

LETTER TO Shareholders

No 60
MAY 2011

RESULTS

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SHAREHOLDER'S NOTEBOOK

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Heads-up with Pierre-André de Chalendar

Chairman and Chief Executive Officer of Saint-Gobain

“Over the next few quarters, the Group expects the underlying trends observed in the past three months to continue, despite much tougher bases for comparison.”



Saint-Gobain has just published its sales for first-quarter 2011.

What key trends can be identified?

Saint-Gobain reported a **12.2% rise** in sales for first-quarter 2011, **up to €9.8 billion** from €8.7 billion in first-quarter 2010.

Overall, and in line with the Group's economic assumptions as presented at the end of February, Saint-Gobain benefited in the first quarter of 2011 from a **combination of favorable trends** on most of its main markets. As in 2010, emerging markets and Asia as well as industrial markets remained strongly upbeat, posting further double-digit growth. The Group was also boosted by the recovery in **residential construction and renovation markets** in Western Europe, amplified by much better weather conditions than in first-quarter 2010.

How can you explain this strong growth performance?

Saint-Gobain's growth on construction markets in Europe was driven by high value-added solutions and particularly businesses

related to energy efficiency in the Habitat market (Insulation, Reinforced Thermal Insulation, Industrial Mortars, etc.). These businesses delivered double-digit growth over the quarter, buoyed by new regulations in force, and in particular Thermal Regulation "RT 2012" in France. Growth in the Group's biggest markets (France, Germany, UK, Scandinavia) also picked up pace in the three months to March 31.

Now this first quarter is over, can you confirm the outlook for the rest of 2011? How do you see the next few months?

After a very encouraging first quarter, boosted nevertheless by particularly mild winter weather – especially compared to first-quarter 2010, the Group expects the underlying trends observed in the past three months to continue over the next few quarters, despite much tougher bases for comparison. **Asia and emerging countries** should see ongoing vigorous growth, bolstered by a strong contribution from Eastern European countries. In **Western Europe**, there should be confirmation of the overall economic recovery, particularly in new construction and renovation markets. High value-added Habitat solutions, particularly in terms of energy efficiency, should deliver a superior growth performance. In contrast, conditions in the US construction market will remain challenging, although some signs of improvement should emerge by the end of the year. Industrial markets worldwide should remain upbeat in the short term.

Household consumption markets (for Verallia) should hold firm in all geographic areas.

On this topic, at the end of 2010 the Group announced plans to float Verallia, the Packaging business. Can you give us a progress update?

Following on the procedure launched by Compagnie de Saint-Gobain in October 2010, Verallia (Packaging Business Sector) filed its registration document* (document de base) with the French financial markets authority (AMF) on April 18, 2011. This is the first stage in the initial public offering of Verallia's shares on the regulated market NYSE Euronext in Paris.

Subject to market conditions and to the grant by the AMF of its visa on the prospectus relating to the offering, the Group is planning the listing of a minority stake in Verallia as from the second quarter of 2011.

* This document can be found on the websites of Verallia (www.verallia.com) and the AMF (www.amf-france.org).

Sales for the first quarter of 2011

€9,799m up 12.2%

Sales for the first quarter of 2011:

€9,799m

up 12.2% on a reported basis

up 9.6% like-for-like

2011 targets:

- robust organic growth;
- double-digit growth in operating income (at constant exchange rates*), despite the rise in energy and raw material costs;
- free cash flow of €1.3 billion, after the €500 million increase in capital expenditure;
- a persistently robust financial structure.

* Average exchange rates for 2010.

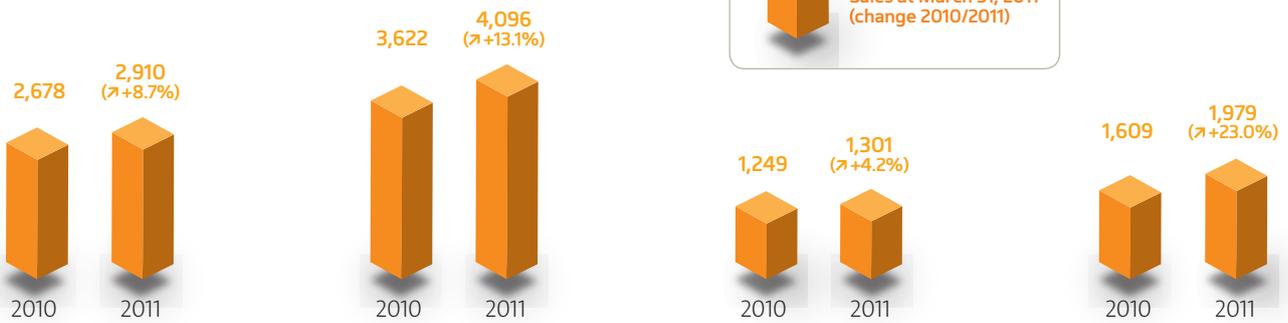
Sales by geographic area (comments based on like-for-like figures)

For the first time in three years, all of the Group's main geographic areas reported robust organic growth in the first quarter, particularly Western Europe (helped by favorable weather conditions) and, to a lesser extent, North America.

Sales at March 31, 2011

(% change on an actual structure basis)

(€ millions)



France

In France, **organic growth came in at 8.8%**, powered by the sharp rebound in construction-related business and ongoing robust trading for businesses related to industrial markets.

Other Western European countries

The sales performance in other Western European countries was **even better, up 10.2%**, on the back of vigorous growth in Germany and to a lesser extent Scandinavia. Furthermore, for the first time in three years, all countries in this region reported growth for the quarter, including Spain and Italy. As in France, a return to growth in construction markets came on top of further double-digit gains in industrial markets.

North America

North America delivered **4.4% organic growth**, thanks chiefly to continued brisk trading for High-Performance Materials and sales increases for Packaging (Verallia).

Emerging countries and Asia/Pacific

Asia and emerging countries continued to post **double-digit growth, at 15.6%**. On top of persistently bullish economic conditions in Latin America and Asia, Eastern Europe rebounded sharply.

Update on asbestos claims in the US

Some 1,000 claims were filed against CertainTeed in the first quarter of 2011, in line with the same period in 2010. Taking into account the number of claims settled in the period (around 3,000, versus 1,000 in first-quarter 2010), the total number of outstanding claims continued to fall, down to 54,000 at March 31, 2011 from 56,000 at end-December 2010.



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

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



Innovative Materials continued to enjoy very buoyant trading along the lines of 2010 and once again delivered the Group's **best organic growth performance, at 11.8%**. Markets related to industrial output and capital expenditure continued to benefit from robust momentum across all regions, particularly emerging countries and Asia. The Business Sector was also buoyed by the upturn in construction markets across Western Europe, amplified by the highly favorable basis for comparison provided by first-quarter 2010 figures.

- **Flat Glass** reported **10.8% organic growth**, powered mainly by volume gains. The strong recovery of the global automotive market and bullish economic conditions in Asia and emerging countries have now been joined by the gradual pick-up in construction markets in Western Europe. Against this backdrop, sales prices increased over the period, for both commodity products (float glass) in Europe and processed products.

- **High-Performance Materials (HPM)** posted a **further 13.5% rise** in sales, following its already strong showing in first-quarter 2010 (up 11.9%). Industrial output and capital expenditure remained very upbeat across all regions, and especially Asia and emerging countries.

Construction Products (CP) sales moved up 6.4%, reflecting improved market conditions and sales price advances in most Western and Eastern European countries, as well as ongoing robust momentum in Asia and emerging countries. In contrast, persistent weakness in the construction market continued to affect trading in the US.

- **Interior Solutions** reported **strong 8.4% organic growth**. This performance results chiefly from an upturn in sales in Western Europe, driven by much better weather conditions than in 2010 and by stricter energy-efficient housing regulations (which led Insulation to report double-digit growth over the period, including growth of 13.6% in France). Sales prices were up sharply across the business, particularly in Europe.

- **Exterior Solutions** posted **moderate 4.7% organic growth**, reflecting starkly contrasting performances from each of its businesses. Industrial Mortars delivered very good growth figures, but Pipe was hit both by budgetary tightening in most European countries and reduced export sales, triggering a decline in sales volumes. Exterior Products stabilized at a low level, as US construction markets failed to recover. Sales prices remained upbeat, but could not fully offset the steep rise in raw material costs.



Building Distribution rallied sharply, reporting **double-digit organic growth of 10.8%**. Besides the positive impact of weather conditions, the Business Sector's main markets (France, UK, Germany and Scandinavia) enjoyed a significant acceleration in growth over the quarter, especially Germany. Sales prices remained upbeat, in line with the Group average.

Packaging (Verallia) also benefited from the improvement in the global economic environment, posting a **7.2% jump in sales**. Sales volumes were up across all geographic regions (particularly Europe and Latin America), while prices remained upbeat, reflecting the rise in the cost of energy and raw materials.

Dates for your diary

UPCOMING SHAREHOLDER MEETINGS

- **June 27, Lyon**
with Laurent Guillot, Chief Financial Officer
- **October 10, Nantes**
with Florence Triou-Teixeira,
Head of Investor Relations
- **November 8, Brussels**
with Laurent Guillot, Chief Financial Officer
- **November 18, Paris (Salon Actionaria)**
with Pierre-André de Chalendar,
Chairman and Chief Executive Officer
and Laurent Guillot, Chief Financial Officer

ANNUAL GENERAL MEETING

- 3:00 p.m. on June 9 at the Palais des Congrès,
Porte Maillot, Paris

UPCOMING RESULTS PUBLICATIONS

- **Final results for first-half 2011** July 28,
after close of trading on the Paris Bourse
- **Sales for the first nine months of 2011**
October 25, after close of trading
on the Paris Bourse

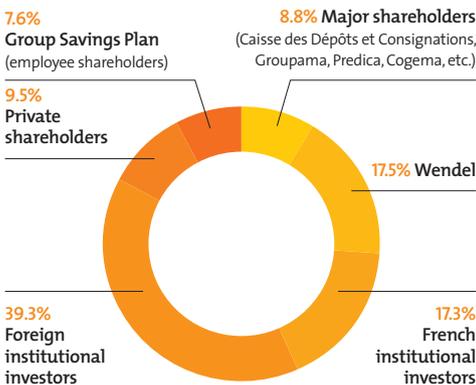
DIVIDEND

- Ex-date: June 13, 2011
- Record date: June 15, 2011
- Payment date: June 16, 2011

TOTAL NUMBER OF SHARES AT MARCH 31, 2011:

530,916,002

ESTIMATED OWNERSHIP STRUCTURE AT MARCH 31, 2011 (%)



Saint-Gobain share price

SHARE PERFORMANCE 2004-2011

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

Saint-Gobain's first-quarter sales figures published on April 28 were significantly better than financial analysts had expected. The Saint-Gobain share has continued to outperform the market over the past few weeks, and has gained 22% since the beginning of the year, compared to gains of 8% for the CAC 40 index. The large majority of financial analysts are recommending "buy" positions and their price targets are now set at an average of €53.

Performance over the period: **Saint-Gobain: +33.8%** **CAC 40: +15.4%**



* Data adjusted for the impact of the February 2009 rights issue.

RECENT PERFORMANCE OF THE SAINT-GOBAIN SHARE

Recent performance
at April 28, 2011 (€47.160)
in %

	Saint-Gobain share price	CAC 40	DJ Euro Stoxx 50	DJ Euro Stoxx 50 Construction
Trailing 12 months	+28.9%	+8.4%	+7.8%	+6.1%
Trailing 6 months	+38.4%	+7.0%	+5.6%	+20.2%
Trailing 3 months	+12.3%	+2.6%	+1.7%	+6.4%
Since January 1, 2011	+22.5%	+7.9%	+7.6%	+10.9%

Your contacts

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

- By dialing,

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