of distributable income, the General Meeting appropriates 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. Amounts available after such appropriations to 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

No new regulated agreements were entered into in 2002.

VI - RISK MANAGEMENT

MARKET RISKS: INTEREST-RATE, FOREIGN CURRENCY AND CREDIT RISKS

LIQUIDITY RISK

In 2002, the Group scaled back its net debt to €7 billion from €7.8 billion. It also extended the average life of its borrowings, with long-term debt increasing from €5.2 billion to €6.2 billion. US$ 300 million worth of bonds reached maturity and the Group carried out two new issues: a €920 million issue of Océane bonds (convertible into either new or existing shares) in February, maturing on January 1, 2007, plus a US$ 500 million bond issue in May, maturing on June 20, 2007. As of year-end 2002, substantially all of the Group's long-term debt was composed of bond issues, amounting to 5.3 billion. The remaining amount comprised private issues, medium-term notes, perpetual loans and finance leases.

At the same date, the Group's short-term debt totaled €2.1 billion, versus €4.2 billion a year earlier. It mainly consisted of bank overdrafts, treasury notes, euro commercial paper and US commercial paper, and the portion of long-term debt maturing in 2003.

The reduction in total debt on the one hand and the extension of the average life of borrowings on the other enabled the Group to reduce short-term net debt (debt due in one year less cash and cash equivalents) from €2.5 billion to below €800 million.

In addition to the Group's recourse to US commercial paper, euro commercial paper, treasury notes and medium-term notes, Compagnie de Saint-Gobain has access to confirmed lines of credit (syndicated loans and bilateral lines) totaling €2.5 billion at December 31, 2002. This represents more than three times the amount of net debt maturing in 2003. None of the lines were drawn down in 2002.

A breakdown of long-and short-term debt is provided by type and maturity in Note 20 to the consolidated financial statements. Details of amounts, currencies, and early repayment terms and conditions of the Group's financing programs and confirmed credit lines are also discussed in this Note.

INTEREST-RATE RISK

Interest rate risk relating to the Group's total net indebtedness is managed by the Treasury Department of Compagnie de Saint-Gobain. Net indebtedness is determined by means of a reporting system in which subsidiaries provide a breakdown of debt between long- and short-term and fixed and variable rate, together with details on interest rates and hedging instruments by line of debt. Subsidiaries hedge risks on debt exclusively with Compagnie de Saint-Gobain, the Group parent 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. These instruments may include rate swaps (either in the same currency or cross-currency swaps), options and forward rate agreements. These instruments are traded over-the-counter with counterparties meeting minimum rating standards as defined in the Group's financial policy.

The weighted average interest rate on total debt after giving effect to hedging instruments (rate swaps and caps) was 4.7% for the year ended December 31, 2002 (5% in 2001 and 5.8% in 2000).

After giving effect to hedging instruments, at December 31, 2002, 77% of Group debt was at fixed rates of interest and 23% was at variable rates. A 1% rise in interest rates would have a €15.8 million impact on net interest expense in 2003.

Net debt at December 31, 2002 after the effect of cross-currency swaps was 55% in EUR, 27% in USD and 16% in GBP, with the remaining amount in other currencies.

Details concerning interest rates on the Group's main borrowings and hedging instruments (rate swaps and options) are provided in Note 21 to the consolidated financial statements, as is the Group's debt structure before and after using said hedging instruments.

FOREIGN CURRENCY RISK

The Group's policy on 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. Options are set up exclusively with Compagnie de Saint-Gobain, the parent company of the Group, which then takes a reverse position on 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.

The majority of transactions are hedged, invoice by invoice or order by order, with Saint-Gobain Compensation, the entity set up to manage the Group's currency risks. Saint-Gobain Compensation hedges these risks solely by means of forward purchases and sales of foreign currencies. This enables companies to hedge exposure arising from commercial transactions as soon as the risk emerges. Saint-Gobain Compensation reverses all its positions with Compagnie de Saint-Gobain and does not therefore have any open positions.

The exposure of other Group companies to currency risks is hedged with Compagnie de Saint-Gobain as soon as the latter receives orders sent by the subsidiaries or by cash pools of the National Delegations. Exposure may also be hedged with the banks of the subsidiaries concerned. Total unhedged transactions for these companies amounted to €48 million at December 31, 2002. If the euro dropped by 1 cent against the Group's trading currencies, the impact would be less than €1 million, which is not material at the level of the consolidated financial statements.

EQUITY RISK

The Group is not exposed to equity risk, as it always favors money-market funds and/or bonds when purchasing mutual funds or equivalents, and is therefore not exposed to any equity risk on its short-term investments.

The Group previously held a portfolio of shares in listed companies. All of these shares have been sold, apart from 12.3 million Vivendi Universal shares. These shares are carried in the balance sheet at their historical cost of €13.88 per share, representing a total of €171 million.

INDUSTRIAL AND ENVIRONMENTAL RISKS

Substantially all of the Group's industrial and environmental risks represent one type of risk, stemming from the storage of certain types of hazardous materials.

Nine Group sites are classified as presenting "major technological risks" within the meaning of European and North American regulations, and are therefore subject to specific legislation that is carefully monitored by the regulatory authorities. In 2002, eight Saint-Gobain sites were classed in the "Seveso" category in Europe, as a result of storage of certain hazardous materials. A site based at Lake Charles in the United States falls under both the Risk Management Program Rule and the Emergency Planning and Community Right to Know Act, as it uses vinyl chloride.

Sites classified as "Seveso" in Europe are as follows:

FRANCE

Abrasives Division: Conflans Saint-Honorine site: Seveso low threshold (storage of phenolic resin and natural and sodium cryolite aluminium fluoride)
Containers Division: Mers-les-Bains site: Seveso low threshold (storage of oxygen and hydrodgen)

Flat Glass Division: Bagneaux-sur-Loing site: Seveso low threshold (storage of arsenic in the form of arsenious anhydrid)

GERMANY

Containers Division: Neuburg site: Seveso low threshold (storage of liquid petroleum gas (LPG)

DENMARK

Insulation Division: Vamdrup site: Seveso low threshold (storage of phenol and formaldehyde)

SPAIN

Insulation Division: Azuqueca de Henarès site: Seveso low threshold (storage of phenol and formaldehyde)

FINLAND

Insulation Division: Hyvinkää site: Seveso high threshold (storage of more than 200t of phenol and formaldehyde – 230t and 400t, respectively)

SWEDEN

Insulation Division: Vrena site: Seveso low threshold (storage of liquid petroleum gas – LPG)

Specific risk prevention and safety measures have been put in place at each of these sites.

Once the plants identify the risk of accidents and the potential impact on the environment they take preventive measures relating to the design and construction of storage facilities, as well as conditions of use and maintenance. Crisis plans have been set up and are currently being finalized. In early 2003, the Group launched a system aimed at closely monitoring all of the above sites.

The Group's other major industrial facilities are subject to a permits regime and are thus regularly monitored by local regulatory authorities.

LEGAL RISKS

The Group is not subject to any specific regulations which could have an impact on its situation, although companies running industrial sites are generally required to comply with specific national legislation and regulations that vary from country to country. In the case of France, for example, Group sites are subject to laws and regulations on regulated facilities *(installations classées).* The Group has no significant technical or commercial dependence on any other companies, is not subject to particular confidentiality restrictions, and has the assets it requires to run its operations.

Compagnie de Saint-Gobain is assessed for income tax on its consolidated fiscal income as provided for under article 209 quinquies of the French Tax Code (CGI) as well as the integrated tax *(Intégration Fiscale)* system as provided for under article 223 A et seq. of the CGI. The tax consolidation agreement in force covers the fiscal years 2001, 2002 and 2003.

The legal risk to which the Group is most exposed is asbestos-related litigation, both in France and – above all – in the United States.

In France, at December 31, 2002, almost 400 lawsuits based on "inexcusable fault" *("faute inexcusable")* had been filed for asbestos-related occupational diseases against Everite and Saint-Gobain PAM, which in the past had carried out fiber-cement operations. In addition, 63 suits based on inexcusable fault had been filed against seven other French companies in the Group, in particular involving circumstances where equipment containing asbestos had been used to protect against heat from furnaces. At December 31, 2002 compensation due from the first two companies amounted to a total of €4 million.

Further details of these claims are provided in Note 31 to the consolidated financial statements.

In the United States, the total number of new asbestos-related claims filed - principally against CertainTeed – increased significantly in 2001 and 2002. Before 2001 approximately 20,000 new claims were filed against CertainTeed per year. The multiplication of class actions, which had previously been rare, drove an increase in new claims to 60,000 in 2001 and approximately 67,000 in 2002. Almost all of the claims against CertainTeed are settled out of court. Some 44,000 such settlements were entered into in 2002, leaving some 107,000 claims outstanding at December 31, 2002, compared with 84,000 a year earlier.

The average individual cost of settlement based on all claims settled decreased to US$1,955 in 2002, from US$2,800 a year earlier. However, in view of the significant increase in the number of new claims filed over the last two years, the overall cost for the Group has also risen considerably. In view of all of these developments and taking into account insurance coverage available, the Group recorded a €100 million charge in 2002 to make provision for such claims. This amount represents 6% of net income excluding profit on sales of non-current assets and 5% of consolidated free cash flow for 2002. At December 31, 2002 the Group's total cover for asbestos-related claims against CertainTeed in the United States amounted to €426 million, comprised of insurance coverage available at that date and the provision referred to above. This cover represents approximately 4 to 5 years of total compensation payments based on the current rate of new claims arising and average unit cost of settlement.

Further details on asbestos-related claims in the United States is provided in note 31 to the consolidated financial statements.

INSURANCE – COVERAGE OF POTENTIAL RISKS

Insurance coverage is structured on a Group-wide basis, with the Divisions' and Delegations' Insurance Correspondents liaising between the Corporate Insurance Office and operating units.
In the case of recurring risks with limited financial consequences, insurance coverage is contracted locally.

Saint-Gobain entities that may be potentially exposed to significant losses may be authorized to contract insurance coverage locally, but are required to comply with Group doctrine, which takes into account conditions in the insurance market. Insurance policies are centrally coordinated and monitored by the Risks and Insurance Department, which defines Group doctrine.

Two types of policy are covered by the Group doctrine: property damage policies, which mitigate losses resulting from damage to buildings, assets and inventories; and liability policies, which allow entities to protect themselves, within the limits set by insurers and in as cost-efficient a manner as possible, against the financial consequences of third-party liability claims arising from operations and products.

Property damage is insured in parallel with business interruption. The Group has named perils policies in every country where it conducts operations, except when local regulations do not permit this type of policy, such as in Brazil, China and India.

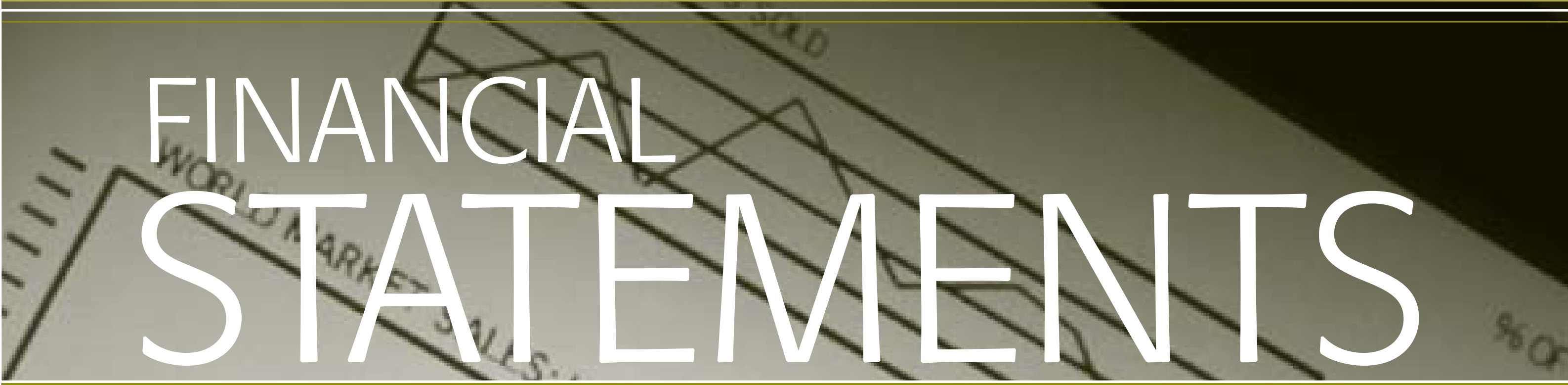
Third-party liability is covered by two insurance programs, one for the subsidiaries of Saint-Gobain Corporation and the other for all non North American subsidiaries. The United States and Canada have named perils coverage. Liability cover for all other countries is structured in such a way that the Company's named perils policy will cover subsidiaries that have no or insufficient local coverage.

As regards property-related insurance, there are cases when losses arising from natural catastrophes, pollution, information technology viruses and terrorist acts are not covered, or have low coverage.

With respect to liability insurance, there are cases when bodily injury or third-party property claims arising from gradual pollution, terrorism, or sub-standard performance of delivered products, are not covered or have low coverage, either because coverage is not available, or because the insurance costs are too high.

It has not been deemed advisable to disclose the breakdown of costs and coverage level for each of the above risks, due to reasons relating to confidentiality and the complex nature of the insurance programs.

Joint ventures and companies not controlled by the Group are not included in the above programs. They arrange insurance cover themselves and have lower coverage levels.



FINANCIAL STATEMENTS

Consolidated financial statements

Financial statements of Compagnie de Saint-Gobain (parent company)

VII - CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS AT DECEMBER 31

ASSETS *(In € millions)*	Notes	2002	2001	2000
Goodwill	(3)	5,521	6,065	6,004
Other intangible assets, net	(4)	1,914	1,805	1,766
		7,435	**7,870**	**7,770**
Property, plant and equipment	(5)	22,069	23,258	21,938
Less accumulated depreciation	(5)	(12,687)	(12,909)	(11,825)
		9,382	**10,349**	**10,113**
Investments in equity investees	(6)	114	169	393
Investments, at cost	(7)	144	171	178
Non-current marketable securities	(8)	175	176	310
Other non-current assets	(9)	1,590	943	766
		2,023	**1,459**	**1,647**
Non-current assets		**18,840**	**19,678**	**19,530**
Inventories	(10)	4,664	5,075	4,752
Trade accounts receivable, net	(11)	4,264	4,552	4,643
Other accounts receivable	(12)	1,010	1,228	1,161
Short-term loans	(20)	162	245	139
Marketable securities	(8)	469	406	530
Cash and cash equivalents	(20)	739	958	666
Current assets		**11,308**	**12,464**	**11,891**
Total assets		**30,148**	**32,142**	**31,421**

The accompanying notes are an integral part of the consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY *(In € millions)*	Notes	2002	2001	2000
Capital stock				
(at Dec. 31, 2002 made up of 341,010,680 €4 par value shares; at Dec. 31, 2001: 85,258,628 €16 par value shares, at Dec. 31, 2000: 85,213,263 €16 par value shares)		1,364	1,364	1,363
Additional paid-in capital and legal reserve		2,264	2,249	2,270
Retained earnings and net income for the year		9,204	8,540	7,760
Cumulative translation adjustments		(1,438)	(161)	(310)
Treasury stock	(13)	(79)	(67)	(182)
Shareholders' equity		**11,315**	**11,925**	**10,901**
Minority interests	(14)	227	423	823
Net equity of consolidated entities		**11,542**	**12,348**	**11,724**
Non-voting participating securities	(15)	391	391	391
Pensions and other post-retirement benefits	(16)	2,353	1,836	1,752
Deferred tax liability	(17)	696	685	709
Other liabilities	(18)	1,084	1,255	1,318
Long-term debt	(20)	6,238	5,247	4,999
Shareholders' equity and non-current liabilities		**22,304**	**21,762**	**20,893**
Trade accounts payable		3,352	3,425	3,378
Other payables and accrued expenses	(19)	2,348	2,801	2,597
Current portion of long-term debt	(20)	487	991	1,859
Short-term debt and bank overdrafts	(20)	1,657	3,163	2,694
Current liabilities		**7,844**	**10,380**	**10,528**
Total liabilities and shareholders' equity		**30,148**	**32,142**	**31,421**

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

(In € millions)	Notes	2002	2001	2000
Net sales		30,274	30,390	28,815
Cost of sales		(22,670)	(22,692)	(20,669)
Gross margin		**7,604**	**7,698**	**8,146**
Selling, general and administrative expenses including research	(22)	(4,712)	(4,774)	(5,209)
Other operating costs	(23)	(310)	(243)	(244)
Operating income		**2,582**	**2,681**	**2,693**
Dividend income		22	32	24
Interest and other financial charges, net	(24)	(504)	(603)	(612)
Non-operating costs	(25)	(252)	(122)	(158)
Income before profit on sales of non-current assets and taxes		**1,848**	**1,988**	**1,947**
Profit on sales of non-current assets, net	(26)	3	84	584
Provision for income taxes	(17)	(612)	(721)	(791)
Net operating income from consolidated companies before amortization of goodwill		**1,239**	**1,351**	**1,740**
Amortization of goodwill		(169)	(184)	(182)
Net operating income from consolidated companies		**1,070**	**1,167**	**1,558**
Share in net results of equity investees	(6)	4	7	84
Net income before minority interests		**1,074**	**1,174**	**1,642**
Minority interests in consolidated companies	(14)	(34)	(40)	(125)
Net income		**1,040**	**1,134**	**1,517**
Earnings per share (in €)				
Weighted average number of shares in issue		336,727,133	334,139,384	332,216,856
Income before tax and minority interests per share		5.01	5.67	7.32
Basic earnings per share		3.09	3.39	4.57
Weighted average number of shares assuming full dilution		354,006,928	335,593,088	333,425,704
Income before tax and minority interests per share (diluted)		4.82	5.65	7.30
Diluted earnings per share		2.98	3.38	4.55
Number of shares in issue at December 31		341,010,680	341,034,512	340,853,052
Income before tax and minority interests per share		4.94	5.56	7.14
Earnings per share		3.05	3.33	4.45

The number of shares at December 31, 2001 and 2000 has been multiplied by four to reflect the four-for-one stock split of June 27, 2002 in order to facilitate comparisons with the figure at December 31, 2002.
The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In € millions)	2002	2001	2000
Net income	**1,040**	**1,134**	**1,517**
Minority interests	34	40	125
Excess of income of equity investees over dividends	(1)	7	(46)
Depreciation and amortization	1,603	1,636	1,631
Profit on sales of non-current assets	(3)	(84)	(584)
Cash flows from operations	**2,673**	**2,733**	**2,643**
(Increase) decrease in inventories	97	(167)	(224)
(Increase) decrease in trade accounts and other accounts receivable	329	219	40
Increase (decrease) in trade accounts payable, other payables and accrued expenses	(63)	(92)	(73)
Changes in income taxes payable and deferred taxes	(120)	8	141
Other	(50)	(159)	(115)
Net change in working capital	**193**	**(191)**	**(231)**
Cash flows from operating activities	**2,866**	**2,542**	**2,412**
Purchases of property, plant and equipment	(1,431)	(1,430)	(1,722)
Acquisitions of businesses in 2002: (599); in 2001: (764); in 2000: (2,913), net of cash acquired	(575)	(717)	(2,709)
Disposals of consolidated investments, net of cash	104	140	943
Disposals of investments at cost	19	379	497
Acquisitions of investments at cost	(31)	(52)	(59)
Disposals of tangible and intangible assets	201	141	105
(Increase) decrease in marketable securities	(100)	115	67
Other	(236)	(68)	114
Cash flows from investing activities/divestments	**(2,049)**	**(1,492)**	**(2,764)**
Issues of capital stock	164	129	213
Minority interests' portion in capital stock increases of subsidiaries	15	13	28
Increases in treasury stock	(159)	(31)	(375)
Dividends paid	(378)	(357)	(284)
Dividends paid to minority shareholders of consolidated subsidiaries	(19)	(30)	(91)
(Increase) decrease in short-term loans	222	(16)	61
Increase (decrease) in long-term debt	777	(805)	1,152
Increase (decrease) in bank overdrafts and other short-term debt	(1,597)	335	(425)
Cash flows from financing activities	**(975)**	**(762)**	**279**
Net effect of exchange rate changes on cash and cash equivalents	(61)	4	10
Increase (decrease) in cash and cash equivalents	**(219)**	**292**	**(63)**
Cash and cash equivalents at beginning of year	**958**	**666**	**729**
Cash and cash equivalents at end of year	**739**	**958**	**666**

The accompanying notes are an integral part of the consolidated financial statements.

STATEMENTS OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	(Number of shares)		*(In € millions)*					
	Issued	**Excluding treasury stock**	**Capital stock**	**Additional paid-in capital and legal reserve**	**Retained earnings and net income for the period**	**Cumulative translation adjustments**	**Treasury stock**	**Shareholders' equity**
Balance at December 31, 1999	**87,236,750**	**83,658,800**	**1,396**	**2,651**	**6,468**	**(543)**	**(434)**	**9,538**
Issues of capital stock								
- 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 purchased		(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 and postretirement benefit obligations)					59			**59**
Balance at December 31, 2000	**85,213,263**	**83,216,292**	**1,363**	**2,270**	**7,760**	**(310)**	**(182)**	**10,901**
Issues of capital stock								
- Group savings plan	903,150	903,150	14	106				**120**
- Stock option plans	121,778	121,778	2	7				**9**
Net income for 2001					1,134			**1,134**
Dividends paid (per share: €4.30)					(357)			**(357)**
Translation adjustments						149		**149**
Treasury stock purchased		(242,048)					(37)	**(37)**
Treasury stock canceled	(979,563)		(15)	(134)			149	**0**
Treasury stock sold		54,868			3		3	**6**
Balance at December 31, 2001	**85,258,628**	**84,054,040**	**1,364**	**2,249**	**8,540**	**(161)**	**(67)**	**11,925**
Stock-split	255,775,884	252,162,120						
Issues of capital stock								
- Group savings plan	4,703,396	4,703,396	19	140				**159**
- Stock option plans	226,480	226,480	1	4				**5**
Net income for 2002					1,040			**1,040**
Dividends paid (per share: €4.50)*					(378)			**(378)**
Translation adjustments						(1,277)		**(1,277)**
Treasury stock purchased		(5,403,148)					(162)	**(162)**
Treasury stock canceled	(4,953,708)		(20)	(129)			149	**0**
Treasury stock sold		107,976			2		1	3
Balance at December 31, 2002	**341,010,680**	**335,850,864**	**1,364**	**2,264**	**9,204**	**(1,438)**	**(79)**	**11,315**

* Before the four-for-one stock split

At December 31, 2002 the number of shares making up Compagnie de Saint-Gobain's capital stock totaled 341,010,680.
In accordance with the authorizations to increase capital stock granted by the Ordinary and Extraordinary Shareholders' Meetings of June 28, 2001 and June 6, 2002, the Board of Directors may issue, in one or several stages, up to 190 million new shares with or without preemptive or priority subscription rights for Compagnie de Saint-Gobain shareholders (ninth and tenth resolutions of the Meeting of June 28, 2001), as well as 11,296,604 new shares offered for subscription by members of the Group Savings Plan (eleventh and twelfth resolution of the Meeting of June 28, 2001 and the seventh resolution of the Meeting of June 6, 2002). If these authorizations were used in full by the Board of Directors, the number of shares making up Compagnie de Saint-Gobain's capital stock would be increased to 542,307,284.
Translation adjustments at December 31, 2002 include a net amount of €61 million (€62 million at December 31, 2001 and €61 million at December 31, 2000) in adjustments arising from the translation of the balance sheets of companies outside the euro zone. These adjustments will be taken to the statement of income in the event that the companies are sold.
The accompanying notes are an integral part of the consolidated financial statements.

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 French generally accepted accounting principles.

Effective January 1, 2000 the Group elected to determine pension and postretirement benefits obligations according to the projected unit credit method in compliance with both French generally accepted accounting principles and U.S. GAAP. The effect of this change in method was a €59 million increase in consolidated shareholders' equity at January 1, 2000.

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, as well as 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, as well as subsidiaries in which the Group holds a controlling interest, either directly or indirectly.

Companies that are jointly owned are proportionately consolidated.

Companies in which the Group exercises directly or indirectly a significant influence are consolidated by the equity method.

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, 2002 are shown in note 2. A summary list of significant consolidated companies as of December 31, 2002 is shown in note 34.

All significant intercompany accounts and transactions are eliminated in consolidation.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded at the exchange rate prevailing on the transaction date. Receivables, payables and bank balances in foreign currencies are generally translated at the year-end rate and the related exchange differences are recorded in the income statement.

TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN COMPANIES

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

Income and expenditure items are translated using the average exchange rate for the year.

The Group's share of any translation gains and losses less any related tax effect, 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 include 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 relating to bonds or other long-term borrowings are capitalized and amortized over the term of the debt.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost except for the fixed assets of subsidiaries operating in formerly highly inflationary countries which have been revalued in accordance with the provisions of local laws.

Property, plant and equipment is depreciated on a straight-line basis over the following estimated useful lives:

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 non-current assets are deferred, recorded under "Other payables and accrued expenses" 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 written off from the balance sheet and any resulting gains or losses are recognized in the income statement.

VALUATION OF NON-CURRENT ASSETS

The Group examines on a regular basis the carrying value of non-current assets, including goodwill, other intangible assets, and property, plant and equipment. The carrying value of a non-current asset is considered permanently impaired when the estimated undiscounted future cash flows relating to the asset are less than its carrying value. In that event, exceptional depreciation is recorded to write down the carrying value of the asset to fair value. Fair value is generally determined using estimated future 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 expensed in the year in which they are incurred.

INVENTORIES

Inventories are valued at the lower of cost and market. Cost is generally 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.

In order to anticipate future developments in the accounting treatment of financial instruments, the Group amended its accounting policies in 2001 in order to take into account fair value.

The presentation of the financial statements for the year ended December 31, 2002 is unchanged from prior years.

The main financial instruments used to hedge foreign exchange risks are forward purchase and sale contracts and options. Hedged receivables and payables are recorded in the balance sheet at the hedging rate. The portion representing the extrinsic (time) value of unrealized gains or losses on currency options used to hedge the above positions is taken to income, and the portion representing intrinsic value is recorded in the balance sheet. Unrealized losses on options which are not classified as hedges are recognized in the income statement, whereas unrealized gains are not taken into account.

The Group uses interest-rate swaps and swaptions (caps and floors) as well as forward rate agreements to hedge its exposure to increases in interest rates. Gains and losses related to interest-rate swaps are recognized on a symmetrical basis with the losses and gains on the hedged items.

The portion representing the extrinsic (time) value of unrealized gains or losses on interest rate options used to hedge the above positions is taken to income and the portion representing intrinsic value is recorded in the balance sheet. Interest-rate options which are not classified as hedges are recognized in the income statement at market value.

MARKETABLE SECURITIES

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

CASH AND CASH EQUIVALENTS

This item consists of cash on hand and balances with banks.

PENSIONS AND OTHER 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 Group companies, in France and other countries.

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 in respect of pensions and retirement indemnities are determined using an actuarial method based on projected end-of-career salaries (the projected unit credit method) taking into account the specific economic conditions applicable in each country. These obligations are covered by retirement funds and provisions recorded in the balance sheet. Effective from January 1, 2000, the method adopted complies with both French generally accepted accounting principles and U.S. GAAP.

In the United States, Spain and Germany, retired employees receive benefits other than pensions, mainly concerning healthcare. 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, certain benefits such as income support and healthcare 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 these companies return to profit, the Group's equity in their earnings is recorded by the majority shareholder up to the amount required to cover losses recorded in prior years.

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 COSTS

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 non-current assets, which are capitalized and included in the construction cost of the related non-current assets.

INCOME TAXES

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 calculated using the liability method, 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 provision is recorded against deferred tax assets corresponding to tax loss carryforwards and deductible temporary differences when it is more likely than not that the asset will not be realized. 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 maintain the method used prior to the adoption of CRC regulation 99-02. The amount of deferred tax assets recorded for retail brands appears in note 17.

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.

NOTE 2 - CHANGES IN GROUP STRUCTURE

No material companies were fully consolidated for the first time in 2002. However, the Group purchased all outstanding minority interests in the Lapeyre Group thus raising its stake from 74.68% to 100%.

At December 31, 2002 the effect on balance sheet captions of changes in Group structure and in consolidation methods is as follows:

(In € millions)	Increase	Decrease	Total
Impact on assets			
Non-current assets	415	(40)	375
Inventories, trade and other accounts receivable	195	(65)	130
	610	**(105)**	**505**
Impact on liabilities			
Minority interests	(165)	3	(162)
Long-term liabilities	77	3	80
Payables	95	(6)	89
Debt and overdrafts*	4	(2)	2
	11	**(2)**	**9**
Impact of acquisitions, disposals and changes in consolidation methods	**599**	**(103)**	**496**
Cash and cash equivalents	(24)	(1)	(25)
Net impact on cash flows	**575**	**(104)**	**471**

(*) Representing the net indebtedness of the Group.

In 2001 the Group issued public tender offers for the minority interests in Saint-Gobain Cristalería for €231 million, in Saint-Gobain Vidros for €79 million, in Saint-Gobain Canalizaçao for €17 million and in Brasilit for €18 million.

The Group's consolidated financial statements for 2000 included the results of Essilor which was fully consolidated up to June 30, 2000, then accounted for by the equity method until November 15, 2000, when the Group disposed of its entire stake in the company. The consolidated financial statements therefore do not include any results of Essilor after that date.

If Essilor had been accounted for by the equity method for the full year in 2000, the consolidated statement of income for that year would have been as follows:

(In € millions)	**2000** ***pro forma***
Net sales	27,837
Cost of sales	(20,268)
Gross margin	**7,569**
Selling, general and administrative expenses including research	(4,765)
Other operating costs	(241)
Operating income	**2,563**
Dividend income	24
Interest and other financial charges, net	(594)
Non-operating costs	(157)
Income before profit on sales of non-current assets and taxes	**1,836**
Profit on sales of non-current assets, net	584
Provision for income taxes	(758)
Net operating income from consolidated companies before amortization of goodwill	**1,662**
Amortization of goodwill	(171)
Net operating income from consolidated companies	**1,491**
Share in net results of equity investees	103
Net income before minority interests	**1,594**
Minority interests in consolidated companies	(77)
Net income	**1,517**
Earnings per share (in €)	
Weighted average number of shares in issue	332,216,856(*)
Income before tax and minority interests per share	7.08
Basic earnings per share	4.57
Weighted average number of shares assuming full dilution	333,425,704(*)
Income before tax and minority interests per share	7.05
Diluted earnings per share	4.55
Number of shares in issue at December 31	340,853,052(*)
Income before tax and minority interests per share	6.90
Earnings per share	4.45

(*) Number of shares adjusted to reflect the four-for-one stock split of June 27, 2002.

NOTE 3 – GOODWILL

(In € millions)	**2002**	**2001**	**2000**
Net book value at January 1	6,065	6,004	4,981
Acquisitions	178	164	1,623
Translation adjustments and impact of disposals	(519)	106	(412)
Amortization for the year	(203)	(209)	(188)
Net book value at December 31	**5,521**	**6,065**	**6,004**

In 2002, "Acquisitions" includes €58 million in goodwill recognized on the purchase of minority interests in the Lapeyre Group, which was acquired for €350 million. Movements in "Translation adjustments and impact of disposals" primarily reflect changes in the US dollar exchange rate over the year.

In 2001, changes in goodwill mainly related to the first-time consolidation of several medium-sized companies.

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).

NOTE 4 – OTHER INTANGIBLE ASSETS, NET

Changes in other intangible assets are summarized below:

(In € millions)	2002	2001	2000
Net book value at January 1	1,805	1,766	1,155
Additions and changes in Group structure	290	113	844
Disposals	(4)	(12)	(144)
Translation adjustments	(94)	22	(10)
Amortization for the year	(83)	(84)	(79)
Net book value at December 31	**1,914**	**1,805**	**1,766**

Intangible assets break down as follows:

	At December 31		
(In € millions)	2002	2001	2000
At cost			
Purchased goodwill	84	82	74
Patents	171	197	183
Retail brands	1,516	1,376	1,344
Computer software	344	293	227
Other	327	369	355
Total at cost	**2,442**	**2,317**	**2,183**
Amortization and provisions for impairment in value			
Purchased goodwill	(43)	(41)	(36)
Patents	(124)	(134)	(119)
Computer software	(196)	(166)	(123)
Other	(165)	(171)	(139)
Total amortization and provisions for impairment in value	**(528)**	**(512)**	**(417)**
Other intangible assets - net	**1,914**	**1,805**	**1,766**

Because their fair value is at least equal to cost, retail brands do not require a provision for impairment in value.

Changes in "Retail brands" in 2002 mainly concern the addition of the Lapeyre brand in an amount of €189 million, based on the allocation of goodwill determined after the purchase of the minority interests in the group.

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

2002 *(In € millions)*	At Dec. 31 2001	Changes in Group structure	Acquisitions	Disposals	Transfers	Translation adjustments	Depreciation charge	At Dec. 31 2002
At cost:								
Land	1,290	25	26	(29)	7	(81)	-	1,238
Buildings	5,567	43	156	(110)	106	(412)	-	5,350
Machinery and equipment	15,539	(74)	509	(591)	623	(1,324)	-	14,682
Construction in progress	862	44	740	(11)	(736)	(100)	-	799
Total at cost	**23,258**	**38**	**1,431**	**(741)**	**0**	**(1,917)**	**-**	**22,069**
Depreciation:								
Land	(84)	(5)	-	2		5	(9)	(91)
Buildings	(2,501)	(23)	-	79		140	(241)	(2,546)
Machinery and equipment	(10,319)	75	-	521		779	(1,101)	(10,045)
Construction in progress	(5)	0	-	0		0	0	(5)
Total depreciation	**(12,909)**	**47**	**-**	**602**	**0**	**924**	**(1,351)**	**(12,687)**
Net book value	**10,349**	**85**	**1,431**	**(139)**	**0**	**(993)**	**(1,351)**	**9,382**

2001 (In € millions)	At Dec. 31 2000	Changes in Group structure	Acquisitions	Disposals	Transfers	Translation adjustments	Depreciation charge	At Dec. 31 2001
At cost:								
Land	1,236	55	41	(50)		(8)	-	1,290
Buildings	5,199	98	144	(87)	150	63	-	5 567
Machinery and equipment	14,671	154	569	(539)	484	200	-	15,539
Construction in progress	832	(4)	676	(27)	(634)	19	-	862
Total at cost	**21,938**	**303**	**1,430**	**(703)**	**0**	**290**	**-**	**23,258**
Depreciation:								
Land	(73)		-	1		-	(12)	(84)
Buildings	(2,279)	(23)	-	32		(8)	(223)	(2,501)
Machinery and equipment	(9,454)	(133)	-	480		(79)	(1,133)	(10,319)
Construction in progress	(19)		-	13		1		(5)
Total depreciation	**(11,825)**	**(156)**	**-**	**526**	**0**	**(86)**	**(1,368)**	**(12,909)**
Net book value	**10,113**	**147**	**1,430**	**(177)**	**0**	**204**	**(1,368)**	**10,349**

2000 (In € millions)	At Dec. 31 1999	Changes in Group structure	Acquisitions	Disposals	Transfers	Translation adjustments	Depreciation charge	At Dec. 31 2000
At cost:								
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 at cost	**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**

As an industrial group, Saint-Gobain does not have a significant non-operating property portfolio, except for its head office building.

Property, plant, and equipment include the following acquired under capital leases:

	At December 31		
(In € millions)	**2002**	**2001**	**2000**
At cost			
Land and buildings	164	181	173
Machinery and equipment	41	46	47
Total assets under capital leases - gross	**205**	**227**	**220**
Depreciation	(88)	(100)	(93)
Net book value	**117**	**127**	**127**

The depreciation and amortization charge is as follows:

(In € millions)	**2002**	**2001**	**2000**
Amortization of other intangible assets (note 4)	83	84	79
Amortization of goodwill	169	184	182
Depreciation of property, plant and equipment*	1,351	1,368	1,370
Total depreciation and amortization	**1,603**	**1,636**	**1,631**
*Included in cost of sales	1,174	1,204	1,275

In 2002, the Group recorded a total charge of €46 million for the write-down of certain goodwill and assets to net realizable value based on estimated future discounted cash flows, compared with €105 million in 2001 and €64 million in 2000.

NOTE 6 – 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)	**2002**	**2001**	**2000**
At January 1	169	393	439
Changes in Group structure	(35)	(216)	(80)
Dividends paid	(3)	(14)	(38)
Share in net income of equity investees	4	7	84
Translation adjustments	(21)	(1)	(12)
At December 31	**114**	**169**	**393**

Essilor was fully consolidated in the Group's financial statements until June 30, 2000, and was then accounted for by the equity method up to the date when Compagnie de Saint-Gobain disposed of its entire stake in the company. Essilor contributed €19 million to consolidated results in 2000.

The reduction in investments in equity investees in 2001 was primarily due to the proportional consolidation, effective from January 1, 2001, of Hankuk Glass and its subsidiaries which were previously accounted for by the equity method. Hankuk Glass Industries contributed €34 million to consolidated results in 2000.

No material changes in investments in equity investees occurred in 2002.

NOTE 7 – INVESTMENTS AT COST

	2002		2001		2000	
(In € millions)	Gross book value	Net book value	Gross book value	Net book value	Gross book value	Net book value
At January 1	233	171	224	178	432	351
Acquisitions	31	31	52	52	59	59
Disposals	(10)	(7)	(10)	(7)	(40)	(25)
Provisions for impairment in value for the year	-	(1)	-	(20)	-	(2)
Changes in Group structure	(44)	(48)	(33)	(32)	(235)	(212)
Translation adjustments	(4)	(2)			8	7
At December 31	**206**	**144**	**233**	**171**	**224**	**178**

The fair value of these investments approximates their net book value.

NOTE 8 – CURRENT AND NON-CURRENT MARKETABLE SECURITIES

Marketable securities include units in 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 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:

The average weighted price of Vivendi Universal shares suffered a sharp fall in the month prior to March 20, 2003, the accounts-closing date. As a result, the estimated market value of these shares at that date was €157 million, compared with €190 million at December 31, 2002.

The decrease in marketable securities in 2001 reflected the sale of BNP Paribas shares.

(In € millions)	Gross book value	Net book value	Unrealized gains	estimated market value(1)
At December 31, 2002				
Vivendi Universal	171	171	19	190
Other interests	7	4	2	6
Non-current marketable securities	**178**	**175**	**21**	**196**
Total marketable securities	**469**	**469**	**-**	**469**
At December 31, 2001				
Vivendi Universal	171	171	586	757
Other interests	7	5	2	7
Non-current marketable securities	**178**	**176**	**588**	**764**
Total marketable securities	**406**	**406**	**-**	**406**
At December 31, 2000				
BNP Paribas	132	132	191	323
Vivendi Universal	171	171	692	863
Other interests	7	7	9	16
Non-current marketable securities	**310**	**310**	**892**	**1,202**
Total marketable securities	**530**	**530**	**-**	**530**

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

NOTE 9 – OTHER NON-CURRENT ASSETS

	At December 31		
(In € millions)	2002	2001	2000
Capitalized loans and deposits	517	441	313
Retirement benefits – Additional minimum liability	946	130	57
Prepaid pension costs	127	372	396
Other non-current assets	**1,590**	**943**	**766**

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

The rise in "Retirement benefits – Additional minimum liability" at December 31, 2002 is mainly due to the decrease in the fair value of retirement funds, leading to an increase in the related provisions.

In accordance with French generally accepted accounting principles, the total additional minimum liability has been recorded under "Other non-current assets". Under US generally accepted accounting principles, part of the commitment – in an amount of €877 million (€124 million in 2001 and €51 million in 2000) – would be recorded as a deduction from shareholders' equity, net of tax.

NOTE 10 – INVENTORIES

At December 31, 2002, 2001 and 2000, raw materials, work in progress and finished goods as well as provisions for impairment in value of inventories can be analyzed as follows:

	At December 31		
(In € millions)	2002	2001	2000
At cost:			
Raw materials and supplies	1,184	1,376	1,250
Work in progress	352	390	417
Finished goods	3,534	3,728	3,436
Gross inventories	**5,070**	**5,494**	**5,103**
Provisions for impairment in value:			
Raw materials and supplies	(89)	(93)	(87)
Work in progress	(16)	(14)	(22)
Finished goods	(301)	(312)	(242)
Provisions for impairment in value	**(406)**	**(419)**	**(351)**
Net inventories	**4,664**	**5,075**	**4,752**

NOTE 11 – TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are short-term receivables.

	At December 31		
(In € millions)	2002	2001	2000
Trade accounts receivable	4,646	4,957	4,992
Less provisions for doubtful accounts	(382)	(405)	(349)
Net trade accounts receivable	**4,264**	**4,552**	**4,643**

Changes in provisions for doubtful accounts:

(In € millions)	2002	2001	2000
At January 1	(405)	(349)	(300)
Movement for the year	4	(27)	(2)
Changes in Group structure	(1)	(26)	(44)
Translation adjustments	20	(3)	(3)
At December 31	**(382)**	**(405)**	**(349)**

In 2002, the total charge related to unrecoverable receivables amounted to €93 million (2001: €115 million; 2000: €84 million).

The Group has a securitization program in place in the United States, which is explained in note 21.

NOTE 12 – OTHER ACCOUNTS RECEIVABLE

All amounts recorded under "Other accounts receivable" are due within one year.

	At December 31		
(In € millions)	2002	2001	2000
Advances to suppliers	53	88	76
Prepaid payroll taxes	18	26	24
Other prepaid and recoverable taxes	356	348	399
Accrued income	188	194	121
Other receivables	401	578	545
Provisions for impairment in value	(6)	(6)	(4)
Other accounts receivable	**1,010**	**1,228**	**1,161**

NOTE 13 – TREASURY STOCK

Further to the four-for-one stock split of June 27, 2002, the number of shares at December 31, 2001 and 2000 has been multiplied by four in order to permit year-on-year comparisons.

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 shares held in treasury stock were 5,159,816 at December 31, 2002, 4,818,352 at December 31, 2001 and 7,987,884 at December 31, 2000.

In 2002, the Group purchased 5,403,148 Compagnie de Saint-Gobain shares on the stock market (2001: 968,192 shares; 2000: 9,977,368 shares) and re-sold 107,976 of them (2001: 219,472; 2000: 27,024).

In addition, 4,953,708 shares were canceled in 2002, further to the 3,918,252 shares canceled in 2001 and 16,274,260 in 2000.

Share buybacks in 2002, 2001 and 2000 were carried out for several different purposes, but specific numbers of shares were not assigned to each objective. Therefore, the shares concerned were recorded as treasury stock.

NOTE 14 – MINORITY INTERESTS

(In € millions)	2002	2001	2000
At January 1	423	823	1,613
Net income for the year	34	40	125
Dividends paid by consolidated subsidiaries	(19)	(30)	(91)
Minority interests' share in capital stock increases of subsidiaries	15	13	28
Purchase of shares in consolidated companies from minorities	(155)	(346)	(11)
Changes in Group structure	13	(79)	(865)
Translation adjustments	(84)	2	24
At December 31	**227**	**423**	**823**

In 2002, the bulk of the decrease in this item reflects the purchase of the outstanding minority interests in the Lapeyre Group during the first half of the year.

The decrease in this item in 2001 primarily reflected the purchase of almost all of the minority interests in Saint-Gobain Cristalería, Saint-Gobain Vidros, Saint-Gobain Canalizaçao and Brasilit.

The decrease in minority interests in 2000 primarily reflected the deconsolidation of Mexalit and of the Essilor Group, which was fully consolidated up to June 30, 2000.

NOTE 15 – 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. 588,299 securities and 194,633 securities respectively were issued on 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 variable portion based on 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 applicable to 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, 2002, 2001 and 2000, participating securities issued were as follows:

(In € millions)	2002	2001	2000
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 2000 to 2002 was as follows:

(In € millions)	2002	2001	2000
Securities issued in 1983	12	13	14
Securities issued in 1984	14	14	15
Total	**26**	**27**	**29**

NOTE 16 – PENSIONS AND OTHER POST RETIREMENT BENEFITS

PENSION 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). Effective from January 1, 2000, the method adopted complies with both French generally accepted accounting principles and U.S. GAAP. The total liability in respect of pension obligations to retired employees as well as the liability concerning the vested rights 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, employee turnover and salary projections take into account the economic conditions specific to each country and company. Interest rates used in 2002 to determine the present value of future commitments are generally between 4% and 7.25% depending on the country.

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

At December 31, 2002	France	Other European countries		North America		Rest of the world	Net total
(In € millions)	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	
Projected benefit obligation	420	261	2,766	12	1,498	32	4,989
Plan assets	98	323	1,514	12	1,087	27	3,061
Benefits in excess of (less than) plan assets	322	(62)	1,252	0	411	5	1,928
Deferred variances	(56)	(39)	(716)	(4)	(402)	3	(1,214)
Pension liability (asset) recognized in the balance sheet	266	(101)	536	(4)	9	8	714
Accruals for related benefits			6		247		253
Total net obligation	**266**	**(101)**	**542**	**(4)**	**256**	**8**	**967**
Minimum additional liability (see note 9)							946
Prepaid pension cost (see note 9)							127
Contractual termination indemnities							82
Insurance funding							231
Total obligations provided							2,353

At December 31, 2001	France	Other European countries		North America		Rest of the world	Net total
(In € millions)	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	
Projected benefit obligation	419	461	2,518	29	1,553	48	5,028
Plan assets	107	491	1,282	33	1,467	39	3,419
Benefits in excess of (less than) plan assets	312	(30)	1,236	(4)	86	9	1,609
Deferred variances	(48)	(5)	(527)	(6)	(71)	(2)	(659)
Pension liability (asset) recognized in the balance sheet	264	(35)	709	(10)	15	7	950
Accruals for related benefits			6		297		303
Total net obligation	**264**	**(35)**	**715**	**(10)**	**312**	**7**	**1,253**
Minimum additional liability (see note 9)							130
Prepaid pension cost (see note 9)							372
Contractual termination indemnities							81
Total obligations provided							1,836

At December 31, 2000	France	Other European countries		North America		Rest of the world	Net total
(In € millions)	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	
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 9)							57
Prepaid pension cost (see note 9)							396
Contractual termination indemnities							70
Total obligations provided							1,752

Deferred variances include actuarial variances, variances arising from modifications to plans and 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 €22 million in 2002, €21 million in 2001 and €23 million in 2000.

For the Saint-Gobain Group, vested rights (obtained by the beneficiaries of the retirement plans) amount to €4,338 million. They represent obligations to pensioners and in certain countries (mainly the United States, 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)	2002	2001	2000
Vested rights	139	131	117
Interest	304	294	260
Return on funds	(294)	(295)	(258)
Variances	16	9	10
Total	**165**	**139**	**129**

OTHER POST-RETIREMENT AND POST-EMPLOYMENT BENEFITS

Obligations for other post-retirement and post-employment benefits are determined by actuarial valuations. Amounts provided cover the liabilities concerning pensioners and the vested rights of employees.

The assumptions as to mortality, employee turnover and interest rates used to determine future benefits are those used for the determination of the pension liability.

The charge for other post-retirement and post-employment benefits is as follows:

(In € millions)	2002	2001	2000
Vested rights	12	11	10
Interest	22	23	20
Variances	-	2	2
Total	**34**	**36**	**32**

CONTRACTUAL TERMINATION INDEMNITIES

Provisions include contractual termination indemnities payable to employees in certain countries, particularly Italy, on retirement or departure from the company for other reasons. These indemnities are determined based on the calculation methods applicable in the country concerned and are not based on actuarial calculations.

INSURANCE FUNDING

This item corresponds to amounts payable in the future to insurance companies under the funded retirement schemes for Group employees in Spain.

NOTE 17 – PROVISION FOR INCOME TAXES

Compagnie de Saint-Gobain is assessed for income tax purposes on its consolidated fiscal income. The fiscal agreement, which covered the years 1998 to 2000, was renewed on March 4, 2002 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 et seq. 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)	2002	2001	2000
Net income of companies included in the tax group	1,070	1,167	1,558
Income tax expense	612	721	791
Income of companies included in tax group before income taxes	**1,682**	**1,888**	**2,349**

This income breaks down as follows:

(In € millions)	2002	2001	2000
French companies	656	948	1,360
Non-French companies	1,026	940	989
Income of companies included in tax group before income taxes	**1,682**	**1,888**	**2,349**

The provision for income tax is as follows:

(In € millions)	2002	2001	2000
Current taxes	**(615)**	**(701)**	**(723)**
France	(207)	(274)	(327)
Outside France	(408)	(427)	(396)
Deferred taxes	**3**	**(20)**	**(68)**
France	(21)	3	(38)
Outside France	24	(23)	(30)
Total provision for income tax	**(612)**	**(721)**	**(791)**

In 2002, the provision for income tax represents 36% of total Group income before tax (38% in 2001 and 34% in 2000). The effective tax rates are determined as follows:

(Percentages)	2002	2001	2000
Current income tax rate	33	33	33
Surcharge on French income tax	1	1	2
Technical assistance fees and net capital gains taxed at lower rates	(1)	(2)	(2)
Other, including amortization of goodwill	3	6	1
Effective rate	**36**	**38**	**34**

At December 31, 2002 the provision for deferred taxes recorded in the balance sheet can be analyzed as follows:

(In € millions)	
At January 1, 2002	685
Movement for the year	(3)
Translation adjustments	(44)
Effect of changes in Group structure and other	58
At December 31, 2002	**696**

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

(In € millions)	2002	2001	2000
Pensions	204	229	171
Retail brands	(373)	(349)	(340)
Depreciation	(365)	(411)	(364)
Other	(162)	(154)	(176)
Total net deferred tax liability	**(696)**	**(685)**	**(709)**

NOTE 18 – OTHER LIABILITIES

The presentation of the tables below has been changed due to the new rules relating to the presentation of provisions. They are now presented according to whether the related charges are included in operating or non-operating expense, rather than based on their form as in previous years.

2002 *(In € millions)*	At Jan. 1 2002	Impact on income statement	Payments	Changes in net Group structure and reclassifications	Translation adjustments	At Dec. 31 2002
Provision for customer warranties	162	42	(42)	11	(13)	160
Provision for major repairs	109	15	(22)	(85)	(4)	13
Provision for personnel costs	109	23	(17)	(13)	(10)	92
Provision for other contingencies	261	11	(57)	(62)	(17)	136
Provisions for operating contingencies and charges	**641**	**91**	**(138)**	**(149)**	**(44)**	**401**
Provisions for non-operating contingencies and charges	**477**	**173**	**(133)**	**104**	**(59)**	**562**
Provision for unrealized foreign exchange losses	**2**		**(2)**			
Badwill	**135**	**(34)**		**20**		**121**
Total	**1,255**	**230**	**(273)**	**(25)**	**(103)**	**1,084**

2001 (In € millions)	At Jan. 1 2001	Impact on income statement	Payments	Changes in net Group structure and reclassifications	Translation adjustments	At Dec. 31 2001
Provision for customer warranties	170	47	(68)	9	4	162
Provision for major repairs	125	(10)	(27)	20	1	109
Provision for personnel costs	157	22	(16)	(57)	3	109
Provision for other contingencies	217	48	(80)	75	1	261
Provisions for operating contingencies and charges	**669**	**107**	**(191)**	**47**	**9**	**641**
Provisions for non-operating contingencies and charges	**548**	**46**	**(166)**	**35**	**14**	**477**
Provision for unrealized foreign exchange losses		**1**	**1**			**2**
Badwill	**101**	**(25)**		**59**		**135**
Total	**1,318**	**129**	**(356)**	**141**	**23**	**1,255**

2000 (In € millions)	At Jan. 1 2000	Impact on income statement	Payments	Changes in net Group structure and reclassifications	Translation adjustments	At Dec. 31 2000
Provision for customer warranties	130	22	(14)	28	4	170
Provision for major repairs	125	4	(33)	29		125
Provision for personnel costs	84	25	(15)	61	2	157
Provision for other contingencies	112	35	(98)	166	2	217
Provisions for operating contingencies and charges	**451**	**86**	**(160)**	**284**	**8**	**669**
Provisions for non-operating contingencies and charges	**525**	**117**	**(162)**	**50**	**18**	**548**
Provision for unrealized foreign exchange losses		**2**	**(2)**			
Badwill	**85**	**(6)**		**22**		**101**
Total	**1,061**	**199**	**(324)**	**356**	**26**	**1,318**

PROVISIONS FOR OPERATING CONTINGENCIES AND CHARGES

Additions to and reversals from these provisions are recorded under operating income and expense.

Provision for customer warranties

This provision covers the Group's commitments in relation to warranties granted to customers.

Provision for major repairs

In 2002, this provision is intended to cover the costs of demolition and scrapping of assets which require cyclical upgrades, particularly furnaces in our various operations.

Provision for personnel costs

This provision mainly covers indemnities due to personnel unrelated to reorganization operations. At December 31, 2002 the provision totaled €92 million and primarily concerned North America (€49 million) as well as Germany and Central Europe (€29 million).

Provision for other contingencies

At December 31, 2002 provisions for other contingencies amounted to €136 million and essentially concerned France (€39 million), Germany and Central Europe (€24 million), the United Kingdom and Ireland (€19 million) and North America (€21 million).

PROVISIONS FOR NON-OPERATING CONTINGENCIES AND CHARGES

Additions to and reversals from these provisions are recorded under non-operating expense and income.

Asbestos-related risks

The provision for asbestos-related risks has been set up as a top-up to the Group's insurance cover to provide for the costs of asbestos-related lawsuits issued against the Group, particularly in the United States. The provisions cover the costs of lawsuits currently in progress as well as potential new claims.

At December 31, 2002, the asbestos-related provision amounted to €332 million compared with €207 million at December 31, 2001 and €197 million at December 31, 2000. A €104 million charge to this provision was recorded in 2002. Insurance settlements receivable for accepted claims and amounts paid in advance totaled €214 million at December 31, 2002 compared with €218 million at December 31, 2001 and €147 million at December 31, 2000. These amounts are included in "Other non-current assets".

Asbestos-related risks are described in further detail in note 31.

Environmental risks

This provision is intended to cover costs for environmental protection measures and site clean-ups. After a net charge to the provision of €4 million during the year, it totaled €66 million at December 31, 2002, compared with €66 million at December 31, 2001 and €80 million at December 31, 2000.

Provision for restructuring costs

Provisions for restructuring costs concern commitments in relation to the reorganization of the Group's operations. €57 million was charged to provisions for restructuring costs in 2002 and at December 31, 2002, they amounted to €149 million (compared with €196 million at December 31, 2001 and €259 million at December 31, 2000). These provisions primarily concern France (€22 million), Germany and Central Europe (€54 million) and the Benelux countries (€25 million). Restructuring costs are described in note 25.

Provision for risks relating to subsidiaries and affiliates

This provision is intended to cover financial risks in relation to certain subsidiaries, particularly when the Group intends to divest these companies. After a net charge to the provision of €8 million during the year, it totaled €15 million at December 31, 2002, compared with €8 million at December 31, 2001 and €12 million at December 31, 2000.

PROVISIONS FOR UNREALIZED FOREIGN EXCHANGE LOSSES

Changes in provisions for unrealized foreign exchange losses impact net interest and other financial charges.

BADWILL

Badwill is amortized on a straight-line basis over a period not exceeding 40 years.

NOTE 19 – OTHER PAYABLES AND ACCRUED EXPENSES

	At December 31		
(In € millions)	2002	2001	2000
Customer deposits	109	79	72
Income tax payable	138	277	292
Payable to suppliers of non-current assets	146	210	229
Grants	31	30	33
Accrued personnel expenses	770	756	703
Accrued taxes other than on income	242	254	237
Other *	912	1,195	1,031
Total	**2,348**	**2,801**	**2,597**

* Including €77 million relating to cross-currency swaps at December 31, 2002 and €261 million at December 31, 2001 *(see note 21)*.

NOTE 20 – LONG-TERM AND SHORT-TERM DEBT

BREAKDOWN OF LONG-TERM AND SHORT-TERM DEBT

Long–term and short-term debt consist of the following:

At December 31			
(In € millions)	2002	2001	2000
Long-term debt:			
Bond issues	5,273	4,196	3,565
Private placement notes in euros	443	451	471
Medium Term Notes	170	198	450
Perpetual bonds	33	33	33
Other long-term debt including leasing	319	369	480
Total long-term debt	**6,238**	**5,247**	**4,999**
Short-term debt:			
Current portion of long-term debt	487	991	1,859
Borrowings due in less than one year (US CP, euro CP and Billets de Trésorerie)	636	1,491	923
Bank overdrafts and other short-term bank borrowings	1,021	1,672	1,771
Total short-term debt	**2,144**	**4,154**	**4,553**
Total debt	**8,382**	**9,401**	**9,552**
Short-term loans	(162)	(245)	(139)
Total marketable securities	(469)	(406)	(530)
Cash and cash equivalents	(739)	(958)	(666)
Net indebtedness	**7,012**	**7,792**	**8,217**

Liquidity risk management

In 2002, the Group significantly decreased total debt and reduced the portion of short-term debt by extending the life of borrowings. In 2002, US$300 million worth of bonds reached maturity and the Group carried out two new issues: a €920 million issue of OCÉANES bonds (convertible into either new or existing shares) in February, maturing on January 1, 2007, plus a US$500 million bond issue in May, maturing on June 20, 2007.

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

Maturities at December 31	2002						
(In € millions)	Bond issues	Private placement notes	MTN	Other	Total	2001	2000
2002	-	-	-	-	-		698
2003	-	-	-	-	-	279	282
2004	275	62	45	69	451	446	417
2005	1,192	90	-	63	1,345	1,372	1,360
2006	572	53	77	22	724	800	
2007	1,397	223	48	19	1,687		
Repayment beyond 6 years	1,837	15	-	146	1,998	2,317	2,209
Unspecified (including perpetual bonds)				33	33	33	33
Total long-term debt	**5,273**	**443**	**170**	**352**	**6,238**	**5,247**	**4,999**
Short-term debt(1)	152	13	46	1,933	2,144	4,154	4,553
Total debt	**5,425**	**456**	**216**	**2,285**	**8,382**	**9,401**	**9,552**

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

Back-up credit lines

Compagnie de Saint-Gobain's US Commercial Paper, Euro-Commercial Paper, Billets de Trésorerie and Medium Term Notes programs are backed by two confirmed syndicated lines of credit of €600 million and €1,200 million, expiring in September 2006 and November 2007 respectively, as well as 12 bilateral credit lines totaling €753 million at December 31, 2002.

No drawdowns were made against any of these credit lines in 2002. Commitment fees amounted to €2.5 million, compared with €1.9 million in 2001.

The loan agreements include various convenants which, if violated, would result in the facilities becoming immediately repayable or being withdrawn. These convenants are as follows:

- for four bilateral credit lines representing €381 million and the two syndicated credit lines: ratio of net debt to cash flow from operations capped at 4 or 3 and/or interest cover ratio capped at 2. At December 31, 2002, the Group's ratio of net debt to cash flow from operations was 2.6 and its interest cover ratio was 4.3.
- all bilateral and syndicated credit lines: default on any of the credit lines or any other borrowings capped at a certain level.
- €143 million bilateral credit line: Material Adverse Change clause. This clause allows the banking counterparty to withdraw the credit line in the event of a material adverse change in the Group's business environment.

Early repayment risks for bank borrowings

All bank borrowings are immediately repayable in the event of:

- default on any instalment,
- default on any other borrowings in excess of a certain amount.

Certain loan agreements also include covenants relating to shareholders' equity. The most restrictive of these covenants requires the Group to have shareholders' equity of at least €2.9 billion.

Collateral

At December 31, 2002 €24 million in Group debt were secured by various non-current assets (real estate and securities).

Interest rate risk

Details of the main financial instruments used by the Group are provided below.

Bond issues

The €5,425 million worth of outstanding bonds (short- and long-term) break down as follows at December 31, 2002.

Maturity *(In € millions)*		**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**Total**
EUR	Fixed rate	152		500		920	607	1,000	3,179
USD	Fixed rate				572				572
	Variable rate					477			477
GBP	Fixed rate			461					461
	Variable rate			231			230		461
CHF	Fixed rate		275						275
Total		**152**	**275**	**1,192**	**572**	**1,397**	**837**	**1,000**	**5,425**
Fixed rate		*100%*	*100%*	*80%*	*100%*	*66%*	*73%*	*100%*	*83%*

All of the bonds were issued at fixed rates. The term "Variable rate" in the table above refers to fixed rate bonds that have been converted into variable rate debt through the use of swaps.

In addition, the bond issues in Swiss francs are hedged by cross-currency swaps *(see note 21 dealing with Cross-currency Swaps).*

On February 18, 2002, Compagnie de Saint-Gobain issued 4,380,953 "OCEANE" bonds that are convertible into new or existing shares. These bonds have a nominal value of €210 each, and the total issue came to €920 million. The annual interest rate for these "OCEANE" bonds is 2.625% payable in arrears on January 1 each year.

The bonds will be redeemed in full on January 1, 2007 in cash at nominal value, i.e. €210 per bond, or they may be repurchased before maturity by Compagnie de Saint-Gobain on the market or in connection with a public buyback offer. The Company may also decide to carry out an early redemption of all outstanding "OCEANE" bonds, subject to certain conditions, which include share price thresholds.

Each "OCEANE" bond may be converted or exchanged for four Compagnie de Saint-Gobain shares. This ratio may, however, be adjusted if the Company carries out certain financial operations.

Therefore if all of the bonds were converted at the rate initially provided for, the holders would receive a total of 17,523,812 shares, representing 5% of the Company's capital at December 31, 2002.

Private placement notes

The €456 million worth of private placement notes (current- and long-term portions) break down as follows at December 31, 2002.

Maturity *(In € millions)*		**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**Total**
EUR	Fixed rate	13	1				15	29
	Variable rate		61	84	53	223		421
NOK	Fixed rate			6				6
Total		**13**	**62**	**90**	**53**	**223**	**15**	**456**
Fixed rate		*100%*	*2%*	*7%*	*0%*	*0%*	*100%*	*8%*

The term "Variable rate" in the table above corresponds to private placement notes issued at variable rates and fixed rate notes converted into variable rate debt through the use of swaps.

Medium Term Notes

The €216 million worth of Medium-Term Notes (current- and long-term portions) break down as follows at December 31, 2002.

Maturity *(In € millions)*		**2003**	**2004**	**2005**	**2006**	**2007**	**Total**
EUR	Fixed rate		15		37		52
	Variable rate	46	6		8		60
USD	Fixed rate		24			48	72
CZK	Fixed rate				32		32
Total		**46**	**45**	**0**	**77**	**48**	**216**
Fixed rate		*0%*	*87%*	*-*	*90%*	*100%*	*72%*

The term "Variable rate" in the table above corresponds to Medium Term Notes issued at variable rates and fixed rate Notes converted into variable rate debt through the use of swaps.

In addition, Medium Term Note issues in euros have been hedged by cross-currency swaps on a notional amount of €21 million maturing in 2004 *(see note 21 dealing with Cross-Currency Swaps)*.

Perpetual bonds

In 1985, Compagnie de Saint-Gobain issued €125 million worth of perpetual bonds – 25,000 bonds with a face value of €5,000 – paying interest at a variable rate indexed against Libor.

These securities are not redeemable and their remuneration is included in financial charges.

At December 31, 2002 18,496 perpetual bonds had been bought back and canceled. At that date, 6,504 perpetual bonds were outstanding representing a total nominal amount of €33 million.

Financing programs

The Group has a number of programs available for medium-term and long-term (Medium Term Notes) and short-term (Commercial Paper and Billets de Trésorerie) financing

At December 31, 2002, the situation of these programs was as follows:

Programs *(in millions of currency)*	Currency	Drawdown period	Authorized cellings at Dec. 31, 2002	Drawn down at at Dec. 31, 2002	Drawn down at at Dec. 31, 2001	Drawn down at at Dec. 31, 2000
Medium Term Notes	USD	1 to 30 years	1,000(*)	226	475	716
US commercial paper	USD	up to 12 months	1,000(*)	29	307	481
Euro commercial paper	USD	up to 12 months	1,000(*)	100	152	292
Billets de trésorerie	EUR	up to 12 months	1,500	513	971	92

(*) Equivalent to €954 million based on the exchange rate at December 31, 2002.

Billets de Trésorerie, Euro-Commercial Paper and US-Commercial Paper

Billets de Trésorerie, Euro-Commercial Paper and US-Commercial Paper issues generally have a life of 3 or 6 months. Although they are short-term securities issued at fixed rates, in view of their frequent renewal the Group treats them as variable rate debt.

Bank overdrafts and other short-term bank borrowings

This item includes bank overdrafts and intraday borrowings, local short-term bank borrowings taken out by subsidiaries and accrued interest on short-term debt.

NOTE 21 – 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. Net indebtedness is determined by means of a monthly reporting system which provides a detailed breakdown of each subsidiary's debt by type and by interest rate (fixed or variable). In addition, for the preparation of the interim and annual consolidated financial statements, subsidiaries also provide a breakdown of debt between long- and short-term and fixed and variable rate, together with details of interest rates and hedging instruments by line of debt. Subsidiaries hedge risks on debt exclusively with Compagnie de Saint-Gobain, the Group parent 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 the Group's financial policy.

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

Average interest rate on outstanding debt at December 31	2002	2001	2000
Bond issues	5.11%	5.74%	5.58%
Medium Term Notes	5.01%	3.70%	6.09%
Private placement notes	4.30%	4.48%	5.30%
Perpetual bonds	3.44%	3.68%	5.50%

The following derivative instruments are used by the Group:

Interest rate swaps

The notional amount of interest rate swaps breaks down as follows at December 31, 2002:

	Fixed rate borrower				Variable rate borrower			
(In € millions)	EUR	USD	GBP	Total	EUR	USD	GBP	Total
2003	-			-				-
2004	54	176		**230**				-
2005	84			**84**	15		231	**246**
2006	3			**3**	45			**45**
2007	-			-	177	477		**654**
2008	-			-			230	**230**
2009	-			-				-
Total	**141**	**176**	**-**	**317**	**237**	**477**	**461**	**1,175**

Cross-Currency Swaps

The Group uses two types of Cross-Currency Swaps:

- financing in Swiss francs swapped for euros: the Group's fixed rate bonds in Swiss francs have been swapped for variable rate euro-denominated debt.
- euro-denominated debt swapped for foreign currencies to finance operations in the United States and the United Kingdom. The Group has swapped euro-denominated debt for debt in US dollars and sterling, mainly at fixed rates of interest.

Maturities of the Group's cross-currency swaps are presented below. The amounts shown correspond to the notional amount of the original euro leg of the swap, in millions of euros.

received	Fixed CHF	variable EUR	fixed EUR	Fixed EUR	variable EUR	variable EUR	
paid	**variable EUR**	**variable USD**	**variable USD**	**Fixed USD**	**fixed USD**	**fixed GBP**	**Total**
2003				276			**276**
2004	246	7	15		30	30	**328**
2005					297		**297**
2006				138			**138**
2007							**-**
2008							**-**
2009				49			**49**
Total	**246**	**7**	**15**	**463**	**327**	**30**	**1,088**

Options

In addition, the Group had options (interest rate caps) on a notional amount of €90 million which were out of the money at December 31, 2002.

The face value amount of commitments given and received in the form of swaptions and early repayments of borrowings amounted to €228 million and €199 million respectively.

Group debt structure, after interest rate hedges

The weighted average interest rate on total debt after giving effect to hedging instruments (rate swaps and caps) was 4.7% for the year ended December 31, 2002 (5% in 2001 and 5.8% in 2000).

After giving effect to in-the-money options and other hedging instruments, at December 31, 2002 77% of Group debt was at fixed rates of interest and 23% was at variable rates.

Net debt at December 31, 2002 before and after the effect of cross-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)	Excluding derivatives year-end rate	Including derivatives hedging rate
Net debt in:		
EUR % of total debt	**4,394** 64%	**3,772** 55%
USD % of total debt	**1,126** 16%	**1,833** 27%
GBP % of total debt	**936** 14%	**1,095** 16%
CHF % of total debt	**271** 4%	**(32)** 0%
Other currencies % of total debt	**158** 2%	**217** 3%
Total debt*	**6,886**	**6,886**

* Excluding accrued interest.

Including the effect of derivatives and at the year-end rate, total debt came to over €77 million. The difference, which reflects the exchange-rate impact of cross-currency swaps (€76 million) and forward currency swaps (€1 million), is recorded under "Other payables and accrued expenses". Its contra entry is the revaluation difference on assets financed in the target currency (example: assets in dollars for a cross-currency swap to lend euros and borrow dollars).

Fair value of derivative instruments

The fair value of derivative financial instruments used by the Group is as follows (excluding accrued interest):

Type of instrument *(In € millions)*	Fair value
Interest-rate swaps	56.6
Cross currency swaps	(140.5)
Purchased caps	0.4
Currency options	0
Energy swaps and futures	1.6

The negative amount of €140.5 million shown for cross currency swaps represents the cost of replacing these swaps on the market at year-end (including €76 million recognized under "Other payables and accrued expenses" – *see note 19*). However, the swaps were acquired for hedging purposes and are intended to be retained until maturity. Any exchange loss on the swaps at maturity will be offset by a corresponding gain on the hedged instruments.

EFFECT OF AN INCREASE IN INTEREST RATES

At December 31, 2002, a 1% increase in interest rates would have the following impact on Group interest expense in 2003, assuming that the total amount of debt remains stable and decreases in fixed-rate debt are offset by matching increases in variable-rate debt.

Impact of a 1% increase in interest rates on net interest and other financial charges *(In € millions)*	
Impact excluding the effect of derivatives	8.3
Impact including the effect of derivatives	15.8

MARKETABLE SECURITIES

Marketable securities include units in SICAV and other mutual funds recorded at the lower of cost and market. All of these securities have variable remuneration rates.

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 the determination of position limits by counterparty is part of a rigorous and selective process.

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 Compagnie de Saint-Gobain, the parent company of the Group, which then takes a reverse position on 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.

The majority of transactions are hedged, invoice by invoice or order by order, with Saint-Gobain Compensation, the entity set up to manage the Group's currency risks. Saint-Gobain Compensation hedges these risks solely by means of forward purchases and sales of foreign currencies. This enables companies to hedge exposure arising from commercial transactions as soon as the risk emerges. Saint-Gobain Compensation reverses all its positions with Compagnie de Saint-Gobain and does not therefore have any open positions.

The exposure of other Group companies to currency risks is hedged with Compagnie de Saint-Gobain as soon as the latter receives orders sent by the subsidiaries or by cash pools of the National Delegations. Exposure may also be hedged with the banks of the subsidiaries concerned. Total unhedged transactions for these companies amounted to €48 million at December 31, 2002. If the euro dropped by 1 cent against the Group's trading currencies, the impact would be less than €1 million, which is not material at the level of the consolidated financial statements.

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 Group had no outstanding foreign currency options at December 31, 2002.

ENERGY RISK MANAGEMENT

The Group hedges 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. There were no outstanding swaps at December 31, 2002. Outstanding futures contracts at December 31, 2002 had a fair value of €1.4 million.

In addition, the Group has launched a hedging program to cover heating oil costs of some of its European subsidiaries. The hedges consist exclusively of fixed-rate borrower/variable-rate lender swaps based on various Platt's references. At December 31, 2002, the nominal value of these swaps was €1.7 million and their fair value was not material.

EQUITY RISK MANAGEMENT

The Group is not exposed to equity risk, as it always favors money-market funds and/or bonds when purchasing mutual funds or equivalents and is therefore not exposed to any equity risk on its short-term investments.

The Group previously held a portfolio of shares in listed companies. All of these shares have been sold, apart from 12.3 million Vivendi Universal shares. These shares are carried in the balance sheet at their historical cost of €13.88 per share, representing a total of €171 million.

COMPLEX COMMITMENTS

Asset financing

The Group has set up a US$400 million receivables securitization program through its US subsidiary, CertainTeed Receivables Corporation, expiring in July 2006. Under this program, receivables of the US subsidiaries are sold to a bank at daily intervals, on a no-recourse basis. The bank then refinances the receivables through commercial paper issues. The amount received by the subsidiaries corresponds to a variable percentage of the face value of the receivables, determined mainly by reference to the interest rate on the bank's commercial paper issues.

The difference between the face value of the sold receivables and the proceeds received from the bank is treated as interest expense. In 2002, the amount recorded as interest expense came to €8.8 million (2001: €18.7 million).

The sold receivables are recorded as off-balance sheet commitments in the amount of €385 million at December 31, 2002 (2001: €433 million).

The main events which could cause the program to be terminated are a change in Compagnie de Saint-Gobain's rating to below investment grade or default on any amounts due to the bank under the program.

Compagnie de Saint-Gobain has guaranteed the commitments of CertainTeed Receivables Corporation towards the bank under the program, in the amount of US$400 million.

NOTE 22 – RESEARCH AND DEVELOPMENT AND ADVERTISING COSTS

Selling, general and administrative expenses include research and development costs of €312 million, €320 million and €300 million for the years ended December 31, 2002, 2001 and 2000, respectively.

Advertising costs amounted to €209 million in 2002, €222 million in 2001 and €246 million in 2000

NOTE 23 – OTHER OPERATING EXPENSES AND INCOME

(In € millions)	2002	2001	2000
Pension and other post-retirement benefit costs (see note 16)	(199)	(175)	(161)
Amortization of other intangible assets	(76)	(72)	(65)
Employee profit-sharing	(134)	(126)	(118)
Income from miscellaneous sales and other income and expenses	99	130	100
Total other operating costs, net	**(310)**	**(243)**	**(244)**

NOTE 24 – INTEREST AND OTHER FINANCIAL CHARGES, NET

(In € millions)	2002	2001	2000
Remuneration of non-voting participating securities (see note 15)	(26)	(27)	(29)
Interest expense	(446)	(542)	(577)
Other financial charges	(103)	(170)	(156)
Interest income	69	108	88
Other financial income	18	41	66
Net (losses) gains on foreign exchange	(16)	(13)	(4)
Total interest and other financial charges, net	**(504)**	**(603)**	**(612)**

Total interest capitalized amounted to €2 million, €0.2 million, and €7 million for the years ended December 31, 2002, 2001, and 2000 respectively.

NOTE 25 – NON-OPERATING EXPENSES AND INCOME

Non-operating expenses and income include additions to and reversals from provisions for claims and litigation and environmental provisions, as well as reorganization costs arising on the disposal of loss-making activities and measures in favor of employees affected by downsizing plans.

(In € millions)	2002	2001	2000
Provisions for contingencies	(116)	(13)	(15)
Reorganization costs			
France	(53)	(26)	(37)
Other European countries	(60)	(56)	(109)
North America	(15)	(24)	(6)
Rest of the world	(3)	(10)	(8)
Other	(5)	7	17
Total non-operating expenses and income	**(252)**	**(122)**	**(158)**

In 2002, provisions for contingencies primarily included the asbestos-related charge explained in notes 18 and 31. Reorganization costs mainly related to Flat Glass (Cristaleria de Hortaleza), Insulation (including the costs relating to the Europe-wide reorganization of Saint-Gobain Isover's research centers), and Ceramics & Plastics (Saint-Gobain Céramiques Avancées Desmarquest).

In 2001, reorganization costs mainly related to Flat Glass (Saint-Gobain Glass France), Insulation and Reinforcements (Saint-Gobain Isover G + H), Pipe (Saint-Gobain PAM) and Ceramics & Abrasives (Saint-Gobain Ceramic Materials Canada, Saint-Gobain Ceramics & Plastics, Saint-Gobain Performance Plastics and Bay State).

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

NOTE 26 – PROFIT ON SALES OF NON-CURRENT ASSETS

In 2002, capital gains made on the disposal of certain non-strategic Group assets were almost totally offset by capital losses and asset write-downs.

In 2001, net profit on sales of non-current assets mainly concerned capital gains on the disposal of the Group's entire stake in BNP Paribas, less asset write-downs and capital losses recorded by the Lapeyre Group.

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

NOTE 27 – NET INCOME EXCLUDING PROFIT ON SALE OF NON-CURRENT ASSETS

For 2001 and 2000, the number of shares and earnings per share excluding capital gains have both been adjusted to reflect the impact of the four-for-one stock split of June 27, 2002.

Net income for the year amounted to €1,040 million in 2002, compared with €1,134 million in 2001 and €1,517 million in 2000.

Net income excluding profit on sales of non-current assets amounted to €1,051 million in 2002, versus €1,057 million in 2001 and €1,026 million in 2000. Based on the 341,010,680 shares outstanding at December 31, 2002 (2001: 341,034,512; 2000: 340,853,052), earnings per share (EPS) excluding capital gains amounted to €3.08 in 2002 (2001: €3.10, 2000: €3.01).

The difference between net income and net income excluding profit on sales of non-current assets reflects the combined impact of €3 million in capital gains on sales of assets in 2002 (2001: €84 million; 2000: €584 million), the related tax effect (2002: €15 million; 2001: €32 million; 2000: €105 million) and minority interests related to the assets (2002: €1 million; 2001: €25 million; 2000: €12 million).

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 enable the holder to obtain Saint-Gobain shares at a price based on the average share price 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, four 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 Group.

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.

Further to the four-for-one stock split of June 27, 2002, the number of options at December 31, 2001 and 2000 have been multiplied by four in order to permit year-on-year comparisons.

Movements relating to stock options outstanding in 2000, 2001 and 2002 are listed below:

	Shares	Average exercise price (in euros)
Options outstanding at December 31, 1999	**5,965,776**	**29.74**
Options granted	2,716,500	37.69
Options exercised	(370,016)	19.77
Options forfeited	(13,836)	15.53
Options outstanding at December 31, 2000	**8,298,424**	**32.81**
Options granted	3,774,800	40.22
Options exercised	(701,592)	22.25
Options forfeited	(83,092)	36.63
Options outstanding at December 31, 2001	**11,288,540**	**35.92**
Options granted	3,785,500	23.53
Options exercised	(334,456)	23.15
Options forfeited	(164,520)	39.87
Options outstanding at December 31, 2002	**14,575,064**	**32.95**

At December 31, 2000, 2001 and 2002, 2,089,264, 2,130,560 and 3,413,064 options were exercisable at exercise prices ranging from €22.88 to €31.27.

At December 31, 2002, 2,775,444 options were available for grant under the authorization given by the General Meeting of June 28, 2001.

The following table summarizes information about stock options outstanding at December 31, 2002:

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	
1995	17.53	164,600	11			164,600	Subscription
1996	21.42	505,980	23			505,980	Subscription
1997	28.47	904,904	35			904,904	Purchase
1998	29.54	669,880	47	29.54	540,800	1,210,680	Purchase
1999	40.63	1,167,700	83	40.63	503,200	1,670,900	Purchase
2000	37.69		95	37.69	2,637,700	2,637,700	Purchase
2001	40.22		107	40.22	3,694,800	3,694,800	Purchase
2002	23.53		119	23.53	3,785,500	3,785,500	Purchase
Total	-	**3,413,064**	-	-	**11,162,000**	**14,575,064**	-

GROUP SAVINGS PLAN (PEG) OF COMPAGNIE DE SAINT-GOBAIN

For 2001 and 2000, the figures relating to the number of shares and the average price have both been adjusted to reflect the impact of the four-for-one stock split of June 27, 2002.

The PEG employee stock purchase plan is open to all Group employees in France and in most other 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 on the average price quoted for 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 issued 4,703,396, 3,612,600 and 7,824,896 shares to employees in 2002, 2001, and 2000, respectively, at an average price per share of €33.88 in 2002, €33.25 in 2001 and €26.50 in 2000.

STOCK OPTION PLAN ON LAPEYRE SHARES

Transactions during 2000, 2001, and 2002 relating to stock options granted by Lapeyre are listed below:

	Shares	Average exercise price *(in euros)*
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**
Options exercised	(29,100)	29.89
Options outstanding at December 31, 2001	**42,900**	**32.01**
Options exercised	(42,900)	32.01
Options outstanding at December 31, 2002	**0**	**N/A**

At December 31, 2000 and 2001, 72,000 and 42,900 options were exercisable at exercise prices ranging from €31.16 to €32.01.

NOTE 29 – CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

Contractual obligations and commercial commitments are described in the note below, except for off-balance sheet commitments related to debt and financial instruments which are explained in notes 20 and 21.

COMMITMENTS UNDER CAPITAL LEASES

Non-current assets acquired under capital leases are capitalized in the consolidated financial statements and the related liability is recorded in the balance sheet.

€124 million of minimum future lease payments due under capital leases correspond to land and buildings. Total commitments under capital leases at December 31, 2002 are on a par with 2001.

Capital leases (In € millions)	Future lease payment
due within one year	20
between one and five years	62
beyond five years	49
Total	**131**
Less estimated executory costs included in capital leases	-
Total minimum future lease payments	**131**
Less interest costs	(46)
Present value of net minimum lease payments	**85**

Obligations under 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 €386 million in 2002 (2001: €348 million; 2000: €315 million), corresponding to rental expenses of €411 million (2001: €373 million; 2000: €329 million) less €25 million of subletting revenue (2001: €25 million; 2000: €14 million).

Future minimum commitments under operating leases are as follows:

(In € millions)	Total	Payments due		
		within one year	between one and five years	beyond five years
Operating leases				
Rental expense	1,845	339	880	626
Subletting revenue	(128)	(19)	(57)	(52)
Total	**1,717**	**320**	**823**	**574**

Other contractual obligations

Non-cancelable purchase commitments include commitments to purchase raw materials and services, as well as non-cancelable orders for fixed assets.

The Group has also received guarantees in an amount of €60 million.

(In € millions)	Total	Payments due		
		within one year	between one and five years	beyond five years
Non-cancelable purchase commitments	345	227	89	29

COMMERCIAL COMMITENTS

(In € millions)	Total	Amount of commitments		
		due within one year	between one and five years	beyond five years
Discounted bills	12	12		
Security for borrowings	16	14	2	
Other commitments given	122	52	15	55
Total	**150**	**78**	**17**	**55**

The Group held €31 million of receivables secured by guarantees at December 31, 2002. The majority of these are insured or guaranteed receivables related to Pipe export contracts.

NOTE 30 – WORKFORCE AND PERSONNEL EXPENSES

AVERAGE HEADCOUNT AND CORRESPONDING PERSONNEL EXPENSES

	Average number of employees		
	2002	2001	2000
Fully consolidated companies			
Managers	15,954	15,852	15,083
Supervisors	63,319	62,164	56,375
Other employees	90,368	93,159	96,019
Total	**169,641**	**171,175**	**167,477**
Proportionately consolidated companies			
Managers	32	38	25
Supervisors	531	200	213
Other employees	1,052	763	459
Sub-total	**1,615**	**1,001**	**697**
Total	**171,256**	**172,176**	**168,174**

	Personnel expenses		
(In € millions)	2002	2001	2000
Remuneration (including social security contributions)	**6,465**	**6,519**	**6,416**

REMUNERATION OF DIRECTORS AND CORPORATE OFFICERS

The total direct and indirect remuneration received by Corporate Officers from Group companies in France and abroad amounted to €13 million in 2002, €12.9 million in 2001 and €12.6 million in 2000. The gross variable portion included in these remuneration amounts came to €4.6 million in 2002, €4.7 million in 2001 and €5.2 million in 2000.

Attendance fees paid to Directors amounted to €0.5 million in 2002 (2001: €0.5 million; 2000: €0.3 million).

NOTE 31 – LITIGATION

In France, at December 31, 2002, 397 lawsuits based on "inexcusable fault" ("faute inexcusable") had been filed by former employees (or persons claiming through them) of Everite and Saint-Gobain PAM ("the employers"), which in the past had carried on fiber-cement operations, for asbestos-related occupational diseases, with the aim of obtaining supplementary compensation over and above the assumption of occupational diseases compensation by the French Social Security.

At the end of 2002, 123 of these 397 lawsuits had been heard by the Court of Appeal which issued rulings holding the employers liable on the grounds of "inexcusable fault" in all of the cases. These rulings were all appealed to the Cour de Cassation (the French final court of appeal) by the company concerned. 15 of these appeals, lodged by Everite, were heard by the Cour de Cassation and dismissed on February 28, 2002.

However, in 89 of the 123 appeal court rulings against the employers on the grounds of inexcusable fault, the Social Security authorities were ordered to pay the compensation for the victims for procedural reasons (statute of limitations, liability issues ("inopposabilité")). 51 of these rulings were confirmed by the Cour de Cassation on November 26 and December 12, 2002.

At December 31, 2002, compensation payable by Everite and Saint-Gobain PAM, for the 44 cases (since the beginning) where they had been required to assume the burden of compensation, amounted to a total of €4 million, which has been expensed.

In addition, at December 31, 2002, 63 suits based on inexcusable fault had been filed by current or former employees of seven French companies in the Group, in particular involving circumstances where equipment containing asbestos had been used to protect against heat from ovens. In all of the rulings issued by end-2002, the employees' claims were dismissed. A final ruling has been handed down in 3 of these cases and the 9 others have been appealed to the Cour de Cassation by the employees concerned. Six of these cases have now been heard by the Cour de Cassation, which dismissed the appeals on December 12, 2002, ruling that the employer was not liable for "inexcusable fault".

A fund has also been created in France known as the FIVA. It is intended to fully compensate the loss of persons officially recognized as having contracted occupational diseases caused by asbestos, as well as of all persons who have been exposed to asbestos on French territory. A decree dated October 23, 2001 sets out the conditions relating to the operation of the fund, the compensation procedure applicable and claims of subrogation made by the fund itself. Any person who accepts an offer of compensation from the fund will be barred from taking legal action to obtain other compensation on the same grounds, including any claim for "inexcusable fault" against an employer. However, once the applicant has accepted an offer of compensation, the fund must make a subrogated claim against any employer considered to be responsible for the loss concerned.

On January 27, 2003 the fund published guidelines in the form of a compensation scale. At December 31, 2002, as far as the Group is aware, no current or former employees of the Group's French companies had applied for compensation from the fund. However, four former employees have indicated that they intend to discontinue their "inexcusable fault" lawsuits already commenced, in order to bring their claims before the fund.

In the United States, three Group companies that once manufactured products containing asbestos such as fiber-cement pipes, roofing products or specialized insulation, are facing legal action from persons other than the employees or former employees of the companies. The claims are based on alleged exposure to the products although in the vast majority of cases the claimants cannot demonstrate any specific exposure to one or more products, or any specific illness or physical disability. The majority of these claims are made simultaneously against many other non-Group entities which have been manufacturers, distributors, installers or users of products containing asbestos.

CertainTeed, the main US subsidiary involved in these cases, was for a long period a member of the Center for Claims Resolution, an organization which grouped together defendants facing the same type of claims and handled the defense of all such claims, and allocated court awards, negotiated out of court settlements and defense costs among the organization members on the basis of a pre-agreed pro-rata formula. Since February 14, 2001 the organization no longer represents its members in this way, and CertainTeed now assumes directly the defense of claims made against it, which increased significantly in 2001 with a total of 60,000 new cases.

This trend continued in 2002, with some 67,000 new claims filed against CertainTeed during the year. The vast majority of these new claims are "mass" actions which can involve hundreds or even thousands of plaintiffs making claims for damages against dozens of companies operating in different economic sectors, without providing evidence of any specific exposure to any product allegedly manufactured by CertainTeed, or of any specific illness or physical disability. Only around 5% of these new lawsuits involve a serious illness, cancer or mesothelioma.

Almost all of the claims against CertainTeed are settled out of court. Some 44,000 such settlements were entered into in 2002. Taking into account the 84,000 outstanding cases at the end of 2001 and the new cases having arisen during 2002, some 107,000 claims were outstanding at December 31, 2002.

The average individual cost of settlement based on all claims settled decreased to US$1,955 in 2002, from US$2,800 a year earlier. Total compensation paid for these cases – including claims settled in 2001 but paid out in 2002, and those fully settled and paid in 2002 – amounted to US$103 million in 2002 (versus US$53 million in 2001). US$96 million of this amount has been or will be covered by insurance.

In view of all of these developments, the Group recorded a €100 million charge in 2002 to make provision for such claims which may arise or subsist in the future, including €50 million recorded in the first half of the year. At December 31, 2002 the Group's total cover for asbestos-related claims against CertainTeed in the United States amounted to €426 million, comprised of insurance coverage available at that date and the provision existing at that date referred to above. This cover represents approximately 4 to 5 years of total compensation payments based on the corresponding figure for 2002.

In Brazil, Brasilit and Eterbras offer an agreed amount of compensation to their former employees for asbestos-related occupational diseases, as well as permanent medical assistance. Only a few disputes were outstanding at December 31, 2002, which do not give rise to any significant risks for the subsidiaries concerned.

NOTE 32 – RELATED-PARTY TRANSACTIONS

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

(In € millions)	2002	2001	2000
Assets			
Financial receivables	11	9	1
Inventories		2	7
Other receivables	21	13	14
Cash and cash equivalents	7	15	20
Provisions for impairment in value	(2)	(2)	(2)
Liabilities			
Short-term debt	6	5	18
Cash advances	4	2	8
Expenses			
Purchases	28	63	121
Income			
Sales	61	64	79

NOTE 33 – SEGMENT AND GEOGRAPHIC INFORMATION

In its various businesses, the Saint-Gobain Group is a major worldwide player in the manufacturing and distribution of materials. Its operations break down into three main business sectors made up of divisions.

Segment information is presented as follows:

Glass
- Flat Glass
- Insulation & Reinforcements
- Containers

High-Performance Materials
- Ceramics & Plastics and Abrasives
- Essilor (until June 30, 2000)

Housing Products
- Building Materials
- Building Materials Distribution
- Pipe

The Group has operations in more than 48 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

(In € millions)	SECTOR							Other*	TOTAL
	GLASS			HIGH-PERFORMANCE MATERIALS	HOUSING PRODUCTS				
Year ended December 31, 2002	Flat Glass	Insulation and Reinforce-ments	Containers	Ceramics & Plastics and Abrasives	Building Materials	Building Materials Distribution	Pipe		
External sales	4,406	3,147	4,072	3,592	2,880	10,951	1,226		30,274
Internal sales	17	182	4	45	194	2	118	(562)	
Net sales	4,423	3,329	4,076	3,637	3,074	10,953	1,344	(562)	30,274
Operating income	495	351	479	244	335	534	135	9	2,582
Depreciation and amortization (excluding goodwill)	(328)	(240)	(293)	(189)	(131)	(183)	(61)	(9)	(1,434)
Amortization of goodwill	1	(6)	(21)	(66)	(22)	(46)	(10)	1	(169)
Net goodwill	274	309	642	1,642	736	1,654	257	7	5,521
Total assets	4,658	3,075	3,689	4,632	2,562	8,620	1,396	1,516	30,148
Equity method investees			3	5					8
Purchases of property, plant and equipment	377	198	294	160	135	227	39	1	1,431
Equity in earnings (losses) of equity investees			(4)		4	2	2		4

* "Other" represents intercompany eliminations in relation to sales, and the holding company activity for the other captions.

The Pipe Division's distribution operations have been transferred, as from January 1, 2002, to the Building Materials Distribution Division. The segment information by Sector and by Division for 2001 and 2000 has been adjusted to take into account this transfer on a pro forma basis.

(In € millions)	SECTOR							Other*	TOTAL
	GLASS			HIGH-PERFORMANCE MATERIALS	HOUSING PRODUCTS				
Year ended December 31, 2001	Flat Glass	Insulation and Reinforce-ments	Containers	Ceramics & Plastics and Abrasives	Building Materials	Building Materials Distribution	Pipe		
External sales	4,452	3,118	4,067	3,970	3,000	10,520	1,263		30,390
Internal sales	26	156	3	48	184	1	134	(552)	
Net sales	4,478	3,274	4,070	4,018	3,184	10,521	1,397	(552)	30,390
Operating income	551	402	404	392	294	475	146	17	2,681
Depreciation and amortization (excluding goodwill)	(320)	(243)	(298)	(195)	(137)	(185)	(68)	(6)	(1,452)
Amortization of goodwill	(6)	(9)	(23)	(70)	(25)	(44)	(8)	1	(184)
Net goodwill	293	326	780	1,987	782	1,609	282	6	6,065
Total assets	5,133	3,597	4,151	5,501	2,714	8,485	1,510	1,051	32,142
Equity method investees	1		3	6	1		10		21
Purchases of property, plant and equipment	361	229	237	173	134	252	43	1	1,430
Equity in earnings (losses) of equity investees	2		(6)	6	2	1	2		7

* "Other" represents intercompany eliminations in relation to sales, and the holding company activity for the other captions.

(In € millions)	SECTOR								Other*	TOTAL
	GLASS			HIGH-PERFORMANCE MATERIALS		HOUSING PRODUCTS				
Year ended December 31, 2000	**Flat Glass**	**Insulation and Reinforce-ments**	**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	8,382	1,271		28,815
Internal sales	23	82	3	36		161	1	121	(427)	
Net sales	4,167	3,254	3,906	4,095	978	3,067	8,383	1,392	(427)	28,815
Operating income	430	423	374	538	130	252	415	113	18	2,693
Depreciation and amortization (excluding goodwill)	(322)	(224)	(307)	(184)	(46)	(133)	(157)	(71)	(5)	(1,449)
Amortization of goodwill	(7)	(10)	(16)	(60)	(13)	(30)	(40)	(5)	(1)	(182)
Net goodwill	297	322	769	1,908		835	1,580	286	7	6,004
Total assets	4,788	3,347	4,198	5,527		2,728	8,241	1,554	1,038	31,421
Equity method investees	1		(2)	8						7
Purchases of property, plant and equipment	425	258	278	205	84	172	244	52	4	1,722
Equity in earnings of equity investees	33		1	9	2	8	9	2	20	84

* "Other" represents intercompany eliminations in relation to sales, and the holding company activity for the other captions.

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

Results reported while 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.

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

(In € millions)	France	Other European Countries	North America	Rest of the world	Internal sales	TOTAL
2002						
Net sales	9,439	13,068	6,785	2,195	(1,213)	**30,274**
Non-current assets	4,358	7,566	5,130	1,786		**18,840**
2001						
Net sales	9,095	12,944	7,180	2,293	(1,122)	**30,390**
Non-current assets	4,073	7,461	5,946	2,198		**19,678**
2000						
Net sales	8,731	11,452	7,452	2,239	(1,059)	**28,815**
Non-current assets	4,099	7,334	5 ,903	2,194		**19,530**

The geographical breakdown of external sales for 2002, 2001 and 2000 is as follows:

(In € millions)	France	Other European Countries	North America	Rest of the world	TOTAL
2002					
External sales	8,083	12,847	6,555	2,789	**30,274**
2001					
External sales	7,741	12,749	7,034	2,866	**30,390**
2000					
External sales	7,494	11,249	7,249	2,823	**28,815**

NOTE 34 – PRINCIPAL FULLY CONSOLIDATED COMPANIES

(In € millions)		Percent held directly and indirectly
At December 31, 2002		
GLASS SECTOR		
Flat Glass		
Saint-Gobain Glass France	France	100.00%
Saint-Gobain Sekurit France	France	100.00%
Saint-Gobain Sekurit Deutschland GmbH & CO Kg	Germany	99.84%
Saint-Gobain Glass Deutschland GmbH	Germany	99.84%
Cebrace Cristal Plano Ltda	Brazil	50.00%
Saint-Gobain Cristaleria SA	Spain	99.59%
Solaglas Ltd	United Kingdom	99.95%
Saint-Gobain Glass Italia	Italy	100.00%
Saint-Gobain Sekurit Italia	Italy	100.00%
Saint-Gobain Vidros	Brazil	100.00%
Hankuk Sekurit Limited	South Korea	70.57%
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	United States	100.00%
Saint-Gobain Vetrotex America Inc.	United States	100.00%
Saint-Gobain Ecophon Group	Sweden	99.30%
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	99.50%
Saint-Gobain Containers Inc.	United States	100.00%
Saint-Gobain Calmar Inc.	United States	100.00%
Saint-Gobain Vetri SpA	Italy	99.98%
HIGH-PERFORMANCE MATERIALS SECTOR		
Ceramics & Plastics and Abrasives		
Saint-Gobain Abrasifs	France	99.92%
Société Européenne des Produits Réfractaires	France	100.00%
Saint-Gobain Abrasives Inc.	United States	100.00%
Saint-Gobain Ceramics & Plastics Inc.	United States	100.00%
Saint-Gobain Performance Plastics Corp.	United States	100.00%
Saint-Gobain Abrasivi	Italy	99.92%
SEPR Italia	Italy	100.00%
Saint-Gobain Abrasivos Brasil	Brazil	100.00%
HOUSING PRODUCTS SECTOR		
Building Materials		
Saint-Gobain Weber	France	99.99%
Saint-Gobain Stradal	France	100.00%
Saint-Gobain Terreal	France	99.86%
CertainTeed Corporation	United States	100.00%
Brasilit	Brazil	100.00%
Building Materials Distribution		
Distribution Sanitaire Chauffage	France	100.00%
Lapeyre	France	100.00%
Point.P	France	100.00%
Raab Karcher GmbH	Germany	100.00%
Saint-Gobain Rohrsysteme GmbH	Germany	100.00%
Saint-Gobain Building Distribution Ltd	United Kingdom	99.95%
Saint-Gobain Pipe Systems Plc	United Kingdom	99.95%
Raab Karcher BV	Netherlands	100.00%
Pipe		
Saint-Gobain PAM SA	France	100.00%
Saint-Gobain Gussrohr KG	Germany	100.00%
Saint-Gobain Pipelines Plc	United Kingdom	99.95%
Saint-Gobain Canalizacion SA	Spain	99.92%
Saint-Gobain Condotte SpA	Italy	100.00%
Saint-Gobain Canalizaçao SA	Brazil	100.00%
Principal proportionally consolidated company at December 31, 2002		
GLASS SECTOR		
Flat Glass		
Hankuk Glass Industries	South Korea	41.29%

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Compagnie de Saint-Gobain, expressed in euros, for the years ended December 31, 2002, 2001 and 2000.

These consolidated 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.

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements give a true and fair view of Compagnie de Saint-Gobain and its subsidiaries' financial position and their assets and liabilities as of December 31, 2002, 2001 and 2000 and of the results of their operations for the years then ended in accordance with French accounting principles and regulations.

Without qualifying the opinion expressed above, we draw your attention to note 1 to the consolidated financial statements, which describes the impact on the accounts of a change in the method of accounting for retirement and postretirement benefit obligations, implemented during the year ended December 31, 2000.

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

Paris, March 20, 2003

The Statutory Auditors

PricewaterhouseCoopers Audit

Mike Moralee

Christian Marcellin

S.E.C.E.F.

Jacques Tenette

VIII - FINANCIAL STATEMENTS OF COMPAGNIE DE SAINT-GOBAIN (Parent Company)

COMPAGNIE DE SAINT-GOBAIN (PARENT COMPANY)

STATEMENTS OF INCOME

(In € thousands)	2002	2001	2000
Income from investments in subsidiairies and affiliates	932,447	1,173,715	672,598
Net income from marketable securities [1]	9,927	20,139	24,061
Interest expense [1]	(451,048)	(597,309)	(570,736)
Other financial expense	(1,959)	(1,494)	(4,193)
Net financial income (note 2)	**489,367**	**595,051**	**121,730**
Other operating income (expense)	(20)	7,456	(5,831)
Income before tax and exceptional items	**489,347**	**602,507**	**115,899**
Exceptional items (note 3)	**76,173**	**475,345**	**945,176**
Income tax (note 4)	**30,396**	**15,020**	**(46,464)**
Net income	**595,916**	**1,092,872**	**1,014,611**

(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 €122,335 thousand in 2002, €147,863 thousand in 2001 and €158,728 thousand in 2000.

ANALYSIS OF THE STATEMENTS OF INCOME

1 - INCOME FROM INVESTMENTS IN SUBSIDIARIES AND AFFILIATES

(In € thousands)	2002	2001	2000
Income from investments	500,867	587,988	157,960
Income from related receivables and loans	431,580	585,727	514,638
Total	**932,447**	**1,173,715**	**672,598**

2 - NET INCOME FROM MARKETABLE SECURITIES

(In € thousands)	2002	2001	2000
Interest income [1]	9,350	18,615	20,677
Net income from sales of marketable securities	577	1,524	3,384
Total	**9,927**	**20,139**	**24,061**

3 - INTEREST EXPENSE

(In € thousands)	2002	2001	2000
Non-voting participating securities	26,272	27,432	29,221
Other interest expense [1]	424,776	569,877	541,515
Total	**451,048**	**597,309**	**570,736**

(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 €122,335 thousand in 2002, €147,863 thousand in 2001 and €158,728 thousand in 2000.

4 - OTHER FINANCIAL INCOME (EXPENSE)

(In € thousands)	2002	2001	2000
Income from non-current assets	68	143	83
Amortization and provisions	(2,149)	(1,786)	(2,870)
Exchange gains (losses), net	122	149	(1,406)
Total	(1,959)	(1,494)	(4,193)

5 - OTHER OPERATING INCOME (EXPENSE)

(In € thousands)	2002	2001	2000
Other operating income:			
- Group (consolidated companies)	152,258	144,634	136,718
- Outside the Group	5,342	5,309	8,317
Total	**157,600**	**149,943**	**145,035**
Other operating expense:			
- Personnel expenses	(49,185)	(48,129)	(40,722)
- Other	(108,447)	(94,495)	(109,571)
Total	**(157,632)**	**(142,624)**	**(150,293)**
Share in profits/(losses) of joint ventures	12	137	(573)
Net	**(20)**	**7,456**	**(5,831)**

6 - EXCEPTIONAL ITEMS

(In € thousands)	2002	2001	2000
Exceptional income:			
- From revenue transactions	24,145	6,713	50,137
- From capital transactions	364,082	3,063,714	2,836,863
- Write-back of provisions	105,464	15,413	732
Total	**493,691**	**3,085,840**	**2,887,732**
Exceptional expenses:			
- On revenue transactions	10,004	7,173	7,567
- On capital transactions	364,340	2,557,668	1,914,807
- Depreciation, amortization and provisions	43,174	45,654	20,182
Total	**417,518**	**2,610,495**	**1,942,556**
Net exceptional income	**76,173**	**475,345**	**945,176**

BALANCE SHEETS AT DECEMBER 31

ASSETS *In € thousands*	2002 GROSS	2002 DEPRECIATION AMORTIZATION AND PROVISIONS	2002 NET	2001	2000
NON-CURRENT ASSETS					
Intangible assets (note 5)					
- Goodwill (1)	567	(431)	136	159	181
- Other intangible assets	33,075	(21,188)	11,887	15,611	9,708
- In progress	961		961	792	6,958
Property and equipment (note 6)					
- Land	620		620	620	620
- Buildings	487	(235)	252	262	273
- Other	10,338	(7,627)	2,711	3,025	3,405
- In progress			0	4	-
Financial investments (2) (note 7)					
- Investments in subsidiaries and affiliates	7,895,809	(5,610)	7,890,199	7,805,066	7,338,746
- Investment-related receivables	5,539,962		5,539,962	6,381,207	6,298,655
- Other investment securities	216,158	(68,474)	147,684	179,667	100,368
- Loans	1,542,190		1,542,190	892,510	770,312
- Other financial investments	1,080		1,080	1,166	1,062
TOTAL I	**15,241,247**	**(103,565)**	**15,137,682**	**15,280,089**	**14,530,288**
CURRENT ASSETS (note 8)					
- Other receivables (3)	96,702		96,702	49,376	159,442
- Marketable securities	76,943		76,943	2,040	73,061
- Cash and cash equivalents	1,303,929		1,303,929	2,006,256	2,686,665
ACCRUALS					
- Prepayments (3)	3,306		3,306	8,059	18,102
TOTAL II	**1,480,880**	**-**	**1,480,880**	**2,065,731**	**2,937,270**
- Deferred charges **TOTAL III**	**10,564**		**10,564**	**2,235**	**2,868**
Translation adjustments - assets **TOTAL IV**	**-**	**-**	**-**	**-**	**-**
TOTAL	**16,732,691**	**(103,565)**	**16,629,126**	**17,348,055**	**17,470,426**
(1) including leasehold rights			-	-	-
(2) of which due within one year			3,891,338	3,482,724	4,064,129
(3) of which due in over one year			942	1,112	5,206

LIABILITIES AND SHAREHOLDERS' EQUITY *In € thousands*	**2002**	**2001**	**2000**
SHAREHOLDERS' EQUITY (note 9)			
- Capital stock	1,364,043	1,364,138	1,363,412
- Additional paid-in capital	2,128,276	2,113,148	2,133,617
- Reserve for revaluation of assets	56,516	56,213	56,213
- Reserves:			
Legal reserve [a]	136,404	136,414	136,341
Untaxed reserves	2,548,798	2,273,498	1,601,019
Other reserves	106,415	106,415	106,415
- Unappropriated retained earnings	865,882	426,674	441,402
- Net income for the year	595,916	1,092,872	1,014,611
- Untaxed provisions (note 11)	6,807	6,625	6,568
TOTAL I	**7,809,057**	**7,575,997**	**6,859,598**
OTHER EQUITY (note 10)			
Non-voting participating securities **TOTAL I a**	**391,034**	**391,034**	**391,034**
PROVISIONS FOR CONTINGENCIES AND CHARGES (note 11)			
- Provisions for contingencies	343,215	446,214	431,362
- Provisions for charges	10,020	9,588	9,061
TOTAL II	**353,235**	**455,802**	**440,423**
DEBT AND PAYABLES [1] (note 12)			
- Other bonds	1,255,867	309,099	301,894
- Bank borrowings [2]	716,522	760,266	1,703,986
- Other short- and long-term debt	6,007,077	7,544,234	7,460,958
- Taxes and social charges payable	11,864	37,582	118,781
- Other payables	84,470	274,041	192,091
Accruals [1]			
Defferred income			1,661
TOTAL III	**8,075,800**	**8,925,222**	**9,779,371**
Translation adjustments - liabilities TOTAL IV	**-**	**-**	**-**
TOTAL	**16,629,126**	**17,348,055**	**17,470,426**
(a) of which reserve for long-term capital gains	14,225	14,225	14,225
(1) due in over one year	6,054,189	4,918,454	5,266,308
due within one year	2,021,611	4,006,768	4,513,063
(2) of which short-term bank loans and overdrafts	234,419	282,363	357,882

STATEMENTS OF CASH FLOWS

In € thousands	2002	2001	2000
Net income	**595,916**	**1,092,872**	**1,014,611**
Depreciation and amortization	8,682	6,934	7,088
Changes in provisions	(61,658)	30,242	19,349
Profit on sales of non-current assets, net	257	(506,046)	(921,902)
Cash flows from operations	**543,197**	**624,002**	**119,146**
(Increase) decrease in other receivables	(53,051)	118,955	19,906
Increase (decrease) in taxes and social charges payable	(25,718)	(81,199)	95,045
Increase (decrease) in other payables	(189,571)	80,289	(106,109)
Net change in working capital	**(268,340)**	**118,045**	**8,842**
Cash flows from operating activities	**274,857**	**742,047**	**127,988**
Acquisitions of intangible assets	(1,923)	(3,642)	(8,119)
Purchases of property and equipment	(750)	(868)	(1,727)
Disposals of property and equipment and intangible assets	79	38	79
Acquisition of investments in subsidiaries and affiliates and other investment securities	(444,389)	(3,014,621)	(1,636,699)
Purchases of treasury stock	(162,051)	(252,924)	(376,173)
Disposals of investments in subsidiaries and affiliates and other investment securities	364,003	3,063,676	2,836,784
(Increase) decrease in investment-related receivables	841,245	(82,552)	(2,909,334)
(Increase) decrease in long-term loans	(649,680)	(121,467)	241,618
(Increase) decrease in other financial investments	86	(104)	124
Cash flows from investing activities/divestments	**(53,380)**	**(412,464)**	**(1,853,447)**
Issues of capital stock	163,596	129,086	212,964
Dividends paid	(378,364)	(356,860)	(300,916)
Increase (decrease) in unappropriated retained earnings	-	-	13,184
Increase (decrease) in reserves for revaluation of assets	-	-	-
Increase (decrease) in other equity	-	-	-
Increase (decrease) in short– and long-term debt	586,068	(468,797)	2,309,553
Increase (decrease) in bank overdrafts and other short-term debt	(1,220,201)	(384,442)	471,386
Decrease (increase) in marketable securities	(74,903)	71,021	16,492
Cash flows from financing activities	**(923,804)**	**(1,009,992)**	**2,722,663**
Increase (decrease) in cash and cash equivalents	**(702,327)**	**(680,409)**	**997,204**
Cash and cash equivalents at beginning of year	2,006,256	2,686,665	1,689,461
Cash and cash equivalents at end of year	1,303,929	2,006,256	2,686,665

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The financial statements cover the twelve month period from January 1 to December 31, 2002.
The following notes form an integral part of the annual financial statements.
These financial statements were approved by the Board of Directors on March 20, 2003.

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 statement of income 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.

The financial statements of the German branch are included in those of Compagnie de Saint-Gobain's head office.

INTANGIBLE ASSETS

Assigned goodwill not covered by any form of legal protection is amortized over twenty-five years. Other intangible assets are amortized over periods of between three and five years.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost (purchase price plus related costs, excluding 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 assets 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
- Office furniture	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, INVESTMENTS IN SUBSIDIARIES AND AFFILIATES AND OTHER INVESTMENT SECURITIES

The gross value of these items 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 against investment securities are included in exceptional items.

MARKETABLE SECURITIES

Marketable securities mainly include units in SICAV and other mutual funds recorded at the lower of cost and market.

RECEIVABLES

Receivables are carried at their nominal value. A provision for impairment in value is recorded when their fair value falls below net book value.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded at the exchange rate prevailing on the transaction date. Receivables and payables which are specifically 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 year-end rate and the related exchange differences are recorded in the balance sheet under "Translation adjustments". Provisions are booked for exceptional 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 resulting from the Group's international activities.

Liquidity risk, which is also managed by Compagnie de Saint-Gobain, is not material.

Market risks exclusively concern investments held for strategic purposes.

In order to anticipate future developments in the accounting treatment of financial instruments, the Company amended its accounting policies in 2001 in order to take into account fair value.

The presentation of the financial statements for the year ended December 31, 2002 is unchanged from prior years.

The main financial instruments used to hedge foreign exchange risks are forward purchase and sale contracts and options. Hedged receivables and payables are recorded in the balance sheet at the hedging rate.

The portion representing the extrinsic (time) value of unrealized gains or losses on currency options used to hedge the above positions is taken to income, and the portion representing intrinsic value is recorded in the balance sheet. Unrealized losses on options which are not classified as hedges are recognized in the income statement, whereas unrealized gains are not taken into account.

Compagnie de Saint-Gobain uses interest-rate swaps and swaptions (caps and floors) as well as 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 expenses and income on the hedged items.

The portion representing the extrinsic (time) value of unrealized gains or losses on interest rate options used to hedge the above positions is taken to income and the portion representing intrinsic value is recorded in the balance sheet. Interest-rate options which are not classified as hedges are recognized in the income statement at market value.

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 French Tax Code (CGI) as well as the integrated tax (Intégration Fiscale) system as provided for under article 223 A *et seq.* of the CGI. The tax consolidation agreement in force covers the fiscal years 2001, 2002 and 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.

A provision is booked 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 decreased by €106 million in 2002, due to the combined impact of:

- a €241 million reduction in income from investments in subsidiaries and affiliates;
- a €136 million decrease in interest expense, net of interest income;
- a €1 million increase in the amortization charge and additions to provisions.

NOTE 3: EXCEPTIONAL ITEMS

Exceptional income mainly corresponds to income from revenue transactions in an amount of €24 million, proceeds from asset disposals or contributions of €364 million, and write-backs of provisions for contingencies and charges and impairment in value of €105 million (including €104 million written back from the provision for potential tax liabilities).

Exceptional expenses mainly correspond to expenses on revenue transactions of €10 million (including €1.4 million paid to employees under incentive schemes), assets sold or contributed representing a net book value of €364 million, and amortization, depreciation and provision charges of €43 million.

NOTE 4: INCOME TAX

Under the consolidated tax regime and the integrated tax systems, the income tax benefit attributable to Compagnie de Saint-Gobain is estimated at €30 million for the year ended December 31, 2002, as follows:

- € 48 million tax benefit for 2002;
- €18 million tax charge due to an adjustment to the provision booked at December 31, 2001 for the fiscal year 2001;

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 €34 million will be added to the reserve in 2003, in respect of 2002 income.

NOTE 5: INTANGIBLE ASSETS

Intangible assets represent goodwill and other intangible assets which are amortized over periods of between three and five years.

	Non-current assets				Amortization			
In € thousands	Gross at beginning of year	Increase	Decrease	Gross at end of year	Accumulated at beginning of year	Increase	Decrease	Accumulated at end of year
- Goodwill	567			567	408	23		431
- Other intangible assets	31,321	1,754		33,075	15,710	5,478		21,188
- In progress	792	169		961	-			-
	32,680	**1,923**	**-**	**34,603**	**16,118**	**5,501**	**-**	**21,619**

NOTE 6: PROPERTY AND EQUIPMENT

	Non-current assets				Depreciation			
In € thousands	Gross at beginning of year	Increase	Decrease	Gross at end of year	Accumulated at beginning of year	Increase	Decrease	Accumulated at end of year
- Land	620			620	-			-
- Buildings	487			487	225	10		235
- Other	11,470	754	(1,886)	10,338	8,445	1,022	(1,840)	7,627
- In progress	4	(4)		0	-			-
	12,581	**750**	**(1,886)**	**11,445**	**8,670**	**1,032**	**(1,840)**	**7,862**

NOTE 7: FINANCIAL INVESTMENTS

	Non-current assets			
In € thousands	Gross at beginning of year	Increase	Decrease	Gross at end of year
- Investments in subsidiaries and affiliates	7,811,078	444,389	(359,658)	7,895,809
- Investment-related receivables	6,381,207	2,188,464	(3,029,709)	5,539,962
- Other investment securities	207,314	162,051	(153,207)	216,158
- Loans	892,510	1,535,369	(885,689)	1,542,190
- Other financial investments	1,166	161	(247)	1,080
	15,293,275	**4,330,434**	**(4,428,510)**	**15,195,199**

CHANGES IN INVESTMENTS IN SUBSIDIARIES AND AFFILIATES:

In € thousands	Increase	Decrease
Buyout of Lapeyre minority interests	348,403	
Capital stock increase of Partidis	94,000	
Purchase of Saint-Gobain Cristaleria shares	1,284	
Purchase of Saint-Gobain Vetrotex Deutschland Gmbh shares	702	
Sale of Lapeyre shares to Partidis		(348,403)
Disposal of Saint-Gobain Isover Argentina shares		(6,715)
Disposal of CIAM		(3,040)
Liquidation of Parsid		(1,006)
Disposal of Saint-Gobain Deutsche Glass shares		(218)
Disposal of Saint-Gobain K K shares		(174)
Disposal of Saint-Gobain Abrasives Germany shares		(102)
	444,389	**(359,658)**

CHANGES IN OTHER INVESTMENT SECURITIES:

In € thousands	Increase	Decrease
Purchase of treasury stock on the market	162,051	
Cancellation of treasury stock		(148,572)
Sales of treasury stock		(4,635)
Other sales of shares		-
	162,051	**(153,207)**

OTHER FINANCIAL INVESTMENTS:

In € thousands	Gross	Maturity	
		Within one year	Over one year
Investment-related receivables	5,539,962	2,351,800	3,188,162
Loans (1)	1,542,190	1,539,538	2,652
Other	1,080		1,080
	7,083,232	**3,891,338**	**3,191,894**
(1) Loans granted during the year	1,535,369		
Loans repaid during the year	885,689		

NOTE 8: CURRENT ASSETS

MATURITY OF RECEIVABLES:

Current assets contracted by €585 million in 2002 to €1,481 million. This decrease reflects the combined impact of a €702 million reduction in cash and cash equivalents, a €5 million decrease in prepayments, a €47 million rise in other receivables and a €75 million increase in marketable securities.

In € thousands	Gross	Maturity	
		Within one year	Over one year
Other receivables	96,702	96,702	-
Prepayments	3,306	2,364	942
	100,008	**99,066**	**942**

NOTE 9: SHAREHOLDERS' EQUITY

CHANGES IN SHAREHOLDERS' EQUITY:

In € thousands	Amounts
Shareholders' equity before appropriation of net income for 2001	**7,575,997**
Distribution in 2002 of the dividend relating to 2001	(378,364)
Employee share issue (capital and premiums)	163,596
Reduction in capital stock by the cancellation of 4,953,708 shares (capital and premiums)	(148,572)
Other movements – revaluation surplus and untaxed provisions	484
Net income for 2002	595,916
Shareholders' equity before appropriation of net income for 2002	**7,809,057**

MOVEMENTS IN CAPITAL STOCK:

Par value of shares at January 1, 2002: €16 **Par value of shares at December 31, 2002: €4**	Number of shares	Amounts *(in € thousands)*
Capital stock at beginning of year	85,258,628	1,364,138
Four-for-one stock split	255,775,884	
Shares issued under the Group Savings Plan	4,703,396	18,814
Shares issued on exercise of stock options granted in 1995 and 1996	226,480	906
Cancellation of shares	(4,953,708)	(19,815)
Capital stock at year-end	**341,010,680**	**1,364,043**

Share issue premiums increased by €15 million as a result of the share issues and cancellations mentioned above, after taking into account related expenses and the adjustment to the legal reserve, which was on a par with last year's amount.

The reserve for the revaluation of assets remained unchanged at €56 million.

Following the adoption of the resolutions at the Shareholders' Meeting of June 6, 2002 concerning the appropriation of 2001 net income and the adjustment of the dividend paid for that year, retained earnings increased by €439 million and the long-term capital gains reserve rose by €275 million.

Lastly, 2002 net income contracted by €497 million compared with 2001.

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 share price 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, four 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 Group.

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.

Data relating to stock options outstanding in 2000, 2001 and 2002 are listed below:

	Shares (€4 par value)	Average exercise price *(in euros)*
Options outstanding at January 1, 2000	**5,965,776**	**29.74**
Options granted	2,716,500	37.69
Options exercised	(370,016)	19.77
Options forfeited	(13,836)	15.53
Options outstanding at December 31, 2000	**8,298,424**	**32.81**
Options granted	3,774,800	40.22
Options exercised	(701,592)	22.25
Options forfeited	(83,092)	36.63
Options outstanding at December 31, 2001	**11,288,540**	**35.92**
Options granted	3,785,500	23.53
Options exercised	(334,456)	23.15
Options forfeited	(164,520)	20.39
Options outstanding at December 31, 2002	**14,575,064**	**33.10**

At December 31, 2000, 2001 and 2002, 2,089,264, 2,130,560 and 3,413,064 options were exercisable at exercise prices ranging from €22.88 to €31.27.

At December 31, 2002, 2,775,444 options were available for grant under the authorization given by the General Meeting of June 28, 2001.

The following table summarizes information about stock options outstanding at December 31, 2002:

Date of grant	Options exercisable			Options not exercisable		Total options outstanding	Type of options
	Exercise price *(in euros)*	Number of options	Weighted average remaining contractual life (in months)	Exercise price *(in euros)*	Number of options	Number of options	
1995	17.53	164,600	11			164,600	Subscription
1996	21.42	505,980	23			505,980	Subscription
1997	28.47	904,904	35			904,904	Purchase
1998	29.54	669,880	47	29.54	540,800	1,210,680	Purchase
1999	40.63	1,167,700	83	40.63	503,200	1,670,900	Purchase
2000	37.69	0	95	37.69	2,637,700	2,637,700	Purchase
2001	40.22	0	107	40.22	3,694,800	3,694,800	Purchase
2002	23.53	0	119	23.53	3,785,500	3,785,500	Purchase
Total	**-**	**3,413,064**	**-**	**-**	**11,162,000**	**14,575,064**	

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 the average price quoted for 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 issued 4,703,396, 3,612,600 and 7,824,896 shares with a par value of €4 to employees in 2002, 2001, and 2000, respectively, at an average price per share of €33.88 in 2002, €33.25 in 2001 and €26.50 in 2000.

NOTE 10: OTHER EQUITY

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

NOTE 11: PROVISIONS

In € thousands	Opening balance	Increase	Decrease	At year-end
UNTAXED PROVISIONS				
- Reinvested capital gains	6,427			6,427
- Other	198	266	(84)	380
	6,625	266	(84)	6,807
PROVISIONS FOR CONTINGENCIES				
- For potential tax liabilities (1)	445,833		(103,633)	342,200
- For exchange losses	0			0
- Other	381	634		1,015
	446,214	634	(103,633)	343,215
PROVISIONS FOR CHARGES				
- Other	9,588	506	(74)	10,020
	9,588	506	(74)	10,020
PROVISIONS FOR IMPAIRMENT IN VALUE				
- Financial investments	33,659	42,401	(1,976)	74,084
- Marketable securities	0			0
	33,659	42,401	(1,976)	74,084

(1) In connection with the integrated tax system and consolidated tax regime, €104 million was written back from the provision for potential tax liabilities to reflect an adjustment in the level of risk of subsidiaries returning to profit.

NOTE 12: DEBT AND PAYABLES

Total debt and payables decreased by €849 million to €8,076 million in 2002, mainly due to reductions in debt (€634 million), taxes and social charges payable (€26 million) and other payables (€189 million).

MATURITIES OF DEBT AND PAYABLES:

In € thousands	Gross	Maturity	
		Within one year	Over one year
Bonds (1)	1,255,867	27,940	1,227,927
Bank borrowings (1) (2)	716,522	261,064	455,458
Other short- and long-term debt (1) – (3)	6,007,077	1,636,273	4,370,804
Taxes and social charges payable	11,864	11,864	-
Other payables (3)	84,470	84,470	-
Deferred income	-	-	-
Total debt and payables (4)	8,075,800	2,021,611	6,054,189
(1) Issued during the year	1,977,017		
Repaid during the year	2,611,150		
(2) of which:			
- two years or less at inception	234,419		
- over two years at inception	482,103		
(3) Of which due to partners	-		
(4) Of which debt due in over 5 years	1,866,948		

LONG-TERM AND SHORT-TERM DEBT

In € thousands	2002	2001	2000
LONG-TERM PORTION OF LONG-TERM DEBT			
Due between January 1 and December 31:			
- 2002	-	-	615,040
- 2003	-	279,789	210,293
- 2004	546,053	381,498	372,861
- 2005	1,277,132	1,318,486	1,300,082
- 2006	699,813	776,394	98,252
- 2007	1,664,243	279,469	-
- 2008	846,206	-	-
Due between 6 and 10 years	986,250	1,848,185	1,881,035
Due beyond 10 years	-	-	-
Unspecified	34,493	34,634	34,706
Total long-term portion of long-term debt	6,054,190	4,918,455	4,512,269
Short-term portion of long-term debt	**225,781**	**847,633**	**1,652,616**
TOTAL LONG-TERM DEBT (INCLUDING SHORT-TERM PORTION)	**6,279,971**	**5,766,088**	**6,164,885**
OTHER SHORT-TERM DEBT			
Treasury notes (in euros)	235,500	971,000	92,000
Treasury notes (in US dollars)	76,285	-	-
Euro Commercial Paper (in euros)	201,300	-	-
Euro Commercial Paper (in pounds sterling)	-	172,555	152,860
Euro Commercial Paper (in US dollars)	123,009	347,782	161,204
US Commercial Paper (in US dollars)	-	-	516,926
Borrowings from Group entities	810,563	1,053,198	1,998,615
Bank overdrafts and other short-term borrowings	234,419	282,363	357,882
Other	18,419	20,613	22,466
TOTAL OTHER SHORT-TERM DEBT	**1,699,495**	**2,847,511**	**3,301,953**
TOTAL LONG- AND SHORT-TERM DEBT	**7,979,466**	**8,613,599**	**9,466,838**

Long-term and short-term debt can be analyzed as follows by currency:

In € thousands	2002	2001	2000
Euros	3,829,414	2,997,675	4,380,145
US dollars	1,160,482	1,472,092	770,961
Swiss francs	282,177	276,373	269,061
Pounds sterling	954,094	1,019,948	744,718
Czech koruna	47,576	-	-
Norwegian krone	6,228	-	-
Total	**6,279,971**	**5,766,088**	**6,164,885**

On February 18, 2002, Compagnie de Saint-Gobain issued 4,380,953 “OCEANE” bonds that are convertible into new or existing shares. These bonds have a nominal value of €210 each, and the total issue came to €920 million. The annual interest rate for these “OCEANE” bonds is 2.625% payable in arrears on January 1 each year.

The bonds will be redeemed in full on January 1, 2007 in cash at nominal value, i.e. €210 per bond, or they may be repurchased before maturity by Compagnie de Saint-Gobain on the market or in connection with a public buyback offer. The Company may also decide to carry out an early redemption of all outstanding “OCEANE” bonds, subject to certain conditions, which include share price thresholds.

Each “OCEANE”” bond may be converted or exchanged for four Compagnie de Saint-Gobain shares. This ratio may, however, be adjusted if the Company carries out certain financial operations.

Therefore if all of the bonds were converted at the rate initially provided for, the holders would receive a total of 17,523,812 shares, representing 5% of the Company’s capital at December 31, 2002.

NOTE 13: INFORMATION CONCERNING RELATED COMPANIES AND INVESTMENTS

	Net amount concerning			Net amount in the balance sheet
In € thousands	Related companies	Companies in which Compagnie de Saint-Gobain has a direct holding	Other	
Investments in subsidiaries and affiliates	7,714,987	175,212		7,890,199
Investment-related receivables	5,537,709		2,253	5,539,962
Other investment securities	147,198		486	147,684
Loans	1,028,624	210,516	303,050	1,542,190
Other receivables	19,318	31	77,353	96,702
Cash and cash equivalents	1,208,940	46,172	48,817	1,303,929
Bonds			1,255,867	1,255,867
Bank borrowings			716,522	716,522
Other borrowings	4,900,371	232,176	874,530	6,007,077
Other payables	4,386	2	80,082	84,470

NOTE 14: INVESTMENT PORTFOLIO

In € thousands	Country	Net book value	% interest	Number of shares
Spafi	France	2,726,540	100.00	116,289,805
Partidis	France	2,065,919	100.00	78,262,892
Saint-Gobain Matériaux de Construction	France	738,712	100.00	21,325,936
Saint-Gobain Cristaleria	Spain	211,220	23.91	3,659,866
Vertec	France	491,039	100.00	8,008,999
Raab Karcher Gmbh	Germany	194,609	100.00	100,000,000
Cie de Saint-Gobain (treasury stock)	France	147,198	1.51	5,159,816
Vivendi Universal	France	168,004	1.15	12,314,927
Saint-Gobain Glass Benelux SA	Belgium	160,880	88.69	1,667,698
Saint-Gobain Isover G+H AB	Germany	153,669	99.88	3,196,296
International Saint-Gobain	Switzerland	153,409	96.50	221,950
Saint-Gobain Vetrotex Deutschland Gmbh	Germany	153,669	100.00	45,000,000
Saint-Gobain Vidros SA	Brazil	118,069	54.46	115,072,390
São Lourenço	Brazil	109,559	99.91	3,617,581
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	331,964
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 PAM	France	30,732	8.10	360,255
Saint-Gobain Nederland	Netherlands	13,621	100.00	66,100
Valfix Finanz A.G.	Switzerland	8,838	100.00	11,400
Various real-estate companies		3,428		
Various French companies		848		
Various non-French companies		3,417		
		8,037,883		
ANALYSIS:				
Investments in subsidiaries and affiliates		7,890,199		
Other investment securities		147,684		
		8,037,883		

NOTE 15: STOCK MARKET VALUE OF INVESTMENTS HELD IN FRENCH COMPANIES

Stock market price at December 31, 2002 *(in € thousands)*	
Vivendi Universal	189,527

NOTE 16: INFORMATION ON DIRECT HOLDINGS OF THE PARENT COMPANY WHERE BOOK VALUE EXCEEDS 1% OF CAPITAL

In thousands of euros or other currency	Capital stock	Reserves	% interest	Book value of capital held		Loans and advances granted by the Company	Guarantees given by the Company	2002 sales	2002 net income/ (loss)	Dividends received by the Company in 2002
				Gross	Net					
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 1,297,295	100.00	2,726,540	2,726,540	46,039		-	EUR 191,204	162,806
Partidis 18, avenue d'Alsace F - 92400 Courbevoie	EUR 1,193,509	EUR (13,021)	100.00	2,065,919	2,065,919	1,604,970		EUR 4,731	EUR (4,741)	
Saint-Gobain Matériaux de Construction 18, avenue d'Alsace F - 92400 Courbevoie	EUR 325,221	EUR 3,218	100.00	738,712	738,712	1,156		EUR 6,852	EUR 72,666	31,136
Vertec 18, avenue d'Alsace F - 92400 Courbevoie	EUR 128,144	EUR 365,020	100.00	491,039	491,039			-	EUR 182,691	176,198
Raab Karcher Baustoffe Gmbh Hanauer Landstrasse, 150 D-60314 Frankfurt am Main	EUR 100,000	EUR 94,600	100.00	194,609	194,609	179,803		-	EUR (44,019)	
Saint-Gobain Glass Benelux SA Rue des Glaces Nationales, 169 B-5060 Sambreville	EUR 70,900	EUR 89,902	88.69	160,880	160,880			EUR 152,825	EUR 8,970	8,872
Saint-Gobain Isover G+H AG 1 Burgermeister-Grünzweig Strasse D-67059 Ludwigshafen	EUR 82,000	EUR 11,291	99.88	153,669	153,669			EUR 306,571	EUR 17,959	EUR
Saint-Gobain Vetrotex Deutschland Gmbh Bicheroux Strasse 61 D-52134 Herzogenrath	EUR 23,008	EUR 132,936	100.00	153,669	153,669			EUR 80,261	EUR 22,795	
International Saint-Gobain 10, rue Saint-Pierre CH-1700 Fribourg	CHF 230,000	CHF 118,614	96.50	153,409	153,409			-	CHF 83,308	27,823
Saint-Gobain Vidros SA 482, avenida Santa Marina Agua Branca 05036-903 São Paulo-SP (Brazil)	BRL 420,000	BRL 248,924	54.46	118,069	118,069			BRL 783,713	BRL 114,258	8,646
São Lourenço Administradora 482, avenida Santa Marina Agua Branca 05036-903 São Paulo-SP (Brazil)	BRL 175,654	BRL 129,623	99.91	109,559	109,559			-	BRL 49,823	7,300
Saint-Gobain Glass Deutschland Gmbh Viktoria - Allee 3-5 D-52066 Aachen	EUR 102,258	EUR 82,899	60.00	86,660	86,660			EUR 335,990	EUR 24,007	
Saint-Gobain Autoglas Gmbh Viktoria - Allee 3-5 D-52066 Aachen	EUR 102,258	EUR 19,130	60.00	72,833	72,833			-	EUR 11,841	
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 (16,929)	
Société Financière des Miroirs 18, avenue d'Alsace F - 92400 Courbevoie	EUR 45,750	EUR 1,376	100.00	45,735	45,735			-	EUR 974	1,290

in thousands of euros	Capital stock	Reserves	% interest	Book value of capital held Gross	Book value of capital held Net	Loans and advances granted by the Company	Guarantees given by the Company	2002 sales	2002 net income/ (loss)	Dividends received by the Company in 2002
2 - INVESTMENTS (10 to 50% of the capital held by Compagnie de Saint-Gobain)										
Saint-Gobain Cristaleria Edificio Ederra Centro Azca Paseo de la Castellana 77 E - 28046 Madrid	EUR 91,988	EUR 399,634	23.91	211,220	211,220	188,521		EUR 453,233	EUR 88,450	10,577
Saint-Gobain Emballage 18, avenue d'Alsace F - 92400 Courbevoie	EUR 42,069	EUR 320,627	20.52	61,553	61,553	46,170		EUR 607,918	EUR 250,449	25,103
SEPR 18, avenue d'Alsace F - 92400 Courbevoie	EUR 76,033	EUR 13,614	25.73	56,571	56,571	111,425		EUR 235,537	EUR 10,342	6,489
OTHERS										
Subsidiaries over 50%-owned										
- Total French companies				3,899	3,899	209,343				834
- Total foreign companies				25,962	25,000	542,295	4,230,294			2,638
Holdings of between 10 and 50%										
- Total French companies				-	-	-				-
- Total foreign companies				5,296	648	-				89
Other				**415,013**	**346,539**	**63,535**				**24,181**
Total				**8,111,967**	**8,037,883**	**2,993,257**	**4,230,294**			**493,982**

NOTE 17: FINANCIAL COMMITMENTS EXCLUDING LEASES

Commitments given *(in € thousands)*	Amount
Guarantees (1)	4,301,771
Pensions (2)	38,417
Other commitments given: concerning joint ventures	5,194
TOTAL	**4,345,382**
Including : (1) consolidated companies	4,230,294

(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 end-of-career salaries (the projected unit credit method).

Commitments received *(in € thousands)*	Amount
Other commitments received: Debt waivers with a clawback clause	3,720
TOTAL	**3,720**
Including: Other investments	3,720

Commitments relating to financial instruments concerning foreign currency risks are as follows:

(in thousands of currency)		Amount
Equivalent in euros of forward purchases and sales of foreign exchange	EUR	173,370
Options purchased		-
Options sold		-
Currency swaps	EUR	503,479

Commitments relating to financial instruments concerning interest rate risks are as follows:

	Amount	
In € thousands		
Swaps – borrowers at fixed rates/variable rate	EUR	317,081
Swaps – lenders at fixed rates/variable rate	EUR	1,357,079
Swaps – variable rate/variable rate	EUR	22,914
Swaps – fixed rate/fixed rate	EUR	-
Cross-currency swaps – borrowers at fixed rates/variable rate	EUR	444,768
Cross-currency swaps – lenders at fixed rates/variable rate	EUR	287,721
Cross-currency swaps – variable rate/variable rate	EUR	6,647
Cross-currency swaps – fixed rate/fixed rate	EUR	476,781
Caps purchased / (sold), net	EUR	(27,500)
Swaps on raw materials - borrowers	EUR	1,684
Swaps on raw materials - lenders	EUR	1,684

The face value amount of commitments given and received in the form of swaptions and early repayments of borrowings amounted to €229 million and €199 million respectively.

NOTE 18: LEASE COMMITMENTS

In € thousands	Head office
Cost	**80,798**
Depreciation:	
- Accumulated at beginning of year	7,199
- Charge for the year	1,464
Total	**8,663**
Installments paid:	
- Accumulated at beginning of year	44,284
- Paid during the year	9,168
Total	**53,452**
Installments to be paid:	
- within one year	8,976
- between one and five years	35,902
- beyond five years	9,748
Total	**54,626**
Residual values:	
- within one year	-
- between one and five years	-
- beyond five years	12,120
Total	**12,120**

NOTE 19: EMPLOYEES

WEIGHTED AVERAGE NUMBER OF EMPLOYEES:

Excluding the German branch	2002	2001	2000
Managers	166	167	165
Supervisors	67	71	73
Other employees	7	11	11
Total	**240**	**249**	**249**
of which fixed term contracts	4	7	8

REMUNERATION OF DIRECTORS AND CORPORATE OFFICERS:

The total direct and indirect remuneration received by Corporate Officers from Group companies in France and abroad amounted to €13 million in 2002, €12.9 million in 2001 and €12.6 million in 2000. The gross variable portion included in these remuneration amounts came to €4.6 million in 2002, €4.7 million in 2001 and €5.2 million in 2000.

Attendance fees paid to Directors amounted to €0.5 million in 2002 (2001: €0.5 million; 2000: €0.3 million).

NOTE 20: LITIGATION

In France, at December 31, 2002, 397 lawsuits based on "inexcusable fault" *("faute inexcusable")* had been filed by former employees (or persons claiming through them) of Everite and Saint-Gobain PAM ("the employers"), which in the past had carried on fiber-cement operations, for asbestos-related occupational diseases, with the aim of obtaining supplementary compensation over and above the assumption of occupational diseases compensation by the French Social Security.

At the end of 2002, 123 of these 397 lawsuits had been heard by the Court of Appeal which issued rulings holding the employers liable on the grounds of "inexcusable fault" in all of the cases. These rulings were all appealed to the *Cour de Cassation* (the French final court of appeal) by the company concerned. 15 of these appeals, lodged by Everite, were heard by the *Cour de Cassation* and dismissed on February 28, 2002.

However, in 89 of the 123 appeal court rulings against the employers on the grounds of inexcusable fault, the Social Security authorities were ordered to pay the compensation for the victims for procedural reasons (statute of limitations, liability issues *("inopposabilité"))*. 51 of these rulings were confirmed by the *Cour de Cassation* on November 26 and December 12, 2002.

At December 31, 2002, compensation payable by Everite and Saint-Gobain PAM, for the 44 cases (since the beginning) where they had been required to assume the burden of compensation, amounted to a total of €4 million, which has been expensed.

In addition, at December 31, 2002, 63 suits based on inexcusable fault had been filed by current or former employees of seven French companies in the Group, in particular involving circumstances where equipment containing asbestos had been used to protect against heat from ovens. In all of the rulings issued by end-2002, the employees' claims were dismissed. A final ruling has been handed down in 3 of these cases and the 9 others have been appealed to the *Cour de Cassation* by the employees concerned. Six of these cases have now been heard by the *Cour de Cassation,* which dismissed the appeals on December 12, 2002, ruling that the employer was not liable for "inexcusable fault".

A fund has also been created in France known as the FIVA. It is intended to fully compensate the loss of persons officially recognized as having contracted occupational diseases caused by asbestos, as well as of all persons who have been exposed to asbestos on French territory. A decree dated October 23, 2001 sets out the conditions relating to the operation of the fund, the compensation procedure applicable and claims of subrogation made by the fund itself. Any person who accepts an offer of compensation from the fund will be barred from taking legal action to obtain other compensation on the same grounds, including any claim for "inexcusable fault" against an employer. However, once the applicant has accepted an offer of compensation, the fund must make a subrogated claim against any employer considered to be responsible for the loss concerned.

On January 27, 2003 the fund published guidelines in the form of a compensation scale. At December 31, 2002, as far as the Group is aware, no current or former employees of the Group's French companies had applied for compensation from the fund. However, four former employees have indicated that they intend to discontinue their "inexcusable fault" lawsuits already commenced, in order to bring their claims before the fund.

In the United States, three Group companies that once manufactured products containing asbestos such as fiber-cement pipes, roofing products or specialized insulation, are facing legal action from persons other than the employees or former employees of the companies. The claims are based on alleged exposure to the products although in the vast majority of cases the claimants cannot demonstrate any specific exposure to one or more products, or any specific illness or physical disability. The majority of these claims are made simultaneously against many other non-Group entities which have been manufacturers, distributors, installers or users of products containing asbestos.

CertainTeed, the main US subsidiary involved in these cases, was for a long period a member of the Center for Claims Resolution, an organization which grouped together defendants facing the same type of claims and handled the defense of all such claims; and allocated court awards, negotiated out of court settlements and defense costs among the organization members on the basis of a pre-agreed pro-rata formula. Since February 1, 2001 the organization no longer represents its members in this way, and CertainTeed now assumes directly the defense of claims made against it, which increased significantly in 2001 with a total of 60,000 new cases.

This trend continued in 2002, with some 67,000 new claims filed against CertainTeed during the year. The vast majority of these new claims are "mass" actions which can involve hundreds or even thousands of plaintiffs making claims for damages against dozens of companies operating in different economic sectors, without providing evidence of any specific exposure to any product allegedly manufactured by CertainTeed, or of any specific illness or physical disability. Only around 5% of these new lawsuits involve a serious illness, cancer or mesothelioma.

Almost all of the claims against CertainTeed are settled out of court. Some 44,000 such settlements were entered into in 2002. Taking into account the 84,000 outstanding cases at the end of 2001 and the new cases having arisen during 2002, some 107,000 claims were outstanding at December 31, 2002.

The average individual cost of settlement based on all claims settled decreased to $1,955 in 2002, from $2,800 a year earlier. Total compensation paid for these cases - including claims settled in 2001 but paid out in 2002, and those fully settled and paid in 2002 - amounted to $103 million in 2002 (versus $53 million in 2001). $96 million of this amount has been or will be covered by insurance.

In view of all of these developments, the Group recorded a €100 million charge in 2002 to make provision for such claims which may arise or subsist in the future, including €50 million recorded in the first half of the year. At December 31, 2002 the Group's total cover for asbestos-related claims against CertainTeed in the United States amounted to €426 million, comprised of insurance coverage available at that date and the provision existing at that date referred to above. This cover represents approximately 4 to 5 years of total compensation payments based on the corresponding figure for 2002.

In Brazil, Brasilit and Eterbras offer an agreed amount of compensation to their former employees for asbestos-related occupational diseases, as well as permanent medical assistance. Only a few disputes were outstanding at December 31, 2002, which do not give rise to any significant risks for the subsidiaries concerned.

NOTE 21: SUBSEQUENT EVENTS

No material events have occurred since the accounts-closing date.

NOTE 22: RECOMMENDED APPROPRIATION OF INCOME

In € thousands		
SOURCES		
Unappropriated retained earnings at Dec. 31, 2002 (1)		865,882
Net income for the year		595,916
APPROPRIATIONS		
Appropriation to reserves:		
Untaxed reserves:		
Long-term capital gains reserve (2)	(7,706)	
Dividends (3)	379,511	
Unappropriated retained earnings	1,089,993	
TOTAL	**1,461,798**	**1,461,798**

(1) Reflects a €118 thousand adjustment due to the 26,150 treasury shares sold between March 28, 2002, the date of the Board meeting approving the financial statements, and June 24, 2002 when payment of the dividend began.
(2) Representing the net impact of the appropriation of a provisional amount of €34,068 thousand for 2002 less a €41,774 thousand adjustment to the provisional appropriation to long-term capital gains reserves made in 2001, resulting in a total deduction of €7,706 thousand from the reserve.
(3) On the basis of 341,010,680 shares, less 5,159,816 treasury shares, i.e. 335,850,864 dividend-earning shares.

FIVE-YEAR FINANCIAL SUMMARY

In € thousands	2002	2001	2000	1999	1998
1 - Capital stock at year-end					
Capital stock	1,364,043	1,364,138	1,363,412	1,395,788	1,376,550
Number of common shares outstanding	341,010,680	85,258,628	85,213,263	87,236,750	90,295,788
2 – Operations and results for the year					
Sales excluding taxes (1)	156,150	149,431	138,313	113.,942	106,618
Earnings before tax, depreciation and provisions	507,093	1,115,028	1,087,460	600,175	706,362
Income tax	30,396	15,020	(46,464)	(36,209)	(85,228)
Net income after tax, depreciation and provisions	595,916	1,092,872	1,014,611	573,860	593,887
Dividend distribution	(2) 379,511	(3) 378,246	(4) 356,860	(5) 300,916	(6) 268,403
3 - Earnings per share (in €)					
Earnings per share before tax, depreciation and provisions	1.49	13.08	12.76	6.88	7.82
Earnings per share after tax, depreciation and provisions	1.75	12.82	11.91	6.58	6.58
Net dividend per share	1.13	4.50	4.30	3;60	3.20
4 - Personnel (7)					
Average number of employees during the year	240	249	249	239	234
Total payroll cost for the year	25,094	24,389	20,525	19,066	18,769
Total benefits for the year	13,850	12,956	11,330	9.139	8.338

(1) Represents royalties and other services.
(2) On the basis of 341,010,680 shares, less 5,159,816 treasury shares at March 20, 2003, i.e. 335,850,864 dividend-earning shares.
(3) Reflects a €118 thousand adjustment due to the 26,150 treasury shares sold between March 28, 2002, the date of the Board meeting approving the financial statements, and June 24, 2002 when payment of the dividend began.
(4) Reflects a €451 thousand adjustment due to the 104,854 treasury shares acquired between March 29, 2001, the date of the Board meeting approving the financial statements, and July 2, 2001 when payment of the dividend began.
(5) Reflects a €3,889 thousand adjustment due to the 1,080,200 treasury shares acquired between March 30, 2000, the date of the Board meeting approving the financial statements, and July 3, 2000 when payment of the dividend began.
(6) Reflects a €13,184 thousand adjustment due to the 4,120,000 treasury shares acquired between March 25, 1999, the date of the Board meeting approving the financial statements, and June 29, 1999 when payment of the dividend began.
(7) Personnel figures exclude the German branch.

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

Translated from the original French language report

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2002 on:
- the audit of the accompanying financial statements of Compagnie de Saint-Gobain, expressed in euros,
- the specific verifications and information required by the 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 professional standards applied 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 Company's financial position and its assets and liabilities as of December 31, 2002 and of the results of its operations for the year then ended in accordance with French accounting principles and regulations.

2. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed the specific verifications required by the law, in accordance with the professional standards applied in France.

We have no comments as to the fair presentation and the conformity with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

In accordance with the law, we have verified that the management report contains the appropriate disclosures as to the acquisition of shares and controlling interests, together with the identity of the principal shareholders and cross-shareholdings.

Paris, March 20, 2003

The Statutory Auditors

PricewaterhouseCoopers Audit

Mike MORALEE

Christian MARCELLIN

S.E.C.E.F.

Jacques TENETTE

FEES PAID BY THE GROUP TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS IN 2002

(in € millions)	PricewaterhouseCoopers		SECEF	
	Amount	%	Amount	%
Audit				
• Statutory audit and contractual audits				
France	2.9	13%	0.3	100%
Outside France	8.0	36%	-	-
Total	**10.9**	**49%**	**0.3**	**100%**
• Other engagements	1.1	5%	-	-
Sub-total	**12.0**	**54%**	**0.3**	**100%**
Other services				
• Legal and tax advisory services				
France	-		-	-
Outside France	1.7	8%	-	-
Total	**1.7**	**8%**	-	-
• Information technology[(a)]				
France	0.1	0%	-	-
Outside France	8.4	38%	-	-
Total	**8.5**	**38%**	-	-
• Internal audit	-	-	-	-
• Other	0.1	0%	-	-
Sub-total	**10.3**	**46%**	-	-
TOTAL	**22.3**	**100%**	**0.3**	**100%**

(a) Corresponding to services relating to the implementation of Enterprise Resource Planning systems carried out by the network's consulting entity, prior to its disposal on September 30, 2002.

IX - 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), northern France.
2002 sales: €249.8 million.
This figure includes Eurofloat, a float glass plant serving the European market, in Salaise-sur-Sanne (Isère, southeastern France).
Employees: 1,016.

Subsidiaries and holdings

- Saint-Gobain Sekurit France - France, Saint-Gobain Glass Exprover - Belgium. *See company profiles.*
- Saint-Gobain Produits Industriels (SGAI), M. O. Pays de Loire, Comptoir des Glaces et Produits Verriers, M. O. Atlantique (holds 100% of Atlantique Miroiterie Service), Les Vitrages de Saint-Gobain Normandie, M. O. Semiver-Climaver, M. O. Charentes-Limousin, M. O. Armorique, Miroiterie du Rhin, Société Verrière Française (SVF), Sovedys, Sivaq, Centre Est Vitrage (CEV), Charles André, Soprover, Société Verrière de l'Atlantique (SVA), Le Vitrage du Midi (LVM), Glassver, Gobba Vitrage, Auvergne Isolation, Vitrages Isolants d'Auvergne, Alp'Verre, Courbu, Verreries d'Aurys (100%), Pierre Pradel, (73.9%), Wehr Miroiterie (100%), Emaillerie Alsacienne (100%), Technifer (100%), Techniverre (100%) - France. Distribution and processing of flat glass products for the building industry. Sales of the processing subsidiaries: €426.9 million. Employees: 3,272.
- Eurokera (50%). Keraglass (plant in Bagneaux-sur-Loing, Seine-et-Marne, Paris area) - France (50%). Production and sale of glass ceramic cooktops. Eurokera North America – USA (50%), Borgna Veder (100%) which holds 100% of Saint-Gobain Euroveder Italia - Italy. Tempered glass for home appliances. Sales: €123.2 million. Employees: 481.

- Sovis - France (100%). Tempered glass for home appliances, industrial and scientific optics, radiation-proof glass. Plants in Jouarre (Seine-et-Marne, Paris area) and Château-Thierry (Aisne, northern France). Sales: €22 million. Employees: 209.
- Verreries de Saint-Just - France (100%). Decorative glass. Plant at Saint-Just-Saint-Rambert (Loire, central France). Employees: 99.
- Saint-Gobain Sully Produits Spéciaux - France (100%). Flat glass for trains and the aeronautics industry. Plant in Sully-sur-Loire (Loiret, central France). Employees: 466.
- Samin (29.4%). *See Saint-Gobain Emballage*.
- Saint-Gobain Glass Logistics - France (100%). Transport.
- 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, Paris area).

SAINT-GOBAIN SEKURIT FRANCE

100%-owned by Saint-Gobain Glass France.
Processing for the automobile industry.
Plants in Aniche (Nord) and Chantereine (Oise), northern France. 2002 sales: €257 million.
Employees: 1,212.
These figures include those of Saint-Gobain Sekurit France and Société Verrière d'Encapsulation.
Holds.

- Saint-Gobain Autover - France (100%). Distribution and processing of flat glass for the automobile industry. Sales: €19.2 million. Employees: 82.
- 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, southeastern France), Chalon-sur-Saône (Saône-et-Loire, eastern France), Saint-Étienne-du-Rouvray (Seine- Maritime, northwest France), Rantigny (Oise, northern France).
2002 sales: €225.8 million.
Employees: 889.

Subsidiaries and holdings

- Saint-Gobain Vetrotex France - France. *See company profile*.
- Saint-Gobain Eurocoustic - France (51%). Production of rock wool insulation products. Plant in Genouillac (Creuse, central France). Sales: €32.6 million. Employees: 152.
- Saint-Gobain Ecophon SA - France (50%). Acoustic ceilings.
- Saint-Gobain Recherche - France (32.7%). *See Saint-Gobain Glass France*
- Samin - France (19.6%). *See Saint-Gobain Emballage*.
- Saint-Gobain Beijing Isover Glasswool - China (29.5%). Employees: 149.
- CSR Guandong Glasswool - China (15%).

SAINT-GOBAIN VETROTEX FRANCE

100% owned by Spafi.
Manufactures and sells fiberglass for reinforcements.
Plant in Chambéry (Savoie, southeastern France).
2002 sales: €114.5 million.
Employees: 545.

Subsidiaries and holdings

- Saint-Gobain Vetrotex International - France (84.4%). Research and Development center, export sales. Headquarters in Chambéry (Savoie, southeastern France). Holds: Saint-Gobain Vetrotex Renforcement - France (100%); Saint-Gobain Vetrotex Glasmat - France (100%); Saint-Gobain Vetrotex Reinforcement GmbH - Germany (100%); Syncoglas - Belgium (99.9%); Verigex - Italy (100%); Vetrotex Svenska AB - Sweden (100%); Vetrotex Ltd - United Kingdom (100%); Vetrotex Reinforcement Bohemia - Czech Republic (100%). Distribution companies. Saint-Gobain Vetrotex Korea Ltd - South Korea (98.6%). *See company profile*. Saint-Gobain Vetrotex Thailand - Thailand (100%). NSG Vetrotex KK - Japan (60%). Sales: 3.4 billion yen. Employees: 277. Saint-Gobain Recherche (8.2%) - France *(see under Saint-Gobain Glass France).* Hangzhou Saint-Gobain Vetrotex - China (82.9%). Saint-Gobain Vetrotex India - India (100%). Saint-Gobain RF Pty Ltd - Australia (85.7%).
- Saint-Gobain Lorcet - France (100%). Manufactures glass cloths.

PARTIDIS

100%-owned by Compagnie de Saint-Gobain.
Distribution of building materials.
2002 sales: €5.61 billion.
Employees (including subsidiaries): 28,273.

Subsidiaries and holdings

- Saint-Gobain Plc - United Kingdom (74.7%). *See company profile*.
- Point.P (100%) - France. Building materials distribution through 11 regional companies (Brittany, Central France, Eastern France, Paris region, Loire region, Southern France, Northern France, Normandy, PACA, BMRA, South-West France). 3 national companies (CEDEO, SFIC, Asturienne). La Plateforme du Bâtiment banner (14 retail outlets in France). SG Point. P España + La Plateforme España. 1,336 retail outlets (1,304 in France, 17 in Spain, plus 14 La Plateforme du Bâtiment outlets in France, 1 in Spain). Sales: € 4,180.5 million. Employees: 18,625.
- Lapeyre - France and international (100%). Distribution of home improvement products under the following banners: Lapeyre-La Maison, K par K, Gimm, Atlantique, Menuiseries Françaises, Oxxo, Les Zelles, Okfens (Poland) and Telhanorte (Brazil). 2002 sales: €1,416.1 million. Employees: 9,323.
- La Plateforme Polska - Poland (100%). Sales: 42.8 million zloty. Employees: 144.
- La Plataforma Para La Construcción - Mexico (100%). Employees: 94

SAINT-GOBAIN MATÉRIAUX DE CONSTRUCTION

100%-owned by Compagnie de Saint-Gobain.
Holding company. Holds:
- Saint-Gobain Weber - France (100%). Produces industrial mortars in 20 countries. Holds: 100% of Weber & Broutin France; 100% of Saint-Gobain Weber Cemarska (Spain); 100% of Saint-Gobain Weber Romania (Roumania); 50% of Saint-Gobain Quartzolit - Brazil. Produces tile glues. Plants in Jandira (São Paulo), Santa Luzia (Minas Gerais), Abreu and Lima (Pernambuco) and Viamao (Rio Grande do Sul). Sales (including subsidiaries): €742 million. Employees (including subsidiaries): 3,376.
- Saint-Gobain Terreal - France (99.9%). Produces terracotta tiles. Nineteen plants and subsidiaries in France, Italy, Spain and Malaysia. Sales (including subsidiaries): €328.3 million. Employees (including subsidiaries): 2,156.
- Saint-Gobain Stradal - France (100%). Produces industrial cements through twenty-five production plants in France. Sales: €140.5 million. Employees: 980. Has holdings in: Tuyaux et Agglomérés Vendéens - France (49%); Egyptian Concrete Pipe Company - Egypt (30%). Produces concrete pipes.
- Novatech KG - Germany (100%). Plant in Kolbermoor. Produces cement-glass composites for roofing and wall facings. Sales: €7.3 million. Employees: 63.

SAINT-GOBAIN PAM

Owned 8.1% by Compagnie de Saint-Gobain and 91.9% by Spafi. Ductile cast- iron pipes and hydraulic connectors for water-supply, irrigation and wastewater networks. Cast-iron products for the building industry.
Plants in eastern France, in Pont-à-Mousson, Blénod, Foug, Liverdun, Toul (Meurthe-et-Moselle), Bayard (Haute-Marne).
2002 sales: €683.9 million.
Employees: 2,953.

Subsidiaries and holdings

- Halbergerhütte GmbH - Germany; Saint-Gobain Canalización - Spain; Saint-Gobain Plc - United Kingdom; Saint-Gobain Condotte SpA - Italy; Saint-Gobain Canalização - Brazil. *See company profiles*.
- Saint-Gobain Seva - France (100%). Industrial equipment, glass molds, fiberglass plates for insulation, door fittings. Plant in Chalon-sur-Saône (Saône-et-Loire, eastern France). Sales: €54.2 million. Employees: 384.
- SADIP - Saudi Arabia (20%). Produces ductile cast-iron pipes.
- Also has holdings in: Saint-Gobain Pipe Systems Belgium - Belgium (99.9%); Saint-Gobain Pipe System BV - Netherlands (100%); Saint-Gobain Condutas - Portugal (99.5%); Saint-Gobain Trubni Systemy - Czech Republic (100%); Saint-Gobain Pipe Systems OY - Finland (100%); Saint-Gobain Pipelines Co Ltd - China (47.3%). Ductile cast-iron pipes. Plant in Manshaan. Sales: 160 million yuan. Employees: 440. Saint-Gobain Canalización Argentina - Argentina (100%).

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).
2002 sales: €593.5 million.
Employees: 2,101.

Subsidiaries and holdings

- Saint-Gobain Desjonquères - France. Saint-Gobain Oberland AG - Germany, Saint-Gobain Vetri - Italy. *See company profiles*.
- Saint-Gobain Recherche - France (24.6%). *see Saint-Gobain Glass France*
- VOA Verrerie d'Albi - France (98.8%). Glass containers (bottles). Plant in Albi (Tarn). Sales: €66 million. Employees: 301.
- Samin - France (51%). Operates quarries. Employees: 173.
- Saga Decor - France (51%). Decoration of bottles and jars. Sales: €19.1 million. Employees: 235.
- Établissements René Salomon - France (100%). Distribution of bottles.
- Vetreria Etrusca SRL - Italy (24%). Glass containers.

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, northern France) and Sucy-en-Brie (Val-de-Marne, Paris area).
2002 sales: €399.2 million.
Employees: 1,880.

Subsidiaries and holdings

- SGD Kipfenberg GmbH - Germany (100%). Small glass bottles. Plant in Kipfenberg. Sales: € 47 million. Employees: 200. Holds Saint-Gobain Calmar GmbH (99%) - Germany. *See company profile.*
- Saint-Gobain VG Emballage - France (100%). Distribution of glass and plastic containers and fittings. Sales: €33.5 million. Employees: 76.
- Verreries de l'Orne - France (100%). Decoration of glass containers. Employees: 285. Holds Verreries de la Somme (100%). Employees: 210.
- Saint-Gobain Desjonquères Manufacturing - USA (100%). Perfume flasks. Plant in Covington. Sales: $39.5 million. Employees: 166.
- 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, 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, southeastern France).
2002 sales: €222 million.
Employees: 1,287.

Subsidiaries and holdings

- Saint-Gobain Performance Plastics Europe (France), Saint-Gobain Quartz SA - France, SEPR Keramik GmbH & Co KG - Germany, SEPR Italia - Italy, Saint-Gobain Ceramic Material A/S - Norway. *See company profiles.*
- Savoie Réfractaires - France (100%). Manufactures special refractories.
  Plants in Vénissieux (Rhône, Lyon area) and Provins (Seine-et-Marne, Paris area).
  Employees: 226.
- 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), Evreux (Eure) Courtenay (Loiret), Etrechy (Essonne) and Moissy Cramayel (Seine-et-Marne). Sales: €35.8 million.
  Employees: 450.
- Saint-Gobain Cristaux & Détecteurs - France (100%). Manufactures optical crystals and synthetic monocrystals for chemical analysis. Plants in Saint-Pierre-lès-Nemours (Seine-et-Marne, Paris area) and Gières (Isère, southeastern France). Sales: €26.4 million. Employees: 152.
- Saint-Gobain Matériaux Céramiques - France (100%). Produces seeded gel. Plant in Courtenay (Loiret, south of Paris area). Employees: 29.
- Saint-Gobain Centre de Recherche et d'Etudes Européennes - France (35%), the remainder being held by other companies of the Ceramics & Plastics division. Center in Cavaillon (Vaucluse, southeastern France).
- Valoref SA -France (100%). Recycling.
- Saint-Gobain Ceramicas Industriales - Spain (100%). Manufactures technical ceramics and distributes high-performance plastics. Plant in Castellbisbal.
  Employees: 76.
- Beijing SEPR - China (65.9%). Manufactures fused-cast refractory products. Plant in Beijing. Employees: 168.
- SEPR Refractories India Ltd – India (100%). Manufactures fused-cast refractory products. Plant in Palakkad. Employees : 150.
- SG Ceramics Materials Pty Australia - Australia (100%). Manufactures ceramic materials. Plant in Brisbane.

SAINT-GOBAIN PERFORMANCE PLASTICS EUROPE

100% owned by SEPR.
Holding company.
Holds: 100% of Saint-Gobain Performance Plastics Asti, Saint-Gobain Performance Plastics Gessil and Saint-Gobain Performance Plastics Verneret - France; 100% of Norton Fluorplast Nederland BV - Netherlands; 100% of Saint-Gobain Performance Plastics Chaineux and 100% of Saint-Gobain PPL Gembloux and Saint-Gobain PPL Kontich - Belgium.

Manufactures and sells high-performance plastics. Sales of subsidiaries: €82.4 million. Employees of subsidiaries: 613.
- 100% of Saint-Gobain Crystals and Detectors KK Japan.
- 90% of Saint-Gobain Ceramics Materials KK - Japan. Manufactures ceramic pellets and powders. Plant in Osaka. Sales: JPY 4.4 billion. Employees: 93.

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, Paris area).
2002 sales: €19.2 million.
Employees: 208.

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 ABRASIFS SA (FRANCE)

99.6% owned by Spafi.
Manufactures bonded abrasives, grinding wheels and superabrasives. Plants in Conflans-Sainte-Honorine (Yvelines), La Courneuve and Bobigny (Seine-Saint-Denis), Amboise (Indre-et-Loire) and Lisieux (Calvados).
2002 sales: €171.6 million.
Employees: 1,093.

Subsidiaries and holdings

- Saint-Gobain Abrasivos SA - Spain, Saint-Gobain Abrasives SA - Luxembourg, Saint-Gobain Abrasivi SpA - Italy, Saint-Gobain Abrasives - Poland, Saint-Gobain Abrasives Pty Ltd. - South Africa. *See company profiles*.
- Saint-Gobain Diamant Winter SA - France (100%). Produces diamond-tipped tools for stone-cutting. Plant in Saulx-les-Chartreux (Essonne, Paris area).
- Pabsa - Colombia (100%). Manufactures coated abrasives and grinding wheels. Plant in Mosquera. Sales: 19.6 million Colombian pesos. Employees: 90.
- Saint-Gobain Abrasivos - Venezuela (100%). Manufactures coated abrasives and grinding wheels. Plants in Maracay and Los Teques. Sales: 5 billion bolivars. Employees: 70.
- Saint-Gobain Abrasives AB - Sweden (100%). Abrasives. Sales: SKR 170.8 million. Employees: 47.
- Saint-Gobain Abrasives Nederland - Netherlands (100%). Holds 100% of Saint-Gobain Abrasives BV. Manufactures thin grinding wheels and bonded abrasives. Plants in Eibergen and Vaals (Netherlands). Sales: €100.4 million. Employees: 468.
- Saint-Gobain Abrasives NV - Belgium (100%). Employees: 22.
- Saint-Gobain Abrasives Shanghai (68% + 32% by Saint-Gobain China Invest. CY) - China.
  Produces abrasive grinding wheels. Plant in Shanghai.

Employees: 393.
- Saint-Gobain Abrasives Australia (100%) - Australia. Produces abrasive grinding wheels and coated abrasives. Plants in Lidcombe and Campbellifield.
- PT Norton Hamplas (50%) - Indonesia. Plant in Surabaya.

SPAFI

100% owned by Compagnie de Saint-Gobain.
Holding company. Holds: Saint-Gobain Isover, Saint-Gobain Vetrotex France, Saint-Gobain PAM, SEPR, Saint-Gobain Abrasifs (France), SGPPI - France, Saint-Gobain Plc - United Kingdom, Saint-Gobain Corporation - USA, Saint-Gobain Technical Fabrics Canada Ltd, Saint-Gobain Abrasivos and Saint-Gobain Calmar Brazil - Brazil. *See company profiles.*

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 company profiles.*
- Saint-Gobain China Invest Cy Ltd - China (100%). Holding company.
- Saint-Gobain Sekurit Thailand - Thailand (22.5%). Flat glass processing for the auto industry. Employees: 408.
- Verinvest Oy - Finland (17.3%). *See Saint-Gobain Glass Nordic A/S.*

VERTEC

100% owned by Compagnie de Saint-Gobain.
Holding company. Holds: Saint-Gobain Glass France, Saint-Gobain Emballage, SEPR - France; Saint-Gobain Glass Italia - Italy. *See company profiles.*

GERMANY *€1 = DEM 1.96*
CENTRAL AND EASTERN EUROPE

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 company profiles*.
- 60% of Saint-Gobain Autoglas GmbH - Germany. Holds 100% of Saint-Gobain Sekurit Deutschland GmbH and Saint-Gobain Sekurit Deutschland Verw/ Beteil GmbH - Germany.

SAINT-GOBAIN GLASS DEUTSCHLAND GMBH

Owned 60% by Saint-Gobain Deutschland and 40% by Glaceries de Saint-Roch Germania.
Manufacturing and processing of flat glass.
Plants in Stolberg (float and processing), Herzogenrath (float), Cologne-Porz and Torgau (float and low-emission laminated glass) and Mannheim (cast glass).
2002 sales: €346.4 million.
Employees: 1,274.
These figures include those of Saint-Gobain Glass Deutschland GmbH, Flachglas Torgau GmbH (100%-owned) and Verbundglas Torgau GmbH (also 100% owned).

Subsidiaries and holdings

- Saint-Gobain Deutsche Glass GmbH, Saint-Gobain Sekurit Deutschland KG - Germany, Saint-Gobain Exprover - Belgium, Saint-Gobain Glass Polska - Poland which holds 100% of Saint-Gobain Euroveder Polska - Poland, Saint-Gobain Glass Nordic A/S - Denmark. *See company profiles.*
- Nitrasklo AS (40%), Venisklo Spal (100%) - Slovakia. Processing and distribution of flat glass for the building industry.
- Internationale Maatschappij Voor Het Beheer van Glasmaatschappijen BV (SGT) - Netherlands (100%). Holding company. Holds Eckelt Glas GmbH Austria (95.5% + 4.5% by Saint-Gobain Glass Deutschland GmbH). Flat glass processing. Sales: €58.8 million. Employees: 349.
- Saint-Gobain Glass India Ltd (66.3%) - India. Employees: 290.

SAINT-GOBAIN GLASS DEUTSCHE GMBH

100% owned by Saint-Gobain Glass Deutschland GmbH.
A holding company controlling various subsidiaries in distribution and processing of flat glass for the building industry.
Consolidated sales for 2002 of the VGG group amounted to € 220.5 million.
The group employs 2,123 persons.

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 company profiles.*
- Autoglas Hansa Vertriebsgesellschaft GmbH - Germany (100%). Employees: 134. Holds: Renz Autoglas GmbH (100%), AGH Rheinemain (100%), Freudenberger Autoglas - Germany (100%); Autover Bilglas A/S - Norway (100%), Autover Oy - Finland (100%); Autoglas Direktglas AB - Sweden (80%), Autover Benelux NV (100%); Walter Kigler - Austria (85%). Distribution of replacement automobile flat glass.
- Saint-Gobain Sekurit Glas-Union GmbH - Germany (100%). Sale of automobile glass.
- SG Sekurit Finland Oy - Finland (100%). Faba Autoglas Technik GmbH - Germany (100%). Processing of automobile glass.

- Saint-Gobain Sekurit CR Spol SRO. - Czech Republic (100%). Produces laminated glass for the auto industry. Employees: 330.
- Saint-Gobain Sekurit Hanglas Polska - Poland (87.8%), Produces automobile glass. Employees: 674.
- Saint-Gobain Sekurit (Shanghai) - China (100%), Saint-Gobain Sekurit Japan - Japan (100%).

SAINT-GOBAIN SEKURIT DEUTSCHLAND KG

Owned 99% by SG Sekurit Deutsch. Verw. GmbH and 1% by Saint-Gobain Glass Deutschland GmbH.
Manufactures flat glass products for the automobile industry.
Plants in Stolberg (laminated glass) and Herzogenrath (coated glass).
2002 sales: €366.4 million.
Employees: 2,095.
These figures include those of SG Sekurit Modulartechnik.

Subsidiaries and holdings

- Saint-Gobain Sekurit Nutzfahrzeugglas GmbH (SSGN KG) - Germany (100%). Manufactures flat glass for utility vehicules. Plant in Cologne-Porz. Sales: €40.9 million. Employees: 301.
- Saint-Gobain Sekurit Modulartechnik - Germany (100%). Extrusion of laminated and coated flat glass. Plant in Würselen.
- FABA Autoglas Technik - Germany (94%).
- Sekurit Richard Fritz Autoglas Umspritzung (51%).

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).
2002 sales: €306.6 million.
Employees: 1,282.

Subsidiaries and holdings

- Saint-Gobain Isover SA - Switzerland, Saint-Gobain Isover Benelux - Netherlands, Saint-Gobain Isover A/S - Denmark. *See company profiles.*
- Saint-Gobain Isover Austria AG - Austria (99.8%). Manufactures and sells insulating materials. Plant in Stockerau. Sales: €53.4 million. Employees: 251. Holds: 74.3% of Saint-Gobain Orsil (+ 25.8% held by Saint-Gobain Isover G+ H AG) - Czech Republic. Manufactures rock wool insulating materials. Plant in Castolovice. Sales: 1,095.2 million Czech korunas. Employees: 251.
- G + H Fuersorge GmbH + Superglass Dammstoffe GmbH - Germany (100%). Distribution of insulating materials.

SAINT-GOBAIN VETROTEX DEUTSCHLAND GMBH

100% owned by Saint-Gobain Deutschland.
Manufactures and sells fiberglass for reinforcements.
Plant in Herzogenrath.
2002 sales: €80.3 million. Employees: 550.
Holds:

- 99.7% of SG Vertex AS - Czech Republic. Sales: 6.1 billion Czech korunas. Employees: 1,395. Holds Saint-Gobain Velimat Polska SP ZOO (100%). *See company profiles*.
- 10.2% 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.

Subsidiaries and holdings

- Saint-Gobain Plc - United Kingdom, Saint-Gobain Condotte SpA - Italy. *See company profiles*.
- Saint-Gobain GussRohr KG - Germany (100%). Ductile cast-iron pipes. Plants in Saarbrücken-Brebach (Saar) and Gelsenkirchen (Ruhr). Sales: €154.9 million. Employees: 688.
- SG HES GmbH - Germany (100%). Sale of piping systems for the building industry. Sales: €47.8 million. Employees: 47.
- Saint-Gobain Slevarna (100%) - Foundry in the Czech Republic. Employees: 90.

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).
2002 sales: €336.1 million.
Employees: 1,754.

Subsidiaries and holdings

- Ruhrglas - Germany (100%). Holds 100% of GPS Glas Produktions Service. Produces machines for the glass containers industry. Sales: €18 million. Employees: 72.
- Westerwald - Germany (100%). Holding company.
- GGA Gesellschaft für Glasrecycling - Germany (26.4%). Collection and redistribution of glass container cullet.
- Zhanjiang Saint-Hua-Glass - China (35%). Glass containers (bottles). Sales: 100 million yuan. Employees: 468.

SAINT-GOBAIN CALMAR GMBH

Owned 99% by SGD Kipfenberg +1% by Saint-Gobain Calmar Inc.
Manufactures plastic pumps.
Plant in Hemer.
2002 sales: €67.7 million.
Employees: 525.
Holds: 50% of Calmar 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. Holds 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. Sales: €51.3 million. Employees: 319. Holds Saint-Gobain Advanced Ceramics Lauf GmbH - Germany (100%). Manufactures and sells advanced ceramics. Plant in Lauf. Sales: €17 million. Employees: 200.
- Saint-Gobain Industriekeramik Düsseldorf - Germany (100%). Produces refractory products. Plant in Düsseldorf. Sales: €17.1 million. Employees: 96.
- Saint-Gobain Advanced Ceramics Mönchengladbach - Germany (100%) Manufactures and sells advanced ceramics. Plant in Mönchengladbach. Sales: €9.8 million. Employees: 85.
- Saint-Gobain Quartz GmbH (100%) - Germany. Plant in Wiesbaden.
- Saint-Gobain Industriekeramik Roedental - Germany (100%) . Produces high-performance refractory products. Plant in Roedental. Sales: €44.4 million. Employees: 455.
- Saint-Gobain Performance Plastics Cologne - Germany. Sales : €14.1 million. Employees : 40
- Saint-Gobain Ceramic Materials Kuppenheim - Germany (100%). Silicon carbide processing. Plant in Kuppenheim. Sales : €11.1 million. Employees: 31.

SAINT-GOBAIN SCHLEIFMITTEL - BETEILIGUNGEN GMBH

100% owned by Saint-Gobain Deutschland.
Holds:
Production facilities:
- 100% of Saint-Gobain Diamond Products GmbH and of Saint-Gobain Winter Diamantwerkzeuge. Produces superabrasive tools for the mechanical and stone-cutting industries. Plants in Norderstedt. Employees: 627.
- 100% of Saint-Gobain Abrasives GmbH. Manufactures and sells grinding wheels and super-abrasives. Plants in Gerolzhofen and Wesseling. Employees: 467.
- 100% of Saint-Gobain Diamant Winter Epe - Greece. Employees: 132.
- 100% of Diamant Winter Italia - Italy. Employees: 47.
- 100% of Diamant Winter South Africa - South Africa.

Sales units:
- 100% of Diamantes Winter - Spain.
- 90% of Saint-Gobain Diamant Winter Ltd - India. Employees: 170.

RAAB KARCHER GMBH

100% owned by Saint-Gobain Deutschland.
Distribution of building materials in Germany, in the Netherlands and in Eastern Europe.
2002 sales: €2.48 billion (including subsidiaries).
Employees: 8,048 (including subsidiaries).

BENELUX

€1 = BEF 40.34
€1 = NLG 2.20

SAINT-GOBAIN GLASS BENELUX SA

Owned: 88.7% by Compagnie de Saint-Gobain and 10.9% by SGPPI.
Manufacturing and processing of flat glass.
Plants in Sambreville (2 float lines).
2002 sales: €151.2 million.
Employees: 562.

Subsidiaries and holdings

- Saint-Gobain Exprover - Belgium, Saint-Gobain Plc - United Kingdom, Sas Van Gent Glasfabriek- Netherlands, Saint-Gobain Glass Nordic A/S - Denmark. *See company profiles*.
- Saint-Roch Germania - Germany (100%). Holding company. Holds: 40% of Saint-Gobain Glass Deutschland GmbH - Germany. *See company profiles.* 40% of Saint-Gobain Autoglas GmbH - Germany. *See Saint-Gobain Deutschland.*
- B & G Glas Group (99.7%), Frankenglas (100%), Boermans NV Group (99.9%), Burniat Glass SA (100%), Glorieux SA (100%),Wagener Jowaco (100%) holds Hanin SA (77.6% + 22.3% by Saint-Gobain Glass Benelux SA), Techniver SA (100%), Wagener Group (100%), Climaglass NV (99.9%), Conforglass (99.9%), Mirover NV (99.2%), Romato (99.9%) - Belgium. Sales of subsidiaries: €85 million. Employees of subsidiaries: 719.
- Koninklijke Saint-Gobain Glass NV - Netherlands (100%). Holding company for subsidiaries selling and processing glass products for the building industry.

SAINT-GOBAIN GLASS 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 Glass Italia + 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 where there are plants.
Holds: Saint-Gobain Hellas - Greece (100%). Saint-Gobain Glass Exprover North America - USA (100%).

SAINT-GOBAIN SEKURIT BENELUX SA

100% owned by Saint-Gobain Sekurit Deutschland Beteiligung GmbH.
Flat glass processing for the auto industry.
Plant in Sambreville.
2002 sales: €89.8 million.
Employees: 441.
Holds: Saint-Gobain Sekurit Thailand - Thailand (72.5%). *See SGPPI.* Autover International BV - Netherlands (100%). Distribution of replacement automobile flat glass. Autover Distribution SA - Belgium (100%).

GLASFABRIEK SAS VAN GENT BV

100% owned by Saint-Gobain Glass Benelux.
Manufactures reflecting glass, enameled glass and tempered glass.
Plant in Sas Van Gent (Netherlands).
2002 sales: €19.7 million.
Employees: 144.

SAINT-GOBAIN ISOVER BENELUX

100% owned by Saint-Gobain Isover G+ H AG.
Production and sale of insulating products.
Plant in Etten-Leur (Netherlands).
2002 sales: €85.3 million.
Employees: 352.

Subsidiaries and holdings

- Saint-Gobain Isover Benelux NV - Belgium (99.8%). Distribution.
- Saint-Gobain Cultilène BV - Netherlands (100%). Processes and sells glass wool and rock wool products for hydroponic (soil-less) cultivation. Sales: €18.6 million. Employees: 61.
- Saint-Gobain Ecophon BV - Netherlands (30%).

SAINT-GOBAIN DIAMOND PRODUCTS 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).
2002 sales: €41.6 million.
Employees: 147.
Holds: 99.9% of Saint-Gobain Diamond Products - Belgium. Produces diamond-tipped tools. Plant in Mechelen. Sales: €3.8 million. Employees: 34.

SAINT-GOBAIN NEDERLAND

100% owned by Compagnie de Saint-Gobain.
Finance company.

SPAIN *€1 = ESP 166.39*
PORTUGAL *€1 = PTE 200.48*

SAINT-GOBAIN CRISTALERIA SA

Owned 23.9% by Compagnie de Saint-Gobain + 66.6% by International Saint-Gobain + 4.9% by Saint-Gobain Vicasa + 1.9% by SGPPI.
Manufactures and processes flat glass for the building and automobile industries, as well as 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.
Consolidated sales for 2002 : €448.6 million.
Employees: 1,802.

Subsidiaries and holdings

- Saint-Gobain Vicasa, La Veneciana, Saint-Gobain Canalizacion, Saint-Gobain Vetrotex España - Spain; Saint-Gobain Glass Portugal - Portugal; Saint-Gobain Glass Exprover - Belgium; Saint-Gobain Sekurit Mexico, Saint-Gobain Glass Mexico, Saint-Gobain Vetrotex America Xicoh - Mexico; Saint-Gobain de Colombia, PAM Colombia SA - Colombia. *See company profiles*.
- Autover Iberica - Spain (100%). Distribution of replacement automobile flat glass. Employees: 35.
- Wanner y Vinyas (100%) - Spain. Thermal and acoustic insulation. Sales: €45.2 million. Employees: 350.
- Industrias del Cuarzo Incusa (100%). Sand quarry. Employees: 40.
- Vislam (5%), Inmobiliaria Cristalvex (100%).
- 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.
- Cristalería de Hortaleza - Spain (100%). Employees : 135.
- Iberisol - Portugal (65.2% + 22.3% by Wanner y Vinyas). Distribution of insulating products.
- Vidrieria Argentina (VASA) - Argentina (49%). Manufactures flat glass for the building industry.
- Cristalería Andina - Panama (100%).
- Holding Concorde SA - Colombia (51%)

LA VENECIANA

100% owned by Saint-Gobain Cristalería.
Sale, processing and installation of flat glass products and mirrors.
2002 consolidated sales: €133.2 million.
Employees (including subsidiaries): 936.

Subsidiaries and holdings

- Portaglass SL (100%), La Veneciana Norte (95%), La Veneciana Levante (95%), La Veneciana Bética (95%), La Veneciana Canarias (95%), La Veneciana Balear SA (100%), Cristalería Industrial (95%), Vidrios de Seguridad Laminados Vislam (95%).

SAINT-GOBAIN VETROTEX ESPAÑA

100% owned by Saint-Gobain Cristalería.
Manufactures and sells fiberglass for reinforcements.
Plant in Alcalá de Henares.
2002 sales: €74.5 million.
Employees: 360.
Holds:
- 0.1% 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. Employees: 133.

SAINT-GOBAIN CANALIZACION

Owned 80% by Saint-Gobain PAM and 20% by Saint-Gobain Cristalería.
Ductile cast-iron pipes.
Plant in Santander.
2002 sales: €160 million.
Employees: 270.
Holds: PAM Colombia SA - Colombia (95%). *See company profile*. Saniplast (70%) - Spain. Distribution of pipes and accessories. Sales: €41.6 million. Employees: 89.

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 (Sevilla); Jerez de la Frontera (Cadiz); Saragossa.
2002 sales: €233 million.
Employees: 1,218.
These figures include those of Saint-Gobain Montblanc SA. Manufactures glass containers. Plant in Montblanc (Catalonia).

Subsidiaries and holdings

- Saint-Gobain Cristalería - Spain; Saint-Gobain Mondego - Portugal. *See company profile.*
- Saint-Gobain La Granja SA - Spain (100%). Manufactures glass containers (flasks), insulators and moldings. Plant in La Granja (Segovia). Sales: €61.2 million. Employees: 341. Holds 100% of Saint-Gobain Calmar SA - Spain. Produces plastic pumps. Plant in Barcelona. Sales: €43.9 million. Employees: 379.
- Vidrieras Canarias (41%). Glass containers. Sales: €18.1 million. Employees: 110.
- Gijon Fabril - Spain (100%). Production and distribution of machines and molds for the glass industry.
- Rayen Cura Saic - Argentina (59.5%). Manufactures glass containers (bottles). Plant in Mendoza. Sales: 55.8 million Argentine pesos. Employees: 241.

SAINT-GOBAIN ABRASIVOS (SPAIN)

100% owned by Saint-Gobain Abrasifs (France).
Produces abrasive grinding wheels.
Plants in Pamplona and Montmelo.
2002 sales: €39.4 million.
Employees: 268.
Holds: 100% of Saint-Gobain Abrasivos Ltd - 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 line) in Santa Iria de Azoia (Portugal).
2002 sales: €58.1 million.
Employees: 158.
Holds:
- SSGP Vidro Automovel - Portugal. *See company profile*.
- 100% of Covipor - CIA Vidreira Do Norte, and 100% of Covilis - Portugal. Processing of glass products for the building industry. Employees: 169.

SSGP VIDRO AUTOMOVEL

100% owned by Saint-Gobain Glass Portugal.
Flat glass processing for the auto industry.
Plant in Santa Iria de Azoia (Portugal).
2002 sales: €60.2 million.
Employees: 284.
Holds: 59.7% of Autoverlusa - Portugal. Distribution of replacement flat glass parts for 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).
2002 sales: €51.3 million.
Employees: 259.

UNITED KINGDOM *€1 = GBP 0.63*

SAINT-GOBAIN PLC

Owned 74.7% by Partidis, 11.7% by Saint-Gobain Glass Benelux, 6% by Spafi, 3.2% by Saint-Gobain PAM, 3.2% by Halbergerhütte and 1.2% by Saint-Gobain Isover A/S.
Holding company.
Holds:
- Solaglas Ltd, Saint-Gobain Pipelines Plc, Saint-Gobain Ceramics & Plastics Plc, Abrasives Plc; Saint-Gobain Building Distribution Ltd - United Kingdom. *See company profiles.*
- Orchardflint - UK. Holding company.
- Saint-Gobain Glass UK Limited (100%) - United Kingdom. Float in Egborough. Sales: £54.8 million. Employees: 128.
- Saint-Gobain Pipe Systems Plc - United Kingdom (100%). Distribution of pipe products for the building and public works sector.
- Saint-Gobain Technical Fabrics UK Ltd (100%). Sales: £5.7 million. Employees: 35.
- Saint-Gobain Insulation UK (100%). Holds 50% of British Gypsum Isover - United Kingdom. Production and sale of insulation products. Sales: £10.9 million. Employees: 131.

SOLAGLAS LTD

100% owned by Saint-Gobain Plc.
Processing and distribution of flat glass products for the building industry (tempered glass, laminated glass, mirrors, insulating glass). Network of 42 sites including 27 processing facilities throughout the UK.
2002 sales (including subsidiaries): £187.6 million.
Employees (including subsidiaries): 2,549.
Holds:
- Hayes Group, Dockrell Glass Group - United Kingdom (100%). Processing for the building industry.
- Thermax, Birmingham Build - United Kingdom (100%). Processing for the automobile and building industries .
- Saint-Gobain Glass Ltd (100%). UK distributor for the products of the Flat Glass and Containers divisions.
- Vetrotech Saint-Gobain UK (50%).

SAINT-GOBAIN BUILDING DISTRIBUTION PLC

100% owned by Saint-Gobain Plc.
Distribution of building materials.
2002 sales: €1.82 billion.
Employees: 12,076.

SAINT-GOBAIN PIPELINES PLC

100% owned by Saint-Gobain Plc.
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.
2002 sales: £136.2 million.
Employees: 1,424.
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. Two plants in Pretoria. Sales: 126 million rand. Employees: 476.

SAINT-GOBAIN CERAMICS & PLASTICS PLC

100%-owned by Saint-Gobain Plc.
Manufactures and sells high-performance plastics and products for chemical processes.
Plant in Stoke-on-Trent.
Holds:
- Saint-Gobain Quartz Plc - United Kingdom (100%), Chemfab Holding - Ireland (100%). *See company profile.*
- Chemfab Holding UK Ltd - United Kingdom (100%). Sales: £6.2 million. Employees: 32.
- Saint-Gobain Crystals & Detectors UK - United Kingdom (100%).
- Saint-Gobain Industrial Ceramics Ltd - United Kingdom (100%). Production and sale of high-temperature insulation fiber and refractory products. Plant in Rainford.
- Saint-Gobain Performance Plastics Corby - United Kingdom (100%). Manufactures heat-resistant hose, tubing and bundles for beverage-dispensing applications. Sales: £5.5 million. Employees: 39.

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.
2002 sales: £10.9 million.
Employees: 200.
Holds:
- TSL Quadrant Ltd - United Kingdom (100%). Plant in Harlow.
- TSL Semicon Quartz Ltd - United Kingdom (100%). Plant in Cumberland.

CHEMFAB HOLDINGS (IRELAND)

100% owned by Saint-Gobain Ceramics & Plastics Plc.
Processing of coated fabrics (PTFE, silicone) and adhesive tapes.
Holds 100% of Tygaflor Holdings - Ireland, which holds: 100% of Chemfab Luxembourg SARL. Holds SG PPL - Ireland (100%). Sales: €27.9 million. Employees: 118.

ABRASIVES PLC

100% owned by Saint-Gobain Plc.
Holds: 100% of Unicorn Abrasives Ltd and of Saint-Gobain Abrasives Ltd - United Kingdom. Sales: £57.9 million.
Employees: 577.
Through various subsidiaries, manufactures bonded and coated abrasives as well as super-abrasives. Plants in Stafford, Gloucester, Tottenham, Welwyn, Leicester, Southampton and Brighton. Holds 100% of SG Universal Abrasives Inc. - USA. Plants in Bristol and Romulus. Sales: $56.2 million.
Employees: 313.

ITALY *€1 = ITL 1,936.3*

SAINT-GOBAIN GLASS ITALIA

100% owned by Vertec.
Plants in Pisa (processed products for the building industry) and Sesto Fiorentino (silvering workshop).
2002 sales: €148.2million.
Employees: 326.

Subsidiaries and holdings

- Saint-Gobain Sekurit Italia - Italy. *See company profile.*
- 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. Sales: €64.8 million. Employees: 76.
- Vetreira Industriale Saint-Gobain SRL (100%). Employees: 69.

SAINT-GOBAIN SEKURIT ITALIA

100% owned by Saint-Gobain Glass Italia.
Flat glass processing for the auto industry.
Plant in Savigliano.
2002 sales: €64.7 million.
Employees: 296.
Holds: 100% of Autover Italia SRL, 50% of Borgna Sicurglass SRL and of Vetro Sud SRL - Italy.

SAINT-GOBAIN ISOVER ITALIA

92% owned by International Saint-Gobain.
Manufactures insulating materials and sealing products (roofing materials, bonded fiberglass sidings).
Plants in Vidalengo and Chieti.
2002 sales: €59.6 million.
Employees: 254.
Holds: 17.9% of Saint-Gobain Isover SA - Switzerland.
See company profile.

SAINT-GOBAIN VETROTEX ITALIA

100% owned by International Saint-Gobain.
Manufactures and sells fiberglass for reinforcements.
Plants in Besana Brianza and Vado Ligure.
2002 sales: €161.4 million.
Employees: 535.
Holds: 75.9% of Saint-Gobain Revetex SRL - Italy; 100% of LMC - Italy; 5.2% of Saint-Gobain Vetrotex International - France. *See Saint-Gobain Vetrotex France*.

SAINT-GOBAIN CONDOTTE SPA

Owned 90% by Saint-Gobain PAM and 10% by Halbergerhütte.
Ductile cast-iron pipes.
Plants in Cogoleto, Lavis and Pesaro.
2002 sales: €68.3 million.
Employees: 230.

SAINT-GOBAIN VETRI

Owned 100% by Saint-Gobain Emballage.
Manufactures glass containers (industrial bottles and jars).
Plants in Dego, Lonigo, Villa Poma, Pescia, Gazzo Veronese, Carcare.
2002 sales: €351.1 million.
Employees: 1,182.

Subsidiaries and holdings

- 100% of Silver - Italy. Sand quarry products.
- 100% of Ecoglass - Italy; 20% of Ecolvetro - Italy. Collection and processing of cullet.

SAINT-GOBAIN ABRASIVI SPA (ITALY)

100% owned by Saint-Gobain Abrasifs (France).
Produces abrasive grinding wheels.
Plants in Corsico (Milan), Caronno (Varese), Turin and Salerno.
2002 sales: €89.3 million.
Employees: 458.
Holds: FEA SRL - Italy (100%).

SEPR ITALIA

100% owned by SEPR.
Manufactures fused-cast refractory products.
Plant in Mezzocorona.
2002 sales: €30.7 million.
Employees: 238.

POLAND €1 = PLZ 3.85

SAINT-GOBAIN GLASS POLSKA

100%-owned by Saint-Gobain Glass Deutschland GmbH.
Manufacturing and processing of flat glass.
Float line in Strzemieszyce.
2002 sales: 304.3 million zloty.
Employees: 243.
Holds: 100% of Glaspol - Poland. Processing and distribution of flat glass for the building industry. Sales: 125.9 million zloty. Employees: 334.

SAINT-GOBAIN ISOVER POLSKA

100%-owned by Saint-Gobain Isover AB.
Production and distribution of insulating products.
2002 sales: 196.6 million zloty.
Employees: 231.

SAINT-GOBAIN VELIMAT POLSKA SP ZOO

100%-owned by SG Vertex AS.
Production and distribution of bonded fiberglass.
2002 sales: 28.8 million zloty.
Employees: 84.

SAINT-GOBAIN ABRASIVES SA (POLAND)

100% owned by Saint-Gobain Abrasifs SA (France).
Production and distribution of abrasive grinding wheels.
Plant in Kolo.
2002 sales: 82.6 million zloty.
Employees: 440.

SWITZERLAND €1 = CHF 1.47

SAINT-GOBAIN ISOVER SA

Owned 46.7% by Saint-Gobain Isover G + H AG, 34.1% by International Saint-Gobain and 17.9% by Saint-Gobain Isover Italia.
Production and sale of insulating products. Distribution of fiber reinforcements.
Plant in Lucens.
2002 sales: CHF 38.8 million.
Employees: 163.
Holds: 25% of Saint-Gobain Isover AB - Sweden. *See company profile.* 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 company profiles*. 1.9% of Euroventures BV - Netherlands.

SCANDINAVIA €1 = DKK 7,43 €1 = SEK 9.16 €1 = NOK 7.51 €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. Sales: SEK 268.8 million. Employees: 268. Holds 100% of Glashuset I Sverige AB - Sweden. Glass distribution. Holds 100% of Decoustics - Canada. Sales: CAD 28.7 million. Employees: 202.
- Scanglas A/S - Denmark. Produces insulating and tempered glass. Plants in Korsør and Kjellerup. Sales: DKK 301.2 million. Employees: 267. Holds: 100% of VG Glas A/S - Denmark. Glass distribution.
- Brodrene Böckmann A/S - Norway. Produces insulating glass. Plants in Frederikstad and Gjövik. Sales: NOK 336.4 million. Employees: 272.
- Scandi-Glass A/S - Norway. Produces insulating glass. Plant in Sem. Sales: NOK 82.9 million. Employees: 44.
- SI-Glass A/S - Norway. Produces laminated and tempered glass. Plant in Sauda. Sales: NOK 82.7 million. Employees: 74.
- Holds also: Esbjerj Glas - Denmark (100%), Baltiklaas - Estonia (100%), Finnglass Oy - Finland (63%), Verinvest Oy - Finland (82.7%). Processing and distribution of flat glass for the building industry.

SAINT-GOBAIN SEKURIT SCANDINAVIA AB (SWEDEN)

100% owned by Saint-Gobain Sekurit Deutschland Beteiligungen GmbH.
Manufactures tempered and laminated glass for the automobile industry.
Plant in Eslöv.
2002 sales: SEK 481.2 million.
Employees: 280.
Holds: 100% of Saint-Gobain Sekurit Eesti A/S - Estonia; 100% of Glasex AB - Sweden. Manufactures replacement windscreens.

SAINT-GOBAIN ISOVER AB (SWEDEN)

Owned 75% by International Saint-Gobain and 25% by Saint-Gobain Isover SA.
Production and sale of insulating products.
Plants in Billesholm and Vrena.
2002 sales: SEK 839,1 million.
Employees: 515.
Holds: Saint-Gobain Ecophon AB - Sweden, Saint-Gobain Isover Oy - Finland, Saint-Gobain Isover Polska - Poland. *See company profiles*.

SAINT-GOBAIN ECOPHON AB (SWEDEN)

100% owned by Saint-Gobain Isover AB.
Production and sale of acoustic ceilings.
Plant in Hyllinge.
2002 sales: SEK 948.6 million.
Employees: 604.
Holds: 100% of Saint-Gobain Ecophon Production A/S - Denmark. Manufactures acoustic products. Holds 60% of Ecophon CertainTeed - USA. *See CertainTeed*.

SAINT-GOBAIN ISOVER OY (FINLAND)

100% owned by Saint-Gobain Isover AB.
Production and distribution of insulating products.
Plants in Hyvinkää and Forssa.
2002 sales: €82.6 million.
Employees: 296.
Holds: 100% of Saint-Gobain Isover Esti AS - Estonia; 100% of SIA Saint-Gobain Isover - Latvia; 100% of UAB Saint-Gobain Isover - Lithuania; 99.9% of Zao Isover - Russia. Distribution of insulating materials.

SAINT-GOBAIN ISOVER A/S (DENMARK)

100% owned by Saint-Gobain Isover G + H AG.
Production and sale of insulating products.
Plant in Vamdrup.
2002 sales: DKK 341.6 million.
Employees: 213.
Holds: 1.2% of Saint-Gobain Plc - United Kingdom. *See company profile.*
100% of Glasuld Ireland. 100% of Glasuld Norge A/S - Norway. 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.
2002 sales: NOK 448.6 million.
Employees: 338.
Holds:
- Saint-Gobain Matériaux Céramiques Benelux SA (100%) - Belgium. Processing of silicon carbide and corundum for the refractory and abrasives industries. Plant in Hody. Sales: €18.9 million. Employees: 27.
- Saint-Gobain Materiales Ceramicos (100%) - Venezuela. Produces silicon carbide.
- Norton Lianyungang Grains Industry (50%) - China.

NORTH AMERICA *€1 = USD 0.94* *€1 = CAD 1.48*

SAINT-GOBAIN CORPORATION

100% owned by Spafi.
Holds: 100% of Saint-Gobain Delaware Corporation - USA - Holding company which controls CertainTeed Corporation, Saint-Gobain Containers, Inc., Saint-Gobain Calmar, Inc. and Saint-Gobain Abrasives, Inc. - USA. *See company profiles*.

CERTAINTEED CORPORATION

100% owned by Saint-Gobain Delaware Corporation.
2002 sales: $2,607.4 million.
Employees: 8,231.
The sales and the employees of CertainTeed Corporation include those of Saint-Gobain Vetrotex America Inc., Saint-Gobain Technical Fabrics America Inc., Saint-Gobain BayForm America Inc., BTI Inc., Marshall Vinyl Windows Inc.
Insulation products. Plants in Athens (Georgia), Chowchilla (California), Kansas City (Kansas), Mountaintop (Pennsylvania), Winter Haven (Florida).
Building materials. This division includes the following business lines:
- Solid vinyl sidings and windows. Plants in Corona (California), Hagerstown (Maryland), McPherson (Kansas), Jackson (Michigan), Nesquehoning (Pennsylvania), Social Circle (Georgia), Auburn (Washington), Richmond (Virginia).
- Asphalt roofing materials (shingles). Plants in Birmingham (Alabama), Glenwood and Little Rock (Arkansas), Fremont and Wilmington (California), Oxford (North Carolina), Peechtree City (Georgia), Shreveport (Louisiana), Norwood (Massachussets), Shakopee (Minnesota), Gads Hills (Missouri), Milan (Ohio), Portland (Oregon), Chester (Pennsylvania), Ennis (Texas).
- Ventilation systems. Plants in Clinton (Iowa), Dallas (Texas), Lincolnton (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), Romeoville (Illinois).
- Fiber cement siding. Plants in White City (Oregon), Roaring River (North Carolina).

Subsidiaries and holdings

- Saint-Gobain Abrasives, Inc. - USA. *See company profile.*
- Saint-Gobain Vetrotex America, Inc.,- USA (100%).

Manufactures and sells fiberglass for reinforcements. Plants in Wichita Falls (Texas), Charleston Heights (South Carolina) and Russelville (Alabama).
- Saint-Gobain Technical Fabrics America Inc. - USA (100%). Production and sale of industrial products for reinforcements. Plants in Albion (New York) and in Dover (Ohio). Holds: 100% of Saint-Gobain BTI Inc – USA. Holds 100% of Saint-Gobain BayForm America, Inc. - USA. Production and sale of industrial products and parts for door and window manufacturing. Plants in Cadiz (Ohio), Pasco (Washington), Merrill (Wisconsin).
- Air Vent Inc. - USA (100%). Produces ventilation systems for attics and lofts.
- 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.
- Ludowici- Roof Tile Inc.- USA (100%). Manufactures terracotta tiles.
- Marshall Vinyl Windows Inc. - USA (100%).

SAINT-GOBAIN ABRASIVES, INC.

Owned 82% by Saint-Gobain Delaware Corporation and 18% by CertainTeed Corporation.
2002 sales: $592.8 million.
Employees: 3,935.
Manufactures bonded abrasives, coated abrasives and superabrasives. Main plants: Worcester (Massachusetts); Littleton (New Hampshire); Glenmont and Troy (New York); Arden and High Point (North Carolina), Brownsville and Stephensville (Texas), Fullerton and Ontario (California), Hot Springs (Arkansas), Bensenville (Illinois), Romulus (Michigan), Brookville (Ohio), Hamilton and Plattsville (Ontario), Travelers Rest (South Carolina).
Main subsidiaries in the U. S., Canada, Mexico, New Zealand. Also holds: Saint-Gobain Ceramics & Plastics. - USA, Grindwell Norton - India; Saint-Gobain KK - Japan. *See company profiles*.
Also holds Saint-Gobain Abrasivos SA de CV - Mexico (100%). Manufactures non-woven abrasives and grinding wheels. Plant in Reynosa (through Norton Foreign Affiliates)

SAINT-GOBAIN CERAMICS & PLASTICS, INC.

100% owned by Saint-Gobain Abrasives Inc.
Through its own activities or through its subsidiaries, manufactures engineered and advanced ceramics, chemical process products, high-performance plastics, fused-cast refractory products and special ceramic grains and silicon carbide products. Main plants in Worcester, Northboro, Northampton and Taunton (Massachusetts), Wayne, Bridgewater and Mickelton (New Jersey), Amherst, Niagara Falls, Sanborn, Granville, Hoosick Falls, Poestenkill and Wheatfield (New York), Akron, Aurora, Stow, Ravenna, Newbury, Mantua, Springboro and Solon (Ohio), Louisville (Kentucky), Buckhannon (West Virginia), Olyphant, Latrobe and Malvern (Pennsylvania), Boca Raton (Florida), Bristol (Rhode Island), Austin, Bryan, Irving and Houston (Texas), Bryant and Fort Smith (Arizona), Colorado Springs (Colorado), Daisy (Tennessee), East Granby and New Haven (Connecticut), Elk Grove and Mundelein (Illinois), Anaheim, Fremont, Milpitas, San Jose and Garden Grove (California), Huntsville (Alabama), Merrimack, Milford and Nashua (New Hampshire), North Bennington (Vermont), Portage (Wisconsin), Seattle and Washougal (Washington), Albuquerque (New Mexico), West Jordan (Utah), Scarborough (Maine), Beaverton (Michigan), Paris, Brantford and Niagara Falls (Ontario, Canada), Chandler and Phoenix (Arizona), Mundelein (Illinois).
2002 sales: $1,195.6 million.
Employees: 6,220.
These figures include consolidated subsidiaries.

SAINT-GOBAIN CONTAINERS, INC.

100% owned by Saint-Gobain Delaware Corporation.
Manufactures glass containers (industrial bottles and jars).
Plants in El Monte, Maywood and Madera (California), Henderson and Wilson (North Carolina), Dolton and Lincoln (Illinois), Marion and Dunkirk (Indiana), Ruston (Louisiana), Milford (Massachusetts), Pevely (Missouri), Carteret (New Jersey), Sapulpa (Oklahoma), Port Allegany (Pennsylvania), Waxahachie (Texas), Seattle (Washington), Burlington (Wisconsin).
2002 sales: $1,389.2 million.
Employees: 5,415.

Subsidiaries and holdings

- Tropicana Industrial Glass - USA (50%). Manufactures glass containers (bottles). Plant in Bradenton (Florida).
- Heye America L. P. - USA (100%). Produces molds for the manufacture of glass containers.

SAINT-GOBAIN CALMAR, INC.

100% owned by Saint-Gobain Delaware Corporation.
Manufactures plastic pumps.
Plants in City of Industry (California), Lee Summit (Missouri), Washington Courthouse (Ohio) and Winfield (Kansas).
2002 sales: $185.3 million.
Employees: 1,247.

Subsidiaries and holdings

- Calmar Wuxi Dispensing Systems Ltd.- China (100%). Assembly of plastic pumps. Plant in Wuxi.
- Saint-Gobain Calmar Argentina - Argentina (100%), Calmar Plastics - Canada (100%). Distribution companies.
- Saint-Gobain Calmar GmbH - Germany (1%). *See company profile.*

SAINT-GOBAIN TECHNICAL FABRICS CANADA, LTD.

100% owned by Spafi.
Plants in Sainte Catharines and Midland.
2002 sales: CAD 86.1 million.
Employees: 247.

Holds:
- 100% of Saint-Gobain BayForm Canada. Production and sale of industrial products and parts for door and window manufacturing. Plants in Toronto (Ontario), Calgary (Alberta) St. Apollinaire (Quebec). Sales: CAD 33.1 million. Employees: 156.
- 100% of Saint-Gobain Technical Fabrics Mexico - Mexico. Produces insect screens. Plant in Tlaxcala. Sales: 144.3 million Mexican pesos. Employees: 168.

BRAZIL *€1 = BRL 2.78*

SÃO LOURENÇO

100% owned by Compagnie de Saint-Gobain.
Holding company. Holds: 44.7% of Saint-Gobain Vidros SA, 1.2% of Brasilit and 0.8% of Saint-Gobain Canalização - Brazil. *See company profiles.*

SAINT-GOBAIN VIDROS SA

Owned 54.5% by Compagnie de Saint-Gobain, 44.7% by São Lourenço and 0.8% by Santa Claudia.
Manufactures and processes flat glass for the auto and building industries, glass containers (bottles, flasks, industrial jars), household glassware, glass fiber insulation and glass fibers for reinforcement. Plants in Mauá, Agus Branca, Campo Bom and Canoas.
2002 sales: BRL 783.7 million.
Employees: 2,971.

Subsidiaries and holdings

- Cebrace - Saint-Gobain Canalização - Brazil. *See company profile.*
- Saint-Gobain Isover Argentina - Argentina (100%). Produces fiberglass for insulation and reinforcements. Plant in Llavallol. Sales: 10.9 million Argentine pesos. Employees: 84.
- Santa Marina Vitrage Ltda - Brazil (100%). Sales: BRL 32.8 million. Employees: 148.

CEBRACE

50% owned by Saint-Gobain Vidros SA.
Manufacturing and processing of flat glass.
Float-glass plants in Jacarei and Caçapava.
2002 sales: BRL 444,5 million.
Employees: 615.

BRASILIT

Owned 98.8% by SGPPI and 1.2% by São Laurenço.
Manufactures fiber-cement sheets and moldings.
Plants in Esteio (Rio Grande do Sul), Caxanga (Pernambuco) and Belém (Para).
2002 sales: BRL 116 million.
Employees: 566.

Subsidiaries and holdings

- Eterbras, Saint-Gobain Canalização - Brazil. *See company profile.*
- Santa Veronica (100%). Holds Carborundum Holding (100%) which holds Saint-Gobain Cerâmicas & Plásticos (100%). Manufactures and sells high-temperature insulation fibers and refractories. Plant in Vinhedo. Sales: BRL 106.7 million. Employees: 416. Holds 100% of Jundu - Brazil. Operates quarries. Employees: 277.
- São Juliano (25% + 50% held by Santa Veronica and 25% by Saint-Gobain Ceramic Materials AS). Holds: 100% of Saint-Gobain Materiais Cerâmicos - Brazil. Produces silicon carbide. Plant in Barbacena (Minas Gerais). Sales: BRL 92.1 million. Employees: 335.
- Saint-Gobain Quartzolit (35% + 15% held by Santa Veronica and 50% by Saint-Gobain Weber). *See Saint-Gobain Weber.*

ETERBRAS

55% owned by Brasilit.
Manufactures fiber-cement sheets and moldings.
Plants in Capivari (São Paulo), Guadalupe (Rio de Janeiro), and Goiânia (Goiás).
2002 sales: BRL 185.9 million.
Employees: 785.

SAINT-GOBAIN CANALIZAÇÃO

Owned 83.5% by Saint-Gobain PAM, 2.6% by Santa Claudia Adm., 6.2% by Santa Claudia Part., 6.5% by Brasilit, 0.8% by São Lourenço and 0.4% by Saint-Gobain Vidros.
Manufactures ductile cast-iron pipes and connectors.
Plant in Barra Mansa (Rio de Janeiro).
2002 sales: BRL 143.2 million.
Employees: 748.
Holds: Fundicao Aldebara (100%.) - Brazil. Ductile cast iron connectors. Employees: 316.

SAINT-GOBAIN ABRASIVOS LTDA

100% owned by Spafi.
Manufactures bonded and coated abrasives.
Plants in Caieiras, Caldas, Guarulhos, Lorena, Igarassu, Paulista, Vinhedo and Jundiai.
2002 sales: BRL 267.2 million.
Employees: 1,290.
Holds: 100% of Saint-Gobain Abrasivos Argentina - Argentina. Production and distribution of bonded abrasives. Plant in Campana. Employees: 32.

MEXICO €1 = MXN 9.15
COLOMBIA €1 = COP 2,378.4

SAINT-GOBAIN GLASS MEXICO

100% owned by Saint-Gobain Cristalería.
Float in Cuautlá.
2002 sales: 861.1 million Mexican pesos.
Employees: 297.

SAINT-GOBAIN SEKURIT MEXICO

27.7% owned by Saint-Gobain Cristalería and 72.3% by Saint-Gobain Glass Mexico.
Manufactures flat glass products for the auto industry.
Plant in Cuautlá.
2002 sales: 761.3 million Mexican pesos.
Employees: 824.

SAINT-GOBAIN VETROTEX AMERICA XICOH

55.6% owned by Saint-Gobain Cristalería and 44.4% by Saint-Gobain Vetrotex España.
Manufactures and sells fiberglass reinforcements.
Plant in Xicohténcatl.
2002 sales: 310.9 million Mexican pesos.
Employees: 243.

SAINT-GOBAIN DE COLOMBIA

Owned 28.5% by Compagnie de Saint-Gobain, 49.4% by Saint-Gobain Cristalería and 17.1% by Cristalería Andina.
Manufactures flat glass for the automobile and building industries.
Plants in Barranquilla and Usinme.
2002 sales: 45.5 billion Colombian pesos.
Employees: 217.

PAM COLOMBIA SA

Owned 95% by Saint-Gobain Canalización and 5% by Saint-Gobain Cristaleria.
Manufactures water supply pipes.
2002 sales: 36.8 billion Colombian pesos.
Employees: 112.

OTHER COUNTRIES

€1 = KRW 1,175.5
€1 = JPY 118.1
€1 = INR 45.9
€1 = ZAR 9.9

HANKUK GLASS INDUSTRIES INC. (SOUTH KOREA)

39.7% owned by Sofiag.
Float-glass line producing flat glass. Headquarters in Seoul.
2002 sales: 118.3 billion won.
Employees: 336.
Holds:
- Hankuk Sekurit Limited - South Korea (50%, plus 25% held by SGPPI and 25% by Saint-Gobain Sekurit Deutschland Beteiligungen GmbH). Flat glass processing for the auto industry. Plants in Inchon and Chunbuk. Sales: 196.2 billion won. Employees: 927.
- Hankuk Processed Glass Inc. (100%), Hankuk Lighting Glass (100%), Hankuk Haniso (100%), Hankuk Specialty Glass (60%) - South Korea, Nanjing SG Hanglas Inc. (36.7%, and 36.8% held by Sofiag) - China. Total sales: 50.3 billion won. Employees: 609.

SAINT-GOBAIN VETROTEX KOREA LTD

98.6% owned by Saint-Gobain Vetrotex International.
Manufactures and sells fiberglass for reinforcements.
Plant in Kunsan (South Korea).
2002 sales: 89.7 billion won.
Employees: 445.

GRINDWELL NORTON LTD (INDIA)

26.8% owned by Saint-Gobain Abrasives Inc. and 24.6% by SGPPI.
Manufactures bonded and coated abrasives.
Plants in Bangalore, Bombay, Nagpur and Tirupaty (India).
2002 sales: 2 billion Indian rupees.
Employees: 1,318.

SAINT-GOBAIN NORTON KK (JAPAN)

100% owned by Norton Foreign Affiliates.
Produces super-abrasives, technical ceramics, high-performance plastics, chemical process products and fused-cast ceramics and ceramic grains.
Plants in Chiba, Suwa and Seto (Japan).
2002 sales: 6.9 billion yen.
Employees: 183.

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)
2002 sales: 132.8 billion rands.
Employees: 174

X - PERSON RESPONSIBLE FOR THE "DOCUMENT DE REFERENCE" AND STATUTORY AUDITORS

PERSON RESPONSIBLE FOR THE "DOCUMENT DE RÉFÉRENCE"

Jean-Louis Beffa, Chairman and Chief Executive Officer

STATEMENT BY THE PERSON RESPONSIBLE FOR THE "DOCUMENT DE REFERENCE"

To the best of my knowledge, the information contained in the "Document de Référence" is correct and includes all the information required by investors to form an opinion on the assets, operations, financial position, results and outlook of the issuer. No information has been omitted that would be likely to alter an investor's opinion.

Paris, April 1, 2003

Chairman and Chief Executive Officer

Jean-Louis Beffa

STATEMENT BY THE PERSON RESPONSIBLE FOR THE "DOCUMENT DE REFERENCE"

Translated from the original french language statement

STATUTORY AUDITORS

The Statutory Auditors of the Company are:
- PricewaterhouseCoopers Audit, 32 rue Guersant, 75017 Paris, France, represented by Mike Moralee and Christian Marcellin, reappointed on June 25, 1998 for a term of six years expiring at the close of the 2004 Annual General Meeting;
- La Société d'Expertise Comptable Economique et Financière (SECEF), 3 rue de Turique, 54000 Nancy, France represented by Jacques Tenette, reappointed on June 29, 2000 for a term of six years expiring at the close of the 2006 Annual General Meeting.

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 the "Document de Référence".

The "Document de Référence" is the responsibility of the Chairman of the Board of Directors of the Company. Our responsibility is to express an opinion on the fairness of the information about the financial position and the accounts contained in the "Document de Référence".

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 "Document de Référence" 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, 2001 and 2002, as approved by the Board of Directors, in accordance with French generally accepted auditing standards. 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 in accordance with French generally accepted auditing standards the financial statements of the Company for the years ended December 31, 2000, 2001 and 2002 prepared in accordance with French generally accepted accounting principles, as approved by the Board of Directors. Our reports on these financial statements were free of qualifications or observations.

Based on the procedures described above and taking into account the observation made in our audit report, as mentioned above, we have nothing to report with respect to the fairness of the information about the financial position and the historic financial statements contained in the "Document de Référence".

Paris, April 1, 2003

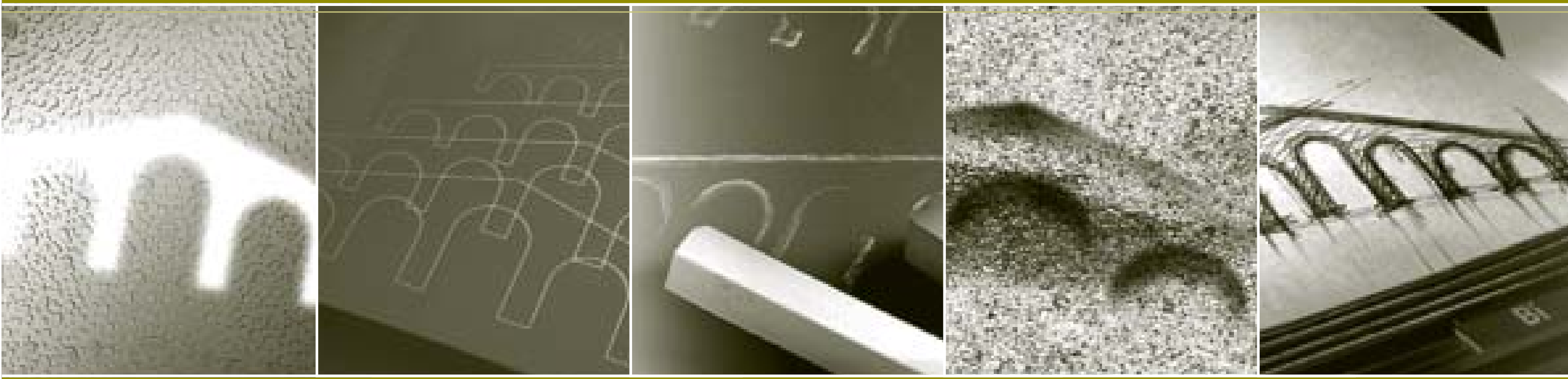
The Statutory Auditors

PricewaterhouseCoopers Audit		S.E.C.E.F.
Mike Moralee	Christian Marcellin	Jacques Tenette

Checklist provided in accordance with regulation 98-01
of the French Stock Exchange Commission (Commission des Opérations de Bourse)

ORDINARY AND EXTRAORDINARY GENERAL MEETING

OF JUNE 5, 2003



REPORT TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETING OF JUNE 5, 2003

The Board of Directors is inviting shareholders to vote ten resolutions governed by the quorum and majority voting rules applicable to Ordinary General Meetings (resolutions 1 to 10) and eight resolutions governed by the quorum and majority voting rules applicable to Extraordinary General Meetings (resolutions 11 to 18).

I – FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP; DIVIDEND

The financial statements of the Company and the Group are presented in the 2002 Annual Report.

Shareholders are invited to approve the financial statements of the Company **(1st resolution)** and the Group **(2nd resolution)** for the year ended December 31, 2002.

A description of the Company's and Group's financial position at December 31, 2002 and their business and results for the year then ended, as well as the information required by applicable legislation and regulations are also included in the 2002 Annual Report, to which we would ask you to refer.

APPROPRIATION OF NET INCOME

Net income for Compagnie de Saint-Gobain came to €595,916 thousand in 2002, versus €1,092,872 thousand in 2001.

Total distributable income amounts to €1,461,798 thousand. This figure includes €865,882 thousand in retained earnings brought over from prior years, which takes into account the €118 thousand adjustment to the 2001 dividend relating to treasury shares sold between the Board Meeting held to approve the accounts on March 28, 2002 and the dividend payment date of June 24, 2002.

In the **3rd resolution,** shareholders are invited to approve the deduction of €7,706 thousand from the long-term capital gains reserve (representing the net impact of the appropriation of a provisional amount of €34,068 thousand for 2002 less a €41,774 thousand adjustment to the provisional appropriation to long-term capital gains reserves made in 2001) and to:

- carry forward €1,089,993 thousand as retained earnings;
- **appropriate for distribution to shareholders a total of €379,511,476.32** corresponding to a **net dividend per share of €1.13** which, including the avoir fiscal tax credit of €0.565, **represents total dividend income per share of €1.695.**

The 2002 net dividend of €1.13 (up from €1.125 for 2001) will be payable in cash from June 23, 2003 on all outstanding shares in circulation at that date.

II – REGULATED AGREEMENTS

No new agreements governed by articles *L-225-38 et seq.* of the Commercial Code were entered into during the year. Therefore, the Auditors' special report only refers to agreements authorized in prior years which remained in force during 2002 **(4th resolution).** The general assistance agreement between Compagnie de Saint-Gobain and Saint-Gobain PAM is now considered as a routine agreement entered into on an arm's length basis, as noted by the Board of Directors, and therefore no longer appears in this report.

III - AUTHORIZATION TO BUY BACK AND RESELL SAINT-GOBAIN SHARES

The purpose of the **5th resolution** is to authorize the Board of Directors to buy back and possibly resell Saint-Gobain shares. The maximum purchase price under this authorization is set at €40 per share and the minimum sale price at €16 per share.

This authorization is intended to enable Compagnie de Saint-Gobain to continue to take advantage of the flexibility allowed by the legal provisions relating to the buy back and resale of its own shares, including: to grant stock purchase options, to allocate shares to employees, to buy and sell the Company's shares (including while a public tender offer is in progress), to take advantage of market situations, to stabilize the share price by trading against the trend, to cancel the shares subject to authorization by an Extraordinary Meeting (see the fifteenth resolution), to hold the shares in treasury stock or transfer them in any way, including in exchange for shares, or to manage the Company's cash position or equity. The shares bought back may not exceed 10% of the Company's capital stock.

The authorization given last year to buy back the Company's shares has been implemented as explained on page 73 of the 2002 Annual Report.

IV - RATIFICATION OF THE APPOINTMENT OF A DIRECTOR AND RENEWAL OF HIS TERM OF OFFICE, RENEWAL OF A DIRECTOR'S TERM OF OFFICE, ELECTION OF TWO NEW DIRECTORS

- At its meeting of November 21, 2002, the Board of Directors approved the recommendation of the Appointments Committee and appointed Sehoon Lee as a Director on a provisional basis to replace Jean-Marie Messier, who resigned from his position on June 7, 2002. As Mr Lee's term of office is due to expire at the close of this meeting, shareholders are invited to ratify his appointment and renew his term of office **(6th resolution).**

Sehoon Lee, 53, of South Korean nationality, is Co-Chairman of South Korea-based Hankuk Glass Industries and Hankuk Sekurit.

After obtaining a doctorate in Philosophy from the University of Seoul and an MBA from Wharton (University of Pennsylvania), Sehoon Lee joined the South-Korean Hanglas group in 1977 as Chief Financial Officer. He occupied various positions within the group before becoming Chairman and Chief Executive Officer in 1995. Mr Lee is also the Chairman of the Management Committee of the Hanglas Group, Chairman of the Board of Directors of Saint-Gobain Hanglas (Asia), SL Investment Co and SL Advisory Co, as well as Vice-Chairman of the Korean Chamber of Commerce. He is *Chevalier de la Légion d'Honneur à titre étranger.* He owns 1,000 Saint-Gobain shares.
Mr Lee was appointed by the Board of Directors on November 21, 2002.

- Shareholders are also invited to renew Gérard Mestrallet's term of office in the **7th resolution**.

Gérard Mestrallet, 53, is Chairman and Chief Executive Officer of Suez. He graduated from the *Ecole Polytechnique,* the *Ecole de l'Aviation Civile* and the *E.N.A.* After occupying various posts at the Ministry of the Economy and Finance, Gérard Mestrallet joined Compagnie de Suez as *Chargé de Mission* in 1984, before being appointed Deputy General Delegate in charge of industrial affairs in 1986. In 1991 he became a Director and Chairman of the Management Committee of Société Générale de Belgique. In 1995, he was appointed Chairman and Chief Executive Officer of Compagnie de Suez, and then in 1997 Chairman of the Management Board of Suez Lyonnaise des Eaux. Mr Mestrallet is also a member of the Supervisory Boards of AXA and Taittinger and a Director of Crédit Agricole and Pargesa Holding. Within the Suez group, Gérard Mestrallet is Chairman of Société Générale de Belgique and of Tractebel and Vice-Chairman of Hisusa and Sociedad General de Aguas de Barcelona. In 2002 he was also a Director of Ondeo and Frabepar, a member of the Supervisory Board of Casino, Crédit Agricole Indosuez, Métropole Télévision M6, SAGEM and Société du Louvre, and a permanent representative on the Board of Directors of Fimalac and Le Monde Entreprises. Gérard Mestrallet owns 840 Saint-Gobain shares.

- Finally, the Board of Directors has also approved the Appointments Committee's recommendations in relation to the election of two new Directors: Pierre Kerhuel to replace Jean-Maurice Malot, and Denis Ranque to replace Bernard Esambert. Shareholders are asked to elect these two Directors in the **8th and 9th resolutions**.

Pierre Kerhuel, 59, is a Civil Engineering Graduate of the *Ecole des Mines de Nancy.* He began his career in 1967 in the IT department of Everitube, which subsequently became Everite, part of the Building Materials Division of the Saint-Gobain Group. He went on to be successively appointed Head of Scheduling, Logistics, Sales Management and Products, before becoming Sales Director – France in 1977. In 1979 he was appointed as Marketing Director for Everitube and in 1981 Sales Director. Between 1985 and 2000, he worked as the Chief Executive Officer of Tuiles Lambert, before being appointed as Deputy Chief Operating Officer of Saint-Gobain Terreal, part of Saint-Gobain's Tiles business, in November 2000. He has been a member of the Supervisory Board of the Group Savings Plan Mutual Funds since December 1999 and in December 2002 became President of the Saint-Gobain Employees' and Former Employees' Shareholders' Association, replacing Jean-Maurice Malot. Pierre Kerhuel is also a Director of Toit Dak, a Belgium -based Saint-Gobain subsidiary.

Denis Ranque, 51, is Chairman and Chief Executive Officer of Thales. After graduating from the *Ecole Polytechnique* and the *Ecole des Mines,* Denis Ranque occupied various energy-related posts at the Industry Ministry. He joined the Thomson Group in 1983 as Corporate Strategy Director and went on to become Aerospace Director for the Electronic Tubes Division. In 1986, he was appointed Director of the High Frequency Tubes Department of the division which was spun-off in 1988 under the name Thomson Tubes Electroniques (TTE). In 1989, he became Chief Executive Officer of TTE, before taking up the position of Chairman and Chief Executive Officer in 1991. In 1992, Denis Ranque became Chairman and Chief Executive Officer of Thomson Sintra Activités sous-marines. He was then appointed by Thomson-CSF and GEC-Marconi as Chief Executive Officer of Thomson Marconi Sonar, a joint-venture created in 1996 operating in sonar systems. Since January 1998, Denis Ranque has been Chairman and Chief Executive Officer of

Thomson-CSF, which has now changed its corporate name to Thales. He is also Chairman of the Board of Directors of *l'Ecole Nationale Supérieure des Mines de Paris,* a Director of the *Fondation de l'Ecole Polytechnique* and Chairman of the *Cercle de l'Industrie* since September, 2002.

Shareholders will be asked to grant four-year terms of office to all of the Directors mentioned in these four resolutions, subject to the adoption of the 16th resolution which provides for reducing Directors' terms of office from six to four years, as from the date of this meeting.

V - RENEWAL OF FINANCIAL AUTHORIZATIONS GIVEN TO THE BOARD OF DIRECTORS

At the meeting, shareholders will be asked to approve three resolutions renewing authorizations given at the Combined Ordinary and Extraordinary Meeting of June 28, 2001 for a period of twenty-six months. The first resolution is ordinary and the second two are extraordinary.

Under the **10th resolution,** the Board of Directors is asking for authorization, with a power of delegation, to issue bonds and other debt securities with a maximum nominal value of €3 billion.

You are also invited to adopt two resolutions to grant authorizations to the Board of Directors to issue all kinds of securities which may give rise to the acquisition of an interest in the capital of the Company, (whether immediately or subsequently), one including pre-emptive subscription rights for shareholders and one without.

The **11th resolution** provides for an authorization to be given to the Board of Directors, with a power of delegation, to issue, on the French, foreign and/or international markets, with pre-emptive subscription rights for existing shareholders, shares, stand-alone warrants and/or any other marketable securities convertible, exchangeable, redeemable or otherwise exercisable for shares (e.g. convertible bonds, shares or bonds with equity warrants attached, equity notes, etc.), as well as to increase the Company's capital through capitalizing reserves. The maximum par value of common stock issued under this authorization would be €760 million (including the par value of any issues carried out under the 12th resolution) and the maximum nominal value of debt securities €3 billion or the foreign currency equivalent.

The **12th resolution** includes the waiver of existing shareholders' pre-emptive subscription rights and authorizes the Board of Directors, or any person duly authorized by the Board, to issue the same shares and share equivalents as in the eleventh resolution, either on the French, foreign or international markets. These securities may be issued in payment for shares of another company tendered to a stock-for-stock offer made by Compagnie de Saint-Gobain. This resolution would also apply to shares issued on the presentation of marketable securities convertible, redeemable, exchangeable or otherwise exercisable for new Saint-Gobain shares, issued with the agreement of the Board of Directors, by direct or indirect subsidiaries. The blanket ceiling applicable to both the eleventh and twelfth authorizations is €760 million for the par value of common stock issued and €3 billion or the foreign currency equivalent for debt securities.

The purpose of these financial authorizations which you are asked to renew and approve is to give the Board of Directors a large degree of flexibility and enable it to tailor the form of marketable securities issued based on market opportunities and conditions either in France or abroad. The Board of Directors is asking for shareholders to waive their pre-emptive rights to cover situations where the speed of transactions is vital to their success, or where it is preferable to obtain financing from a wide range of investors, as well as to be able to carry out issues on foreign and international markets where appropriate. If the Board of Directors were to use the authorization given in the twelfth resolution, it would be possible to grant shareholders, for a limited period of time, a priority right to subscribe to issues on the French market, in which case shares or share equivalents not taken up by shareholders exercising their priority right would be placed on the market.

The amount received by the Company for each share issued under the authorization without pre-emptive subscription rights must be at least equal to the average of the opening prices quoted for the Company's shares over ten consecutive trading days selected from among the twenty trading days preceding the Board Meeting which decides to issue the securities.

The only shares we would envisage issuing under these authorizations are common Compagnie de Saint-Gobain shares and not any preferred shares, non-voting preferred dividend shares or investment certificates.

For issues of other marketable securities, the Board of Directors would determine the timing and applicable terms and conditions for their conversion, redemption, exchange or exercise at the time of the issues concerned.

VI – DEVELOPMENT OF EMPLOYEE SHARE OWNERSHIP

The Board of Directors has strived for the past fifteen years to develop employee share ownership for the Company and the **13th resolution** is in line with this continuing objective.

Its aim is to renew the authorization granted to the Board of Directors at the Combined Ordinary and Extraordinary Meeting of June 28, 2001 to carry out employee share issues for members of the Group Savings Plan. The Plan, which has been continued this year, allows current and former employees of Group companies in France and abroad, subject to certain conditions, to directly or indirectly subscribe to Saint-Gobain shares offered at a discount not exceeding 20% to the average of the opening prices over the twenty trading days preceding the date of the decision made by the Board of Directors setting the price of the shares. By its nature, this authorization entails the waiver of pre-emptive rights by existing shareholders. As in the previous authorization, the maximum aggregate par value of shares issued would be €64 million (representing 16 million shares) and the authorization would be valid for twenty-six months.

VII – AUTHORIZATION TO THE BOARD OF DIRECTORS TO GRANT STOCK OPTIONS

Under the **14th resolution**, shareholders are asked to renew the authorization to grant stock purchase options given to the Board of Directors in the Combined Ordinary and Extraordinary General Meeting of June 28, 2001 and to extend the authorization to stock subscription options. The authorization would be given for a period of twenty-six months and stock options granted would represent a maximum of 3% of the Company's share capital.

Under this authorization, the exercise price of the options must be at least equal to the average of the opening prices quoted for the Company's shares over the twenty trading days preceding the Board of Directors' decision to grant the options.

VIII – CANCELLATION OF SHARES

In the **15th resolution,** shareholders are invited to renew the authorization given to the Board of Directors at the Combined Ordinary and Extraordinary Meeting of June 28, 2001 to cancel shares of the Company acquired under authorizations given by the shareholders, representing up to a maximum of 10% of the Company's capital. The authorization would be given for a period of twenty-four months.

AMENDMENTS TO THE BYLAWS

- The purpose of the first three proposed amendments to the bylaws is to reduce the duration of Directors' terms of office, to set the same age limit for all Directors and to amend the age limit applicable to the Chairman of the Board of Directors when he or she does not also exercise the role of Chief Executive Officer **(16th resolution)**:
  - The first amendment would reduce the duration of Directors' terms of office from six to four years.
  - The second amendment would set the age limit of 70 for all Directors (or permanent representatives of legal entities on the Board).

These amendments would apply to terms of office granted or renewed as from the General Meeting of June 5, 2003 and would not affect those in progress at that date.

- The third amendment would increase the age limit for the Chairman of the Board from 65 to 68 when he or she does not also act as Chief Executive Officer. The age limit for the Chairman and Chief Executive Officer, the Chief Executive Officer and Chief Operating Officer(s) remains unchanged at 65.

- The three other bylaw amendments are minor in nature **(17th resolution):**
  - The fourth amendment is intended to take into account the four-for-one stock split of June 2002 and increase the minimum number of Saint-Gobain shares required to be held by each Director from two hundred to eight hundred.
  - The aim of the fifth amendment is to renumber articles 11 to 15 as articles 10 to 14 as article 10 was repealed by the Combined Ordinary and Extraordinary General Meeting of June 24, 1999.
  - The sixth amendment would split the current article 15 (renumbered article 14) into two to create a new article 14 dealing exclusively with the Chairman of the Board of Directors, identical to the current wording of the first paragraph of article 15 (subject to the increase in the age limit from 65 to 68 provided for in the 16th resolution) and a new article 15 dealing with the Chief Executive Officer and Chief Operating Officers. Paragraphs 1 and 2 of the new article 15 would be identical to paragraphs 2 and 3 of the current article 15.

The **18th resolution** gives full powers to carry out formalities associated with the General Meeting.

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Please find hereafter additional information required by law.

EXECUTIVE MANAGEMENT OF THE COMPANY

In accordance with article 148 of the Decree of March 23, 1967, we hereby inform shareholders that at its meeting of July 25, 2002, the Board of Directors unanimously decided that the Chairman of the Board, Jean-Louis Beffa, will continue to be responsible for the general management of the Company and hold the title of Chairman and Chief Executive Officer, for the duration of his term of office as Director.

EMPLOYEE STOCK OWNERSHIP

At December 31, 2002, 6.3% of the Company's capital and 9.6% of the voting rights were held collectively by employees under the Group Savings Plan. Saint-Gobain employee shareholders will be represented by a new Director, Pierre Kerhuel (to replace Jean-Maurice Malot), from the date of this meeting, subject to the adoption of the eight resolution.

REMUNERATION OF CORPORATE OFFICERS

Information required under article L-225-102-1 of the French Commercial Code is provided on page 79 of the 2002 Annual Report.

TERMS OF OFFICE AND FUNCTIONS OF DIRECTORS

Information required under article L-225-102-1 of the French Commercial Code is provided on pages 73 to 75 of the 2002 Annual Report.

SOCIAL AND ENVIRONMENTAL INFORMATION

Information required under article L.225-102-1, para. 4 of the French Commercial Code is provided on pages 23 to 46 of the 2002 Annual Report.

CONSULTATION OF HOLDERS OF "OCÉANE" BONDS CONCERNING RESOLUTIONS INCLUDING A WAIVER OF PRE-EMPTIVE SUBSCRIPTION RIGHTS (12th – 14th RESOLUTIONS)

Resolutions including the waiver of pre-emptive subscription rights have been submitted for approval by holders of "Océane" bonds that are convertible into either new or existing shares issued in February 2002, with an annual interest rate of 2.625%.

DISCLOSURE THRESHOLDS

During 2002, Compagnie de Saint-Gobain did not cross any disclosure thresholds in terms of ownership interest or voting rights.

AGENDA

ORDINARY MEETING

Approval of the parent company financial statements for the year ended December 31, 2002,
Approval of the consolidated financial statements for the year ended December 31, 2002,
Approval of the appropriation of net income and the proposed dividend,
Report on regulated agreements,
Authorization to the Board of Directors to buy back and resell the Company's shares,
Ratification of the appointment of Sehoon Lee as a Director and renewal of his term of office,
Renewal of the term of office as Director of Gérard Mestrallet,
Election of Pierre Kerhuel as Director, to replace Jean-Maurice Malot,
Election of Denis Ranque as Director, to replace Bernard Esambert,
Renewal of the authorization to the Board of Directors to issue bonds and other debt securities with a maximum face value of €3 billion.

EXTRAORDINARY MEETING

Renewal of the authorization given to the Board of Directors to increase capital stock, either through the issue, with pre-emptive subscription rights for existing shareholders, of shares or share equivalents or through the capitalization of additional paid-in capital, reserves, income or other capitalizable items, up to a maximum of €760 million (par value of shares) and €3 billion (debt securities),

Renewal of the authorization given to the Board of Directors to increase capital stock, through the issue, without pre-emptive subscription rights for existing shareholders, of shares and 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 (debt securities).
Renewal of the authorization given to the Board of Directors to carry out employee share issues for members of the Group Savings Plan up to a maximum aggregate par value of €64 million,
Authorization to the Board of Directors to grant stock purchase or subscription options representing a maximum of 3% of the Company's capital stock,
Renewal of the authorization given to the Board of Directors to cancel shares representing a maximum of 10% of the Company's capital stock,

Amendments to the bylaws relating in particular to the duration of Directors' terms of office and applicable age limits,
Powers to carry out formalities.

RESOLUTIONS

ORDINARY MEETING

FIRST RESOLUTION

Approval of the parent company financial statements for the year ended December 31, 2002

The General Meeting, after reviewing the report of the Board of Directors and the general report of the Statutory Auditors, approves the parent company financial statements for the year ended December 31, 2002 as presented, as well as the transactions reflected in these financial statements and summarized in these reports.

SECOND RESOLUTION

Approval of the consolidated financial statements for the year ended December 31, 2002

The General Meeting, after reviewing the report of the Board of Directors and the general report of the Statutory Auditors, approves the consolidated financial statements for the year ended December 31, 2002 as presented, as well as the transactions reflected in these financial statements and summarized in these reports.

THIRD RESOLUTION

Approval of the appropriation of net income and proposed dividend

The General Meeting, having noted that net income for the year amounts to €595,916,171.19 and retained earnings to €865,881,693.59, giving a total of €1,461,797,864.78, approves the proposals made by the Board of Directors with respect to the appropriation of net income and resolves:

• to deduct from the special long-term capital gains reserve an amount of €7,706,382.61 representing the net impact of the appropriation of a provisional amount of €34,067,790 for 2002 less a €41,774,172.61 adjustment to the provisional appropriation to long-term capital gains reserves made in 2001;
• to carry forward €1,089,992,771.07 as retained earnings
• to appropriate for distribution to the shareholders:
- a first dividend of €67,170,172.80.
. an additional dividend of €312,341,303.52.
• giving a total amount of €379,511,476.32.

The net dividend per share carrying dividend rights will therefore amount to €1.13 which, including the 50% avoir fiscal tax credit of €0.565, represents a total dividend of €1.695.

In accordance with legal requirements, dividends paid in the last three years are presented in the table below:

Year	Number of shares on which dividend paid	Net Dividend in €	Tax credit in €	Total revenue in €
1999	83,587,844 *	3.60	1.80	5.40
	334,351,376 **	0.90	0.45	1.35
2000	82,990,762 *	4.30	2.15	6.45
	331,963,048 **	1.075	0.5375	1.6125
2001	84,080,890 *	4.50	2.25	6.75
	336,323,560 **	1.125	0.5625	1.6875

* Before
** After
the four-for-one stock split carried out in June 2002.

FOURTH RESOLUTION

Report on regulated agreements

The General Meeting notes the terms of the Statutory Auditors' special report on regulated agreements, drawn up in accordance with legal requirements.

FIFTH RESOLUTION

Authorization to the Board of Directors to buy back and resell the Company's 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 and possibly resell Company shares, in accordance with articles L.225-209 et seq. of the Commercial Code, on one or more occasions. The shares may be purchased, sold or transferred by any appropriate method, including over-the-counter, in the form of block sales, through option transactions or by means of derivative instruments. The purpose of this authorization is to allow the Company to grant stock purchase options, allocate shares to employees, buy and sell the Company's shares – including while a public tender offer is in progress –, to stabilize the share price by trading against the trend or to take advantage of market situations, to cancel the shares subject to authorization by an Extraordinary Meeting, to hold the shares in treasury stock or to sell or transfer them in any way, including in exchange for shares, or to manage the Company's cash position or equity. Such transactions will be governed by the following terms:

• maximum purchase price: €40 per share
• minimum sale price: €16 per share
• maximum number of shares: 10% of the total number of shares making up the Company's capital stock at the date of this meeting, representing a maximum theoretical purchase price of €1,342,000,000.

In the case of a bonus share issue paid up by capitalizing reserves, or a stock split or reverse stock split, the above prices per share will be adjusted based on the ratio between the number of shares issued and outstanding before and after the transaction.

This authorization is granted for a period of eighteen months from the date of this meeting. It supersedes, for the unexpired period, the unused portion of the authorization granted in the fifth resolution of the Ordinary General Meeting of June 6, 2002.
The General Meeting gives full powers to the Board of Directors, and by delegation, to any person duly authorized by the Board, to enter into any and all agreements, carry out any and all formalities and take any and all other action required to use this authorization.

SIXTH RESOLUTION

Ratification of the appointment of Sehoon Lee as a Director and renewal of his term of office

The General Meeting ratifies the appointment of Sehoon Lee as Director, which was made on a provisional basis by the Board of Directors at its meeting of November 21, 2002, to replace Jean-Marie Messier who resigned from his position on June 7, 2002. As Mr. Lee's term of office is due to expire at the close of this meeting, the General Meeting renews his term of office for a period of four years (subject to the adoption of the sixteenth resolution), expiring at the close of the General Meeting called to approve the financial statements for the year ending December 31, 2006.

SEVENTH RESOLUTION

Renewal of the term of office as Director of Gérard Mestrallet

The General Meeting notes that Gérard Mestrallet's term of office as Director is due to expire at the close of this meeting and renews his term of office for a period of four years (subject to the adoption of the sixteenth resolution), expiring at the close of the General Meeting called to approve the financial statements for the year ending December 31, 2006.

EIGHTH RESOLUTION

Election of Pierre Kerhuel as Director, to replace Jean-Maurice Malot

The General Meeting notes that Jean- Maurice Malot's term of office as Director is due to expire at the close of this meeting and elects Pierre Kerhuel as Director as his replacement in accordance with para. 3 of article 9 of the bylaws, for a four year term of office (subject to the adoption of the sixteenth resolution), expiring at the close of the General Meeting called to approve the financial statements for the year ending December 31, 2006.

NINTH RESOLUTION

Election of Denis Ranque as Director, to replace Bernard Esambert

The General Meeting notes that Bernard Esambert's term of office as Director is due to expire at the close of this meeting and elects Denis Ranque as Director as his replacement, for a four year term of office (subject to the adoption of the sixteenth resolution), expiring at the close of the General Meeting called to approve the financial statements for the year ending December 31, 2006.

TENTH RESOLUTION

Renewal of the authorization given to the Board of Directors on June 28, 2001 to issue bonds and other debt securities with a maximum face value 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, either in France or abroad or on the international market, bonds and other debt securities, such as fixed-term or perpetual subordinated securities, interest-bearing or otherwise and if so at fixed or variable rates, with or without attached warrants giving rights to the grant, purchase or subscription of other securities and/or debt securities.

The maximum nominal value of the above-mentioned debt issues may not exceed €3 billion or the equivalent in foreign currency or a monetary unit determined by reference to a basket of currencies.

The General Meeting grants full powers to the Board of Directors, with a right to sub-delegate in accordance with the law, to carry out the issue(s) and to determine the timing and conditions of the issues and the form, interest rates and characteristics of the securities concerned, including the conditions governing their exercise, amortization or redemption, including through exchange or transfer of other marketable securities held by the Company.

This authorization is given for a period of twenty-six months from the date of this meeting and supersedes, for the unexpired period, the unused portion of the authorization granted in the eighth resolution of the General Meeting of June 28, 2001.

EXTRAORDINARY MEETING

ELEVENTH RESOLUTION

Renewal of the authorization given to the Board of Directors on June 28, 2001 to increase capital stock, either through the issue, with pre-emptive subscription rights for existing shareholders, of shares or share equivalents or through the capitalization of additional paid-in capital, reserves, income or other capitalizable items, up to a maximum of €760 million (par value of shares) and €3 billion (debt securities)

The Extraordinary Meeting, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, in accordance with French Company law, including article L-225-129-III of the Commercial Code:

1/ Authorizes the Board of Directors to carry out one or more capital increases, the amounts and timing of which will be decided at the Board of Directors discretion:

a) by the issue, in euros, foreign currencies or any other monetary unit defined by reference to a basket of currencies (whether issued for consideration or not), of shares, stand-alone warrants and/or any other marketable securities convertible, exchangeable redeemable or otherwise exercisable (whether immediately or subsequently and whether with certainty or only as a possibility), for common shares of the Company, on the French, foreign and/or international markets,

b) and/or by issuing bonus shares or raising the par value of existing shares to be paid up by capitalizing all or part of the Company's additional paid-in capital, reserves, retained earnings, or any other capitalizable items in accordance with the law and the Company's bylaws.

2/ Resolves that this authorization is given for a period of twenty-six months from the date of this meeting.

3/ Resolves that the following conditions will apply if the Board of Directors uses this authorization to issue the securities described in 1/a) above,

a) the maximum par value of common stock which may be issued, either directly or on the presentation of other securities, is €760 million or the foreign currency equivalent, which includes the total par value of any common stock issued to preserve the rights of the holders of these securities in accordance with the law. The par value of any common stock issued either directly or indirectly in accordance with the twelfth resolution of this General Meeting will be charged against this total,

b) the maximum nominal value of debt securities which may be issued under this resolution is set at €3 billion, or the foreign currency equivalent thereof.

4/ Resolves that if the Board of Directors uses this authorization to issue the securities described in 1/a) above:

a) the securities will be offered to existing shareholders on a pre-emptive basis, pro rata to their existing interest in the Company's capital,

b) the Board of Directors may grant shareholders a pre-emptive right to subscribe for any shares and/or share equivalents not taken up by other shareholders,

c) this authorization entails the waiver by the shareholders, in favor of the holders of any of the above securities, of their pre-emptive right to subscribe for the shares to be issued on conversion, redemption or exchange of the securities, on exercise of a warrant or otherwise.

5/ Gives full powers to the Board of Directors with a right to subdelegate in accordance with law, to use the above authorization, and:

a) to determine the conditions of the capital increase(s) and/or issue(s),

b) for all issues carried out in accordance with the authorization granted in 1/a) above:

- to determine the amount of the issue, the issue price and the premium,
- to decide on the timing and other terms of the issues, including the form and characteristics of the securities, which may be subordinated or unsubordinated, and may be undated or have a fixed maturity date,
- to determine the terms of settlement of the subscription price of the securities,
- to define the terms and conditions for the exercise of any rights attached to the securities issued or to be issued and to determine the date from which the securities will carry dividend or interest rights, which may be set retroactively, as well as all other terms and conditions relating to the issue(s),
- to set the conditions under which the securities issued directly or indirectly under this authorization may be bought back or exchanged by the Company on the open market, at any time or during fixed periods,

- to suspend the rights attached to the securities for a period not exceeding three months,
- at its sole discretion, to charge issue costs to the related premiums and 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 all issues carried out by capitalizing additional paid-in capital, reserves, retained earnings, or any other capitalizable items:
- to decide the amount and types of items to be capitalized, the number of new shares to be issued or the amount by which the par value of existing shares is to be increased, to set the retrospective or future date from which the new shares will carry dividend and voting rights or the date on which the increase in par value will be effective,
- to decide that, as an exception to the provisions of Article L.225-149 of the Commercial Code, rights to fractions of shares will be non-transferable and that the corresponding shares will be sold,

d) and generally, to enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue and servicing of the shares and share equivalents issued under this authorization and for the exercise of the rights attached thereto, to place on record the capital increase(s) resulting from issues in accordance with this authorization and to amend the bylaws accordingly.

6/ Notes that this authorization supersedes, for the unexpired period, the unused portion of the authorization granted in the ninth resolution of the General Meeting of June 28, 2001.

TWELFTH RESOLUTION

Renewal of the authorization given to the Board of Directors on June 28, 2001 to increase capital stock, through the issue, without pre-emptive subscription rights for existing shareholders, of shares and 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 (debt securities)

The Extraordinary Meeting, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, in accordance with French Company law, including articles L-225- 129-III, L. 225-148, L. 225-150 and L.228- 93 of the Commercial Code:

1/ Authorizes the Board of Directors to carry out one or more capital increases, the amounts and timing of which will be decided at the Board of Directors discretion, by issuing the following securities on French, foreign and/or international markets, denominated in euros or any other currency or monetary unit determined by reference to a basket of currencies:

a) shares, stand-alone warrants and/or any other marketable securities, convertible, exchangeable, redeemable or otherwise exercisable, at any time or at a set time, for shares. The Board of Directors may issue shares in payment for shares of another company tendered to a stock-for-stock offer made by the Company, subject to compliance with the provisions of Article L.225-148 of the Commercial Code.

b) and/or the securities described below, following the issue by companies directly or indirectly over-50% owned by Compagnie de Saint-Gobain, and with the latter's agreement:
- bonds with warrants to subscribe for common stock of Compagnie de Saint-Gobain,
- or any other marketable securities convertible, redeemable, exchangeable or otherwise exercisable, at any time or at a set time, for new securities representing a proportional interest in the share capital of Compagnie de Saint-Gobain. These securities may take the form of shares with warrants to subscribe for common stock, bonds convertible for common stock, bonds redeemable in common stock or any other form subject to compliance with the applicable legislation.

2/ Resolves that this authorization is given for a period of twenty-six months from the date of this meeting.

3/ Resolves that the following conditions will apply if the Board of Directors uses this authorization to issue the securities described:

a) The maximum par value of common stock which may be issued, either directly or on the presentation of other securities, is €760 million or the foreign currency equivalent, which includes the total par value of any common stock issued to preserve the rights of the holders of these securities in accordance with the law. The par value of any common stock issued either directly or indirectly in accordance with the eleventh resolution of this General Meeting will be charged against this total.

b) The maximum nominal value of debt securities which may be issued under this resolution is set at €3 billion, or the foreign currency equivalent thereof.

4/ Resolves that existing shareholders shall not have a pre-emptive right to subscribe to the shares or share equivalents issued under this authorization, either directly by the Company or by a subsidiary more than 50%-owned by the Company, but that the Board of Directors may grant shareholders a priority right to subscribe to all or part of each issue, for a period and on terms to be decided by the Board. Said priority right shall be non-transferable but shareholders may, at the Board's discretion, be offered a secondary priority right to subscribe for any shares or share equivalents not taken up by other shareholders. Any shares or share equivalents not subscribed by shareholders exercising their priority right will be placed on the market.

5/ Notes and resolves that this authorization entails the waiver by the shareholders, in favor of the holders of any of the above securities, of their pre-emptive right to subscribe for the shares to be issued on conversion, redemption or exchange of the securities, on exercise of a warrant or otherwise.

6/ Resolves that the amount received by the Company for each share issued under this authorization either directly or on conversion, exchange, redemption or exercise of share equivalents shall be at least equal to the average of the opening prices quoted for the Company's shares over ten consecutive trading days selected from among the twenty trading days preceding the issue of the shares or share equivalents, as adjusted for any differences in cum-dividend dates.

7/ Gives full powers to the Board of Directors, with a right to subdelegate in accordance with law, to use the above authorization, and:

- to determine the conditions of the issue(s) in agreement with the relevant corporate bodies of the companies concerned, where applicable,
- to determine the amount of the issue, the issue price and the premium,
- to decide on the timing and other terms of the issues, including the form and characteristics of the securities, which may be subordinated or unsubordinated, and may be undated or have a fixed maturity date,
- to determine the terms of settlement of the subscription price of the securities,
- to define the terms and conditions for the exercise of any rights attached to the securities issued or to be issued and to determine the date from which the securities will carry dividend or interest rights, which may be set retroactively, as well as all other terms and conditions relating to the issue(s),
- to set the conditions under which the securities issued directly or indirectly under this authorization may be bought back or exchanged on the open market, at any time or during fixed periods,
- to suspend the rights attached to the securities for a period not exceeding three months,
- in the case of issuance of shares or share equivalents in payment for securities tendered under a public exchange offer made by the Company, the Board of Directors shall have full powers to determine the securities concerned, the conditions of the issue, the exchange parity and any balance to be paid in cash, and to determine the terms of issue either for a public exchange offer, an alternative offer to acquire or to exchange, or a principal offer to acquire or exchange associated with a specific tender offer to exchange or acquire.

- at its sole discretion, to charge issue costs to the related premiums and 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,

- generally, to enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue and servicing of the shares and share equivalents issued under this authorization and for the exercise of the rights attached thereto, to place on record the capital increases resulting from issues in accordance with this authorization and to amend the bylaws accordingly.

8/ Notes that this authorization supersedes, for the unexpired period, the unused portion of the authorization granted in the tenth resolution of the General Meeting of June 28, 2001.

THIRTEENTH RESOLUTION

Renewal of the authorization given to the Board of Directors on June 28, 2001 to carry out employee share issues for members of the Group Savings Plan up to a maximum aggregate par value of €64 million

The Extraordinary Meeting, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with French Company law including articles L 225-129-VII and L 225-138 of the Commercial Code, and articles L. 443-1 et seq. of the Labor Code:

1/ Authorizes the Board of Directors to carry out one or more capital increases by issuing common stock for subscription by members of the Group Savings Plan, the amounts and timing of which will be decided at the Board of Directors discretion. This authorization entails the waiver, by existing shareholders of their pre-emptive right to subscribe for new shares to be issued for members of the plan.

2/ Resolves that the shares issued under this authorization will be offered for subscription by the members of a savings plan of

Compagnie de Saint-Gobain or related companies as defined by article L. 225-180 of the Commercial Code and article L. 444-3 of the Labor Code, subject to compliance with any conditions which may be set by the Board of Directors.

3/ Resolves that this authorization is given for a period of twenty-six months from the date of this meeting.

4/ Resolves to set at €64 million, the maximum aggregate par value of shares issued under this authorization.

5/ Resolves that shares issued under this authorization may not be offered at a discount of over 20% to the average of the opening prices quoted for the Company's shares on the Premier Marché of the Paris stock exchange over the twenty trading days preceding the date of the decision made by the Board of Directors setting the price of the shares.

6/ Gives full powers to the Board of Directors, with a right to subdelegate in accordance with law, to use the above authorization, and to:
- define the eligibility conditions for participation in the share issues to be carried out under this authorization,
- set the conditions of issue,
- set the amount, issue price, timing and terms for each issue,
- set the time limit for paying up shares,
- set the date from which the new shares will carry rights, which may be retroactive,
- record the increase in capital stock to reflect the number of shares effectively subscribed, or decide to raise the amount of the issue in order to ensure that all subscription requests are fulfilled, and to set the applicable rules regarding the reduction of individual subscription amounts in the event of over subscription,
- at its sole discretion, charge issue costs to the related premiums and 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,
- take all the necessary steps and carry out all the necessary formalities related to the increases in capital stock, including amending the company bylaws.

FOURTEENTH RESOLUTION

Authorization to the Board of Directors to grant stock purchase or subscription options representing a maximum of 3% of the Company's capital stock

The Extraordinary Meeting, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, in accordance with French Company law, including articles L-225-177 to L. 225-185 and L. 225-209 of the Commercial Code:

1/ Authorizes the Board of Directors, at its sole discretion, and on one or more occasions, to award options to the beneficiaries set out below to purchase existing shares of the Company bought back in accordance with the law, or to subscribe to new common stock of the Company issued by way of a capital increase.

2/ Resolves that this authorization is given for a period of twenty-six months from the date of this meeting.

3/ Resolves that the sole beneficiaries of these options will be employees (collectively, on an individual basis or by category) or officers, as defined by law, of Compagnie de Saint-Gobain and related companies and intercompany partnerships as defined by article L.225-180 of the Commercial Code.

4/ Resolves that the total number of options granted may not entitle beneficiaries to purchase or subscribe to a number of shares representing over 3% of Compagnie de Saint-Gobain's capital stock at the date of this meeting.

5/ Resolves that for stock purchase options, the purchase price of the shares will be set on the date on which the options are granted by the Board of Directors and must be at least equal to 100% of the average of the opening prices quoted for the Company's shares over the twenty trading days preceding the date of grant and may not represent less than the average price paid for the shares held by the Company pursuant to articles L. 225-208 and L.225-209 of the Commercial Code.

6/ Resolves that for stock subscription options, the subscription price of the shares will be set on the date on which the options are granted by the Board of Directors and must be at the least equal to 100% of the average of the opening prices quoted for the Company's shares over the twenty trading days preceding the date of grant.

7/ Notes that this authorization entails the waiver by existing shareholders of their pre-emptive right to subscribe for new shares to be issued from time to time as options are exercised, to the grantees of the stock subscription options,

8/ Gives full powers to the Board of Directors to use the above authorization, subject to compliance with the law, and to:

- set the conditions of grant, to draw up the list of or categories of beneficiaries as described above and to determine the conditions under which the exercise price and the number of shares may be adjusted, particularly if the Company carries out any financial transactions requiring such an adjustment,
- set the exercise periods for the options thus granted, which may not exceed ten years from the date of grant,
- provide for the temporary suspension of the right to exercise the options for a maximum period of three months in the event of financial transactions involving the exercise of rights attached to the Company's shares,
- carry out all actions and formalities required to implement the capital increase or increases carried out under this authorization and amend the bylaws to reflect the new capital, and generally to do whatever is necessary,
- at its sole discretion, charge issue costs to the related premiums and 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,

9/ Notes that this authorization supersedes, for the unexpired period, the unused portion of the authorization granted in the thirteenth resolution of the General Meeting of June 28, 2001.

FIFTEENTH RESOLUTION

Renewal of the authorization given to the Board of Directors on June 28, 2001 to cancel shares representing a maximum of 10% of the Company's capital stock

The Extraordinary Meeting, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors:

1/ Resolves, in accordance with article L 225-209 of the Commercial Code, to authorize the Board of Directors to cancel the shares of the Company acquired under the authorizations given by shareholders in General Meeting, as follows:

- the Board shall have full discretionary authority to cancel, on one or more occasions, all or some of the shares purchased under shareholder-approved buyback programs, provided that the total number of shares cancelled in the twenty-four month period prior to cancellation does not exceed 10% of the total number of shares outstanding at the date of the cancellation, and to reduce the Company's capital accordingly,
- any difference between the price paid for the cancelled shares and their par value will be partly charged to the legal reserve (10% of the capital cancelled), with the remainder deducted from the issue premium.
- this authorization is given for a period of twenty-four months from the date of this meeting. The Board of Directors shall have full powers to carry out any and all actions, formalities and filings required to cancel the shares, reduce the capital and amend the bylaws to reflect the new capital, either directly or through a duly authorized representative.

2/ Notes that this authorization supersedes, for the unexpired period, the unused portion of the authorization granted in the fourteenth resolution of the General Meeting of June 28, 2001.

SIXTEENTH RESOLUTION

Amendments to the bylaws relating to the duration of Directors' terms of office and applicable age limits (effective for terms of office granted as from June 5, 2003) and the applicable age limit for the Chairman of the Board of Directors

The Extraordinary Meeting, having reviewed the report of the Board of Directors, resolves to amend paragraphs 4 and 6 of article 9 and the first paragraph of article 15 of the bylaws as set out below. The amendments relating to the duration of Directors' terms of office and their age limits will apply to terms of office granted as from the date of this meeting and will not affect those in progress at that date (new paragraph 10 of article 9).

- First and second amendments

(Changes in italics)

Current text	New text
ARTICLE 9	ARTICLE 9
Membership of the Board of Directors	Membership of the Board of Directors
Paragraph 4	Paragraph 4
Directors are elected for a term of office of up to six years, subject to the restrictions concerning age limits. Their re-election is subject to the same restrictions.	Directors are elected for a term of office of up to *four* years, subject to the restrictions concerning age limits. Their re-election is subject to the same restrictions.
Paragraph 6	Paragraph 6
The number of Directors or permanent representatives of legal entities on the Board of Directors, aged over seventy may not exceed one third of the total number of Directors, including both individuals and legal entities.	*The age limit for Directors or permanent representatives of legal entities on the Board of Directors is set at 70. The terms of office of Directors or permanent representatives of legal entities on the Board of Directors end at the close of the General Meeting held to approve the financial statements for the year in which he or she reaches the age of 70*
	New paragraph 10
	The amendments to para. 4 relating to the duration of Directors' terms of office and para. 6 relating to their age limits apply to terms of office granted as from the General Meeting of June 5, 2003 and do not affect those in progress at that date.

- Third amendment

(Changes in italics)

Current text	New text
ARTICLE 15	ARTICLE 14
Chairman of the Board of Directors	Chairman of the Board of Directors
The Chairman of the Board of Directors represents the Board. He or she organizes and directs the work of the Board and reports to the shareholders' General Meeting thereon. The Chairman also ensures that the Company's corporate bodies function effectively and, in particular, that the Directors are in a position to fulfill their responsibilities. The Chairman of the Board's term of office ends at the latest at the close of the General Meeting held to approve the financial statements for the year in which he or she reaches the age of 65.	The Chairman of the Board of Directors represents the Board. He or she organizes and directs the work of the Board and reports to the shareholders' General Meeting thereon. The Chairman also ensures that the Company's corporate bodies function effectively and, in particular, that the Directors are in a position to fulfill their responsibilities. *Where the Chairman of the Board is not also the Chief Executive Officer,* his or her term of office ends at the latest at the close of the General Meeting held to approve the financial statements for the year in which he or she reaches the age of *68.*

SEVENTEENTH RESOLUTION

Amendments to the bylaws to take into account the four-for-one stock split, to renumber the articles and to split the current article 15 into two articles

The Extraordinary Meeting, having reviewed the report of the Board of Directors, resolves to amend paragraph 2 of article 9 and articles 10 to 15 of the bylaws as set out below:

- First amendment: reflection of the four-for-one stock split of June 2002 in relation to the minimum required number of shares for Directors (paragraph 2 of article 9)

(Changes in italics)

Current text	New text
ARTICLE 9	ARTICLE 9
Membership of the Board of Directors Paragraph 2	Membership of the Board of Directors Paragraph 2
Each Director must own at least two hundred Company shares.	Each Director must own at least *eight hundred* Company shares.

- Second amendment: articles 11 to 15 renumbered 10 to 14, as article 10 was repealed by the General Meeting of June 24, 1999.
- Third amendment: article 15 (renumbered article 14) split in two:
- article 14 is entitled "Chairman of the Board of Directors" and is the same as the first paragraph of the current article 15, subject to the amendment set out in the sixteenth resolution concerning the age limit of the Chairman of the Board of Directors.
- article 15 is entitled "Chief Executive Officer – Chief Operating Officers". The two paragraphs are identical to paragraphs 2 and 3 of the current article 15.

EIGHTEENTH RESOLUTION

Powers to carry out formalities

The Extraordinary Meeting gives full powers to the bearer of an original, copy or extract of the minutes of this meeting, to carry out all necessary formalities.

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS

For the year ended December 31, 2002
Translated from the original French language report

To the shareholders,

In our capacity as the Statutory Auditors of Compagnie de Saint-Gobain, we present below our report on regulated agreements.

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.

Agreements entered into in 2002
We have not been advised of any new agreements governed by article L. 225-38 of the Commercial Code entered into during the year.

Agreements entered into in prior years which remained in force during the year
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
Tax consolidation agreement
The tax consolidation agreement signed with Saint-Gobain PAM on July 24, 1998 expired on December 31, 2002.

On January 23, 2003 the Board of Directors noted that the new tax consolidation agreement to be entered into effective from January 1, 2003 between Compagnie de Saint-Gobain and other companies including Saint-Gobain PAM, could now be considered as a routine group agreement and is therefore not governed by article L. 225-38 of the Commercial Code.

General assistance contract
In application of the general assistance contract of September 18, 1991 and its additional clauses, the Company received fees totaling €13,322,442 from Saint-Gobain PAM.

On January 23, 2003 the Board of Directors decided that as this type of agreement is becoming increasingly common between the Company and its subsidiaries, the contract with Saint-Gobain PAM can now be considered as a routine agreement entered into on arm's length terms. The Board of Directors therefore noted that the agreement is no longer governed by article L. 225-38 of the Commercial Code.

We conducted our review in accordance with the standards of our profession applicable in France. Those standards require that we carry out the necessary procedures to verify the consistency of the information disclosed to us with the source documents.

Paris, March 20, 2003

The Statutory Auditors

PricewaterhouseCoopers Audit

Mike Moralee

Christian Marcellin

S.E.C.E.F.

Jacques Tenette

SPECIAL REPORT OF THE STATUTORY AUDITORS ON FINANCIAL AUTHORIZATIONS

For the year ended December 31, 2002
Translated from the original French language report

To the shareholders,

1. AUTHORIZATIONS TO ISSUE SHARES AND SHARE EQUIVALENTS (11th AND 12th RESOLUTIONS)

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.

As provided for in Article L.225-129 III of the Commercial Code, the Board of Directors is asking shareholders for an authorization, on the basis described in the Board's report, to fix the terms and conditions of these issues and, where applicable, for shareholders to waive their pre-emptive right to subscribe for the securities concerned.

In the eleventh resolution, the Board of Directors is seeking an authorization to increase capital stock, through the issue, with pre-emptive subscription rights for existing shareholders, of shares or share equivalents.

The maximum par value of common stock which may be issued is €760 million, including the par value of common stock issued in accordance with the twelfth resolution.

The maximum nominal amount of debt securities which may be issued is €3 billion.

In the twelfth resolution, the Board of Directors is seeking an authorization to increase capital stock, through the issue, without pre-emptive subscription rights for existing shareholders, of shares and share equivalents, including if applicable securities to be issued by subsidiaries.

Under this authorization the Board of Directors may issue shares in payment for shares of another company tendered to a stock-for-stock offer made by the Company, subject to compliance with the provisions of Article L.225-148 of the Commercial Code.

The maximum par value of common stock which may be issued is €760 million, including the par value of common stock issued in accordance with the eleventh resolution.

The maximum nominal amount of debt securities which may be issued is €3 billion.

These authorizations entail the waiver by the shareholders, in favor of the holders of any of the above securities, of their pre-emptive right to subscribe for the shares to be issued on conversion, redemption or exchange of the securities, on exercise of a warrant or otherwise.

We reviewed the planned issues in accordance with the professional standards applicable in France. Those standards require that we carry out the necessary procedures to review the methods used for determining the issue price of the securities concerned.

Since the issue price has not yet been set, we cannot formulate an opinion on the final conditions under which the issues will be carried out, and consequently have no opinion on the proposal to waive shareholders' pre-emptive subscription rights, the principle of which is consistent with the proposed operation.

In accordance with article 155-2 of the decree of March 23, 1967, we will issue a supplementary report at the time of each such issue conducted by the Board of Directors.

2. AUTHORIZATION TO CARRY OUT EMPLOYEE SHARE ISSUES FOR MEMBERS OF THE GROUP SAVINGS PLAN (13th RESOLUTION)

In our capacity as Statutory Auditors and in accordance with article L. 225-135 of the Commercial Code, we present below our report on the proposed issue of shares to the employees of the Company and related companies within the meaning of Article L.225-180 of the Commercial Code who are members of the Group Savings Plan, as presented to shareholders for approval.

As provided for in Article L.225-129 VII of the Commercial Code, the Board of Directors is asking shareholders for a twenty-six month authorization, on the basis described in the Board's report, to fix the terms and conditions of these issues in accordance with the conditions set down in article L 443-5 of the Labor Code, and to waive their pre-emptive right to subscribe for the securities concerned.

The maximum aggregate par value of shares issued under this authorization is €64 million.

We reviewed the planned issues in accordance with the professional standards applicable in France. Those standards require that we carry out the necessary procedures to review the methods used for determining the issue price of the securities concerned.

We have no comments to make on the proposed methods.

3. AUTHORIZATION TO THE BOARD OF DIRECTORS TO GRANT STOCK PURCHASE OR SUBSCRIPTION OPTIONS (14th RESOLUTION)

In our capacity as Statutory Auditors and in accordance with article L. 225-177 of the Commercial Code and article 174-19 of the decree of March 23, 1967, we present below our report on the proposed grant(s) of stock purchase or subscription options to certain employees and corporate officers as described in the fourteenth resolution.

The Board of Directors is responsible for preparing a report relating to the reasons for granting stock options as well as the proposed methods to be used for setting the exercise price thereof. Our responsibility is to express an opinion on the proposed methods to be used to set the option exercise price.

We reviewed the planned grants in accordance with the professional standards applicable in France. Those standards require that we carry out the necessary procedures to ensure that the proposed methods to be used for determining the exercise price of the options granted are included in the Board of Directors' report, that the said methods comply with the applicable law and regulations, that they do not appear manifestly inappropriate and that sufficient information is provided to shareholders.

We have no comments to make on the proposed methods.

4. CANCELLATION OF SHARES BOUGHT BACK (15th RESOLUTION)

In our capacity as Statutory Auditors and in accordance with article L. 225-209, para. 4 of the Commercial Code concerning capital reductions through the cancellation of shares bought back, we present below our report on the reasons and terms of the proposed capital reduction.

We conducted our review in accordance with the professional standards applicable in France. Those standards require that we review the proposed capital reduction in order to ensure whether the reasons and terms are fair.

This proposed capital reduction would take place further to the buyback of the Company's shares, representing a maximum of 10% of the share capital, in accordance with paragraph 4 of article L. 225-209 of the Commercial Code. The Board of Directors is seeking an eighteen-month authorization for this buyback program at the Ordinary General Meeting.

Shareholders are also invited to grant the Board of Directors full powers for a period of twenty-four months, to cancel the shares acquired, provided the aggregate number of shares cancelled in any given period of twenty-four months does not exceed 10% of the Company's capital.

We have no comment to make on the reasons or terms of the proposed capital reduction, the implementation of which depends on the Ordinary General Meeting approving the buy back of the Company's shares.

Paris, April 11, 2003

The Statutory Auditors

PricewaterhouseCoopers Audit

Mike Moralee

Christian Marcellin

S.E.C.E.F.

Jacques Tenette

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