2001

Annual Report

SAINT-GOBAIN

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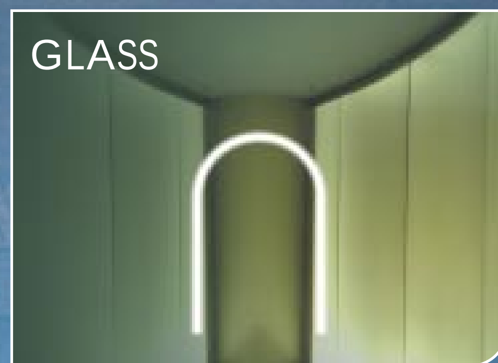
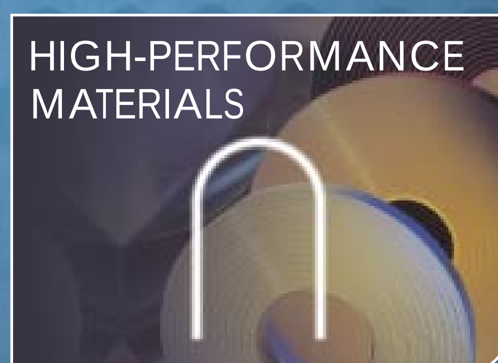
The origins of the Saint-Gobain Group go back to the founding in France of the Manufacture Royale des Glaces de Miroirs (Royal Mirror Glass Works) in 1665. Over the course of its development and diversification in intervening years, the Group has consistently been at the forefront of successive industrial 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.

Sales
30,390 *millions of euros*
Net income
1,134 *millions of euros*
Number of employees
173,329





Cover: *Gostiny* Dvor shopping center in Moscow, fitted with Eglass windows and *Ecophon* acoustic paneling.

Chairman’s statement

Saint-Gobain continued on its growth track in 2001. Sales rose 9.2% to €30.4 billion, and net income excluding capital gains reached a record €1,057 million, up 3% on 2000.

This performance, despite a sharp downturn in the economic environment, was made possible by the Group's swift reaction to changing conditions, thanks to which it achieved further productivity gains. The operating margin of the industrial divisions remained stable at 10.6%, testifying to resilience in a markedly more difficult market context.

Against this backdrop, Saint-Gobain has proved the robustness of its business model based on a balanced operations mix, diverse markets and a global reach.

The Group's historic businesses made a strong contribution, notably in the Glass Sector, which posted a 4.4% increase in sales and a 10.5% jump in operating income, buoyed by firming prices. The Housing Products Sector reported higher performance in its industrial divisions, in line with expectations, and in Building Materials Distribution operating margin edged up by about 0.5% on a comparable structure basis. By contrast, the High-Performance Materials Sector was hurt by the slowdown in industrial activity, particularly in electronics, and by the fall in capital expenditure, first in the US then in Europe.

Free cash flow surged by 34% year-on-year in 2001, topping €1.3 billion, primarily thanks to tight control over capital expenditure. In addition, the Group's gearing ratio declined to approximately 60%, reflecting a solid balance sheet structure. Saint-Gobain clearly has the financial resources it needs to ensure its development.

Throughout 2001, Saint-Gobain also leveraged opportunities to selectively consolidate its leading market positions. Overall, the Group gained additional sales of more than €850 million from external growth operations. The bulk of these acquisitions were in the high-growth markets earmarked for priority development, Building Materials Distribution and Ceramics and Composites (Ceramics, Plastics, Abrasives and Reinforcements).
At the same time, the Group continued to broaden its international presence, especially in emerging economies (Asia, Eastern Europe and Latin America), where Saint-Gobain's historic businesses play an increasingly important role.

Lastly, the Group bought out minority interests in its Spanish and Brazilian subsidiaries, and disposed of its entire stake in BNP Paribas.

Going forward, Saint-Gobain will continue to build on its strengths, drawing upon the sustained commitment of its people, a tightly-knit community sharing a common entrepreneurial spirit, as well as the trust of its shareholders.

Saint-Gobain's businesses are primed to gain new momentum from the expected turnaround in the global economy, particularly once the upswing materializes in capital spending and industrial activity. Given that the recovery is likely to be only gradual, Saint-Gobain has set growth of 0% to 4% in net income excluding capital gains as its objective for 2002.

Jean-Louis BEFFA
Chairman and Chief Executive Officer

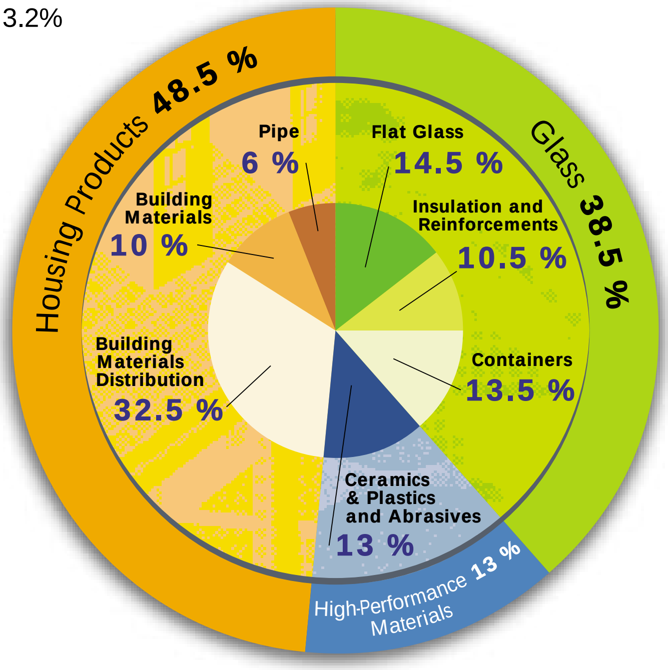
KEY FIGURES

SALES BY SECTOR AND BY DIVISION

The **Glass** Sector posted the strongest performance within the Group in 2001, with net sales up 4.4% on an actual structure basis and 3.2% on a like-for-like basis.

Sales in the **High-Performance Materials** Sector dipped 1.9% in 2001, due to the downturn in the global electronics sector, then to the gradual slowing down of industrial output and investment in the United States and Europe following the attacks of September 11.

The **Housing Products** Sector posted increased sales, lifted by internal growth and contributions from bolt-on acquisitions made in Building Materials Distribution as well as by a strong construction market in the United States during the second half of the year. Average organic growth in the sector came to 2.7% overall.



(in millions of euros)

	1997	1998	1999	2000	2001
Net sales	16,324	17,821	22,952	28,815	**30,390**
Operating income	1,593	1,776	2,314	2,693	**2,681**
Net income before minority interests	970	1,182	1,389	1,642	**1,174**
Net income	858	1,097	1,226	1,517	**1,134**
Net earnings per share (in €)	9.62	12.15	14.05	17.80	**13.30**
Net income excluding profit on sales of non-current assets (in €)	656	790	883	1,026	**1,057**
Net earnings per share excluding profit on sale of non-current assets (in €)	7.35	8.75	10.12	12.04	**12.40**
Net dividend (in €)	2.82	3.20	3.60	4.30	**4.50**
Highest share price (in €)	144.67	182.48	189.90	195.70	**180.00**
Lowest share price (in €)	109.46	99.70	103.10	116.50	**128.20**

2001 ANNUAL REPORT

This reference document was filed with the Commission des Opérations de Bourse on April 3, 2002, in accordance with Regulation 98-01 / 95-01. 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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Cross-reference table on implementation of Regulation 98-01 of the French Stock Exchange Commission
(Commission des Opérations de Bourse)

SAINT-GOBAIN IN 2001

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 CONSISTENTLY IMPLEMENTED STRATEGY

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

- 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 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, whether through their worldwide or European leadership, their unrivaled technological expertise, their ability to generate substantial free cash flow or through their extensive development potential in rapidly emerging economies.

High-growth businesses, 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 five 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 2001, these businesses accounted for 50% 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, achieving in the process average year-on-year growth rates of 18.9% and organic growth of 3.8% p.a. In this respect, the contribution made by acquisitions completed over the four-year period to 2000 is just as impressive. Thus, for example, in the Building Materials Distribution Division, the acquisitions of UK-based Meyer and of Germany-based Raab Karcher have driven a 30% increase in sales. In business lines such as engineered plastics or in glass reinforcement fabrics, the same figures are 50% and 20% respectively.

At the same time, Saint-Gobain has also 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.

This geographical development has involved all divisions or businesses: Flat Glass in Asia and Central Europe, Insulation in Central Europe, Reinforcements in Asia and Central Europe, Containers in North and South America, Ceramics and Abrasives (all continents), Pipe (Europe, China, South Africa), Building Materials (South America). In addition, Building Materials Distribution, which had originally been limited to France, has become the European leader in its sector.

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

TEN-YEAR CONSOLIDATED FINANCIAL HIGHLIGHTS

(in millions of euros)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Net sales	11,282	10,906	11,357	10,719	13,931	16,324	17,821	22,952	28,815	**30,390**
Gross margin	2,562	2,322	2,697	2,664	3,374	4,118	4,573	6,851	8,146	**7,698**
Operating income	978	759	1,112	1,187	1,434	1,593	1,776	2,314	2,693	**2,681**
Income before tax and before profit on sale of non-current assets	582	261	808	1,070	1,124	1,220	1,393	1,821	1,947	**1,988**
Net income before minority interests	395	196	724	716	767	970	1,182	1,389	1,642	**1,174**
Net income	362	200	553	642	659	858	1,097	1,226	1,517	**1,134**
Net earnings per share (€)	5.18	2.76	6.81	7.69	7.61	9.62	12.15	14.05	17.80	**13.30**
Net income excluding profit on sale of non-current assets	325	104	413	613	636	656	790	883	1,026	**1,057**
Net earnings per share excluding profit on sale of non-current assets (€)	4.64	1.43	5.09	7.34	7.34	7.35	8.75	10.12	12.04	**12.40**
Cash flow from operations	1,199	971	1,237	1,404	1,628	1,693	1,912	2,360	2,643	**2,733**
Capital expenditure	774	643	576	852	1,169	1,353	1,288	1,712	1,722	**1,430**
Total investment outlay	1,003	1,042	997	1,448	3,034	2,447	3,019	3,479	4,694	**2,246**
Net equity	5,538	5,417	6,422	7,017	9,082	9,959	9,924	11,151	11,724	**12,348**
Long-term debt	2,155	2,643	1,875	1,398	1,894	2,576	3,027	5,005	6,858	**6,238**
Fixed assets	8,262	8,245	7,661	8,463	12,103	13,139	14,033	16,909	19,530	**19,678**
Working capital	1,339	2,103	2,990	2,499	1,757	2,262	1,838	2,612	3,222	**3,075**
Employees (as of Dec. 31)	100,373	92,348	80,909	89,852	111,701	107,968	117,287	164,698	171,125	**173,329**

A MODEL FOR SUSTAINABLE AND PROFITABLE GROWTH

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

By building upon the foundations of its historic businesses, which each contribute significant free cash flow, Saint-Gobain has reconfigured its portfolio in order to focus resources on high-growth businesses and on expansion in rapidly growing emerging economies.

Thanks to its emphasis on reducing capital requirements and driving regular sales and earnings growth, this strategy helped Saint-Gobain achieve record-breaking 2001 results despite the economic slowdown. Earnings per share grew at double-digit average rates for the past five years.

In 2001, Saint-Gobain proved the resilience of its business model within a sharply deteriorating economic climate. Firstly, by posting growth that was in excess of average industrial production and GDP growth in the OECD nations at a time of shrinking industrial output and capital expenditure, the Group demonstrated the significant upside potential of its portfolio. The factors underpinning this resilience included the strong synergies between Saint-Gobain business units, the Group's balanced risk profile between geographic areas and end-use markets, the solid performance achieved by its Flat Glass and Containers entities, and the sustained growth in Building Materials Distribution activities. Additional evidence of the Group's ability to weather economic and business cycles is provided by its operating margin performance over the last five years.

By pressing ahead with actions aimed at reinforcing the Group's competitive position, tightly controlling capital expenditure, and seizing growth opportunities in its markets, as demonstrated by the achievements in Building Materials Distribution and in emerging nations, the Group showed that it is steadfastly implementing its growth strategy.

Going forward, three objectives will guide the Group's strategic development: boosting its capacity for organic and external growth; reinforcing the leadership of its three sectors by fully leveraging Saint-Gobain's broad profile of activities, its positions in emerging nations, and its innovative range of products and services; and achieving consistent increases in earnings per share excluding capital gains.

International expansion has traditionally been a key priority for the Group. Within a relatively short space of time, sales outside Western Europe and North America have risen to 9% of consolidated sales in spite of the steep learning curve required in such markets. In the process, Saint-Gobain has established beachheads in several of the world's fastest-growing economies, e.g. China, India, Brazil, Mexico and Poland, which offer strong platforms for sustained and profitable organic growth.

In Latin America, countries earmarked for priority development are Mexico, as a manufacturing base for the rest of North America, and Brazil, in which all of the Group's divisions are present. In Eastern Europe, Saint-Gobain will reinforce its solid presence in Poland and the Czech Republic. In Asia, it is building up its businesses in Korea and India and has laid down solid foundations in China and Japan.

SAINT-GOBAIN'S BUSINESSES

As a result of the growth and redeployment of operations, three core Sectors have gradually emerged, each of which includes several operating divisions. Saint-Gobain is a global or European leader in all three sectors. Each sector has built up an array of fast-growth businesses and has the necessary resources to grasp opportunities for development.

The Glass Products Sector includes Flat Glass, Insulation and Reinforcements, Containers. By harnessing the extensive synergies between these market-leading businesses, Saint-Gobain has become the number one glass manufacturer worldwide. The Sector draws upon a powerful presence in Europe, North America and Latin America, as well as new positions in Asia. The end-user markets for the Sector's products are construction and renovation, the 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 pursuing growth opportunities in emerging countries.

The High-Performance Materials Sector comprises two divisions: High-Performance Ceramics and Plastics, and Abrasives. The Sector is the world leader in Abrasives and in thermal and mechanical applications of Ceramics. Thanks to the acquisition of Furon in 1999, the sector has also gained the number one position in High-Performance Plastics. The Sector's operations are evenly spread between Europe, America and Asia. They are highly innovation-oriented, often in niche markets, and enjoy strong development momentum.

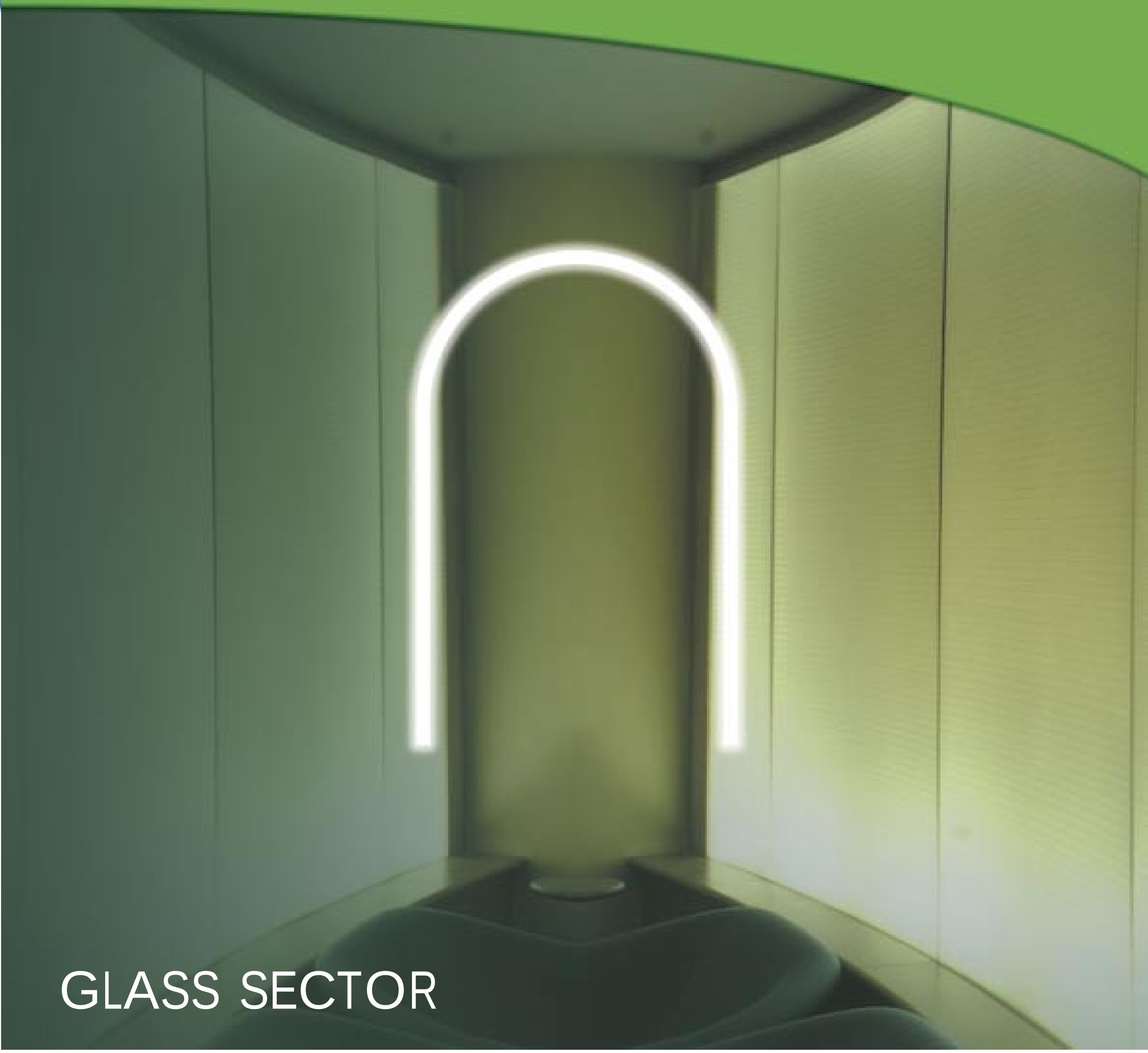
The Housing Products Sector includes the Building Materials, Building Materials Distribution and Pipe divisions. The Pipe Division is the number one supplier worldwide of ductile cast iron pipes used for water distribution. The Building Materials Division ranks second in the world for roofing products and indoor and outdoor wall facings, and is the European leader for industrial mortars. The Building Materials Distribution Division is number one in Europe in its field since the acquisition of Meyer International in the U.K. and Raab Karcher in Germany. With manufacturing operations in Europe, Latin America and South Africa and significant sales volumes in distant export markets, the Pipe Division also has considerable international reach.

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

REVIEW BY SECTOR AND BY DIVISION

(in millions of euros)

Net sales	1999	2000	2001
Flat Glass	3,718	4,167	**4,478**
Insulation and Reinforcements	2,864	3,254	**3,274**
Containers	3,640	3,906	**4,070**
(Internal sales)	(5)	(10)	**(9)**
Glass	**10,217**	**11,317**	**11,813**
Ceramics & Plastics and Abrasives	3,066	4,095	**4,018**
Essilor	1,662	978	**-**
(Internal sales)	(2)	-	**-**
High-Performance Materials	**4,726**	**5,073**	**4,018**
Building Materials	2,625	3,067	**3,184**
Building Materials Distribution	4,078	7,929	**10,061**
Pipe	1,605	1,778	**1,782**
(Internal sales)	(151)	(178)	**(203)**
Housing Products	**8,157**	**12,596**	**14,824**
(Internal sales)	(148)	(171)	**(265)**
TOTAL	**22,952**	**28,815**	**30,390**



GLASS SECTOR

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

Each of these divisions, which together account for 39% of Group sales, has a strong leadership position, either in Europe or worldwide. Their combined strengths make Saint-Gobain the world's largest glassmaker.

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

Although capital-intensive, these businesses also generate substantial free cash flow. Their share of Group capital expenditure, which had reached the top of the cycle in recent years, has now been scaled back following the completion of major investment programs in Flat Glass and Reinforcements in emerging nations. The Sector's growth opportunities lie with new products and emerging economies, by drawing upon the Group's specific technology.

GLASS	Businesses and Products	Key uses	Key competitors	Competitive position
FLAT GLASS	• **Basic Flat glass products**	• Clear and colored glass, layered glass	• Pilkington (United Kingdom) • Guardian (United States)	
	• **Processing and distribution** • **Building industry**	• Construction, building industry, interior design, furniture	• Asahi (Japan) • P.P.G (United States)	• European leader and one of the top three suppliers worldwide to the building and automotive industries
	• **Automotive glass**	• Clear and safety products for the automotive industry, glass for replacement parts • Aerospace and mass transit		
	• **Specialty glass**	• Fireproof glass, nuclear safety, aerospace and mass transit, industrial optics, home appliances, industrial refrigeration	• Schott (Germany)	
INSULATION AND REINFORCEMENTS	• **Glass wool** • **Rock wool** • **Soundproof ceilings** • **Insulating foam**	• Thermal and acoustic insulation of buildings, technical facilities (glass and rock wool, foams) • Hydroponic cultivation (rock wool)	• Owens Corning (United States) • Johns-Manville (United States) • Rockwool (Denmark) • Pfleiderer (Germany)	• Insulation: world leader
	• **Glass threads**	• 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 grids and reinforcing fabrics)**	• Building industry, industrial materials, technical composites	• Nitto-Boseki (Japan)	
CONTAINERS	• **Bottles and jars**	• Food packaging (food products, wine, beer, soft drinks, oils, sauces)	• Owens Illinois (United States) • Vitro (Mexico) • Consumers (USA/Canada) • B.S.N Glass Pack (France-Germany)	• Joint world leader • European leader (all businesses combined)
	• **Flasks**	• Fragrances, pharmaceutical and medical products.	• Pochet (France) • Bormioli (Italy) • Gerresheim (Germany) • Wheaton (United States)	• World leader
	• **Plastic pumps**	• Cleaning products, health and beauty care products • Fragrances and pharmaceuticals	• OI, Aptar (United States) • Aptar (United States), Rexam (United Kingdom)	• World leader

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, which 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.

Two-thirds of the glass produced by Saint-Gobain's Flat Glass plants is further processed before being sold, 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 to its customers, the major European and global car manufacturers, front and back windshields, side windows, glass sun-roofs and other ready-to-assemble modules. 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 comfort. In addition to automotive markets, the aerospace and mass-transit industries are another significant end-use market for the Division's product expertise.

Renault Vel Satis

Lastly, the Division includes under the heading of Specialty Glass a number of companies offering specific capabilities in markets such as home appliances (Euroglass, Eurokera), fireproof glass (Saint-Gobain Vetrotech International), industrial optics, nuclear safety glass and industrial refrigeration. 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 distribution of 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 distributing 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, applications for which demand is constantly increasing. In sound insulation, the Division has built up a highly specialized and fast-growing business supplying acoustic ceilings and partitions.

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

In Europe, one house out of three is insulated with the Division's products, and the proportion in the United States is of one in every five. The Division is established on all continents, either as a direct producer or via its licensees. The Division is a worldwide leader in mineral fiber insulation products which are sold under a global brand name, Isover. At the same time, it has moved from acting as a single product supplier to offering integrated systems for thermal and acoustic comfort.

The Division's strategy is based on bolstering this position and completing its turnaround in rock wool. In its other business lines it is concentrating on ensuring consistent growth in sales and profitability.

Roofing insulation

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

The glass threads activity goes to market under the Saint-Gobain Vetrotex trading name and is organized into seven businesses: Reinforcements North America, Reinforcements South America, Reinforcements Europe, Reinforcements Asia Pacific, Textiles, Cem-FIL® Reinforcements and Twintex®. These supply downstream processors with glass fiber in the form of masts, reels, strands and fabrics for incorporation into composite materials meeting a wide variety of applications. 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.) and the electrical and electronic industries, in which glass reinforcements are the basis for printed circuits.

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

Manufacturing of industrial fabrics at the Xicohténcatl plant in Mexico, run by Saint-Gobain Technical Fabrics.

Beginning in 1999, textile-processing operations were gathered into a dedicated Technical Fabrics business unit. It produces glass grids and cloths for three types of markets: the building industry, industrial materials and technical composites. This fast-growing business, which has achieved average annual growth rates, acquisitions included, of 20% since 1996, has become a second core competency for the Division. Its eight manufacturing units are: Saint-Gobain Technical Fabrics Canada, Saint-Gobain Technical Fabrics America, Saint-Gobain Technical Fabrics S.A. in Mexico, Saint-Gobain Technical Fabrics UK, Saint-Gobain Vertex in the Czech Republic, Saint-Gobain Tevesa and Saint-Gobain Icasa in Spain, and Saint-Gobain LMC in Italy.

Across these two business lines, the Reinforcements Division currently obtains 51% of its sales in Europe, 41% in the Americas and 8% in Asia.

CONTAINERS

The Containers Division is a front-ranking player on worldwide markets in all three of its business lines:

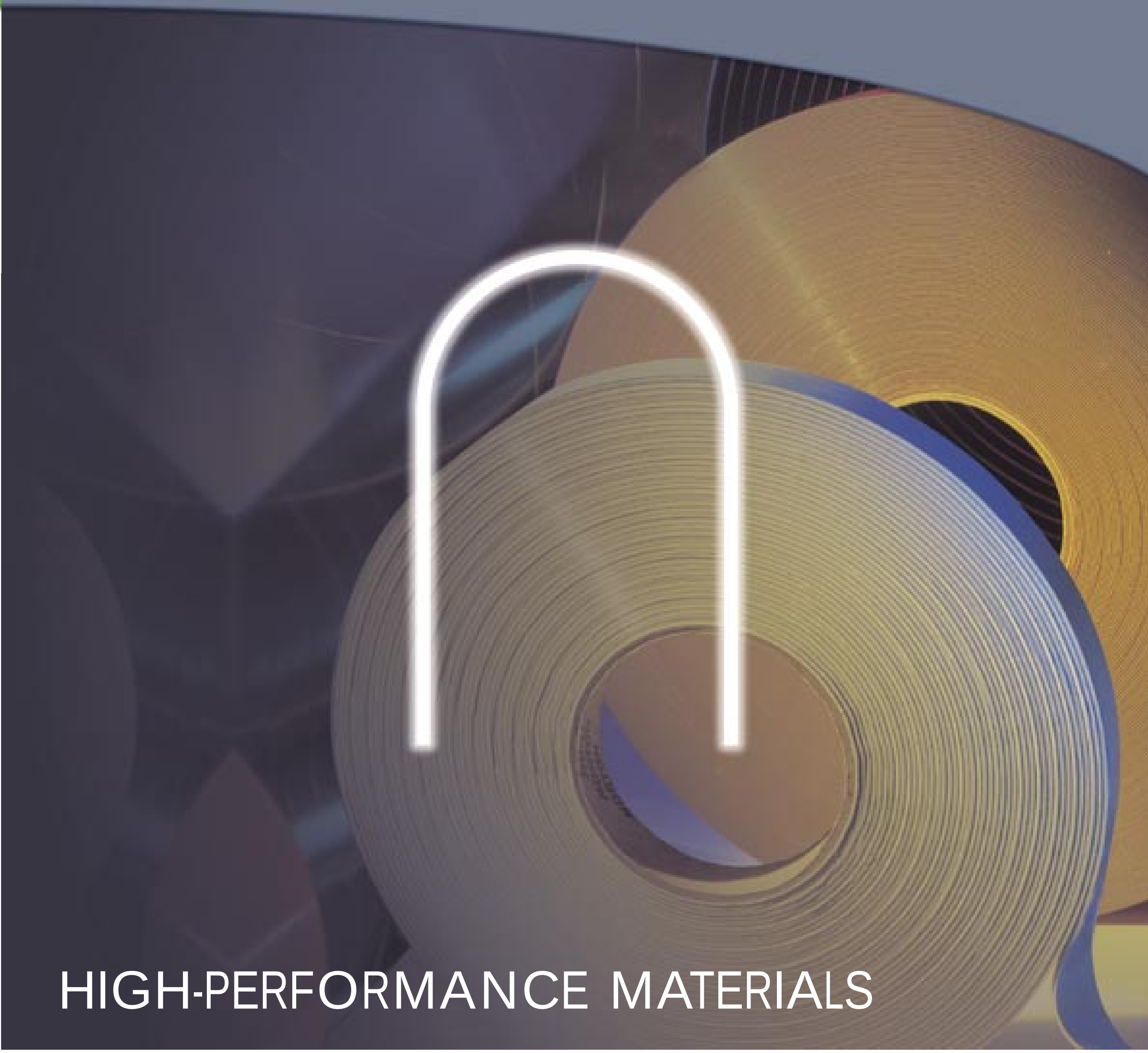
- Glass bottles and jars for food products and beverages;
- Glass flasks for perfume and pharmaceutical products;
- High-performance plastic pump dispensers for beauty, personal care and cleaning products.

To meet the diverse needs of both global and locally based clients, the Division operates glass bottle and jar manufacturing units on four continents: Europe (France Germany, Italy, Spain and Portugal), the United States, South America (Brazil, Argentina), and China, where it has opened a small production facility.

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 competencies, 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.

Saint-Gobain Emballage bottles produced for the Bordeaux wine trader Ginestet, bringing back a glassmaking technique first discovered in 1600, known as the "embedded seal" process.



HIGH-PERFORMANCE MATERIALS

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. Up to November 2000, the Sector also included Essilor International.

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

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

HIGH-PERFORMANCE MATERIALS	Businesses and Products	Key uses	Key competitors	Competitive position
CERAMICS & PLASTICS	• **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 fabrication. • Fine and structural ceramics for applications in home appliances, automotive 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	• **Grinding wheels**	• Roughing, precision grinding, sharpening of tools and materials for the aerospace, 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: aerospace, automobile, furniture, portable machines, steel, jewelry, watchmaking, biomedical industries	• 3M (United States) • Hermes (Germany) • Klingspor (Germany) • SIA (Switzerland)	
	• **Superabrasives**	• Precision work for the aerospace, 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)	

CERAMICS & PLASTICS

The Division, organized around the two product families of Engineered Ceramics and High-Performance Plastics, is fairly recent as far is its current makeup is concerned. It has been set up around Saint-Gobain's traditional Ceramics and Refractories businesses and the operations of Norton, acquired in 1990, Furon, which joined the Group in 1999, and Chemfab, Holz and Magic acquired in 2000. Through both organic growth and acquisitions, it has increased its sales by an annual average of 15% over a ten-year period at the same time as it implemented a major transformation of its operations portfolio.

As a result of these changes, the Division's operations now break down into three evenly-balanced segments: Industrial Ceramics account for 42% of sales, Specialty Ceramics for 24% and High-Performance Plastics for 34%. These three business lines ensure the Division's global presence, as 34% of its sales are generated in Europe, 58% in North America, 3% in South America and 5% in the Asia-Pacific area.

The Division's three business lines have markedly complementary strengths. With the exception of 2001, which saw a dramatic slump in activity in the semiconductor industry, Ceramics and Plastics has consistently posted sustained growth each year. High-Performance Plastics, which has the strongest sales momentum of the three activities, is also the least capital-intensive of the Division's business lines. Industrial Ceramics tends to grow more slowly but to be a strong contributor of cash flow. The other two business lines tend to require greater capital expenditure to meet demand, but also show more promising development potential.

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

Specialty Ceramics produces parts and systems for technical applications in which size, purity or stability requirements are very strict, for uses in extreme environments. Its output spans a very broad range of ceramics and crystals, classified into three product families: structural and fine ceramics (used by the home appliances, automotive, aerospace, telecoms, nuclear, oil and petrochemicals sectors); semiconductor ceramics and materials; and crystals and detectors for medical, nuclear, oil and petrochemical applications. The Division faces competition from several major players and is the second manufacturer of specialty ceramics worldwide.

The High-Performance Plastics business line processes engineered polymers and elastomers, particularly fluoropolymers, silicons and thermo-setted plastics, that meet stringent requirements of purity, precision forming and resistance to corrosion or high temperatures. Its markets enjoy strong growth momentum with little cyclical fluctuation, as well as satisfactory profitability, benefiting from a long-term trend towards replacement of traditional materials with engineered plastics. Its highly diverse operations portfolio breaks down into four core product families: Advanced Films and Fabrics, which covers films, adhesive tapes and special fabrics for aerospace, electrical and safety applications; Fluid Systems, which includes pipes, couplings and tubes for manufacturing, automotive, food processing, pharmaceuticals, chemicals and semiconductors, and which completed a medium-sized acquisition in the United States in 2001; Precision Bearings and Rings, which manufactures self-lubricating and low-friction bearings and rings for cars, home appliances, machine tools and airplanes along with composite materials for the space industry; and Specialty Elastomers, which supplies flexible foams for sealing and vibration-proof foams for cars, manufacturing and the building industry. Many of these markets are in the midst of consolidation and thus offer opportunities for Saint-Gobain to become a supplier of choice to the automotive industry as well as in other sectors.

Plummer blocks and seals.

ABRASIVES

Abrasives, which was originally acquired as part of Norton in 1990, has grown steadily through organic and external expansion to become the worldwide leader in its industry. Acquisitions made by the Division include Winter, Unicorn and Flexovit in Western Europe, Korund in Poland and Merit in the United States.

The Division's unparalleled product coverage makes it the only supplier capable of offering clients a complete 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 the three major 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.

BRGI vitrified precision grinding wheels by Norton, for grinding of holes, ball-bearing grooves and bores.

- 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 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 one nanometer. 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 aerospace, construction and gem cutting.

The Division operates manufacturing facilities in more than thirty countries and has built up an extensive presence in Asia and South America alongside its established operations throughout Europe and the United States. Its 14,465 employees serve clients in virtually all of the world's nations. 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.

HOUSING PRODUCTS SECTOR

The Housing Products Sector was largely born out of the acquisition of the Poliet group in 1996. It includes the manufacturing operations of the Building Materials Division, which has spearheaded the businesses of Poliet and Saint-Gobain since 1997. This Division proposes a broad range of solutions answering the needs of builders for both individual housing and industrial facilities. The Building Materials Distribution Division comprises the various building materials distribution operations in France and other European countries. As from December 31, 2001, Building Materials Distribution has integrated the piping materials distribution activities formerly consolidated by the Pipe Division. One of the Group's historic businesses, the Pipe Division operates as a specialist 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 and experiences little cyclical fluctuation, thanks to its moderate capital expenditure requirements and the weight of the Renovation segment. There are extensive opportunities for both organic and external growth and all three divisions also show considerable potential for development outside France.

HOUSING PRODUCTS	Businesses and Products	Key uses	Key competitors	Competitive position
BUILDING MATERIALS DISTRIBUTION	• **Distribution of building materials for new construction and renovation** • **Industrial carpentry**	• Market for 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	• **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	• Lafarge (France) • Owens Corning (United States) • Trex (United States) • Louisiana Pacific (United States) • James Hardie (Australia) • Etex (Belgium) • Wienerberger (Austria) • Royal Group (Canada)	• European leader for industrial mortars • Among the world leaders for wall facings and coatings • No. 2 worldwide for roofing products
PIPE	• **Cast-iron pipes, connectors and accessories** • **Hydraulic valves and fountains** • **Road-building supplies** • **Pipes and connectors for wastewater and rainwater in the building industry**	• Drinking water supply • Irrigation • Wastewater networks • Road-building and civil engineering	• US Pipe (United States) • Mc Wane (United States) • Kubota (Japan) • Buderus (Germany) • Norinco (France) • Tyco (United States)	• World leader in ductile cast-iron pipes

BUILDING MATERIALS DISTRIBUTION

The Building Materials Distribution Division was formed in 1996 following the acquisition of Poliet, and was subsequently integrated with acquisitions made in the UK and in Germany in 2000. Now operating as the leading distributor of building materials in Europe, the Division serves the home building, renovation and interior decoration markets through 2,500 outlets in 13 countries. 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, the Netherlands, Hungary and the Czech Republic, Mercader 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 decentralized group of businesses operating 1,200 outlets nationwide.

Point.P offers more than 1,200 outlets throughout France.

La Plateforme du Bâtiment is a new distribution concept for building professionals, which is modeled on the cash and carry. The brand has outlets in 11 cities in France and is progressively being rolled out to other markets. Two branches have been set up in Poland, and expansion is underway in Britain, Hungary, Spain and Mexico.

In 2001, Lapeyre concentrated on repositioning its business, with the disposal of its business-to-business activities in Germany and its refocusing on serving consumers and craftsmen. As a specialist in home decoration, Lapeyre covers four essential product "destinations": fitted kitchens, fitted bathrooms, interior carpentry and exterior carpentry. It has an extensive sales presence in France and has expanded its operations into Belgium, Switzerland and Poland. The company's takeover of Telhanorte in Brazil has given an additional boost to its international development.

The Division has two 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 over 600 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 360 agency outlets. The company's acquisition of Keramundo has given the company a leadership position as a distributor of ceramic tiles on the German market.

Thanks to the robust organic growth and acquisitions made by the Division, Building Materials Distribution quadrupled its sales in the five years to 2001, thus bringing its total sales to €10 billion by the end of 2001.

In 2001, Building Materials Distribution launched Build2Pro, a new services portal for building professionals. This groundbreaking e-business venture leverages the market expertise and logistics capabilities of the Division's 4,000 distribution outlets and is being operated in association with SigmaKalon and Sonepar. The site currently serves customers in France, and will be gradually rolled out to the rest of Europe, starting with the United Kingdom.

In the coming years, the Division will keep up its development by stepping up cross-border expansion, achieving strong organic growth, harnessing 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 brings complete offerings for the outside of the home, in both construction and renovation segments: vinyl products for wall facings and sidings on individual homes in the United States; roofing materials and ventilation systems for these homes; concrete products; mortars for wall facings and glues for tiles; terracotta tiles, bricks and other roofing and siding products.

The Division's global presence does not preclude a strong local dimension in products and solutions that 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 European country to the next, 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 over twenty 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 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. 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 around the Terreal brand, is helped in Europe by a tendency to shift away from concrete tiles and to this warmer-colored product. To keep up with this trend, the Division recently invested in modernizing its plants and raising their capacity.

Industrial concrete, a France-based business operated by Saint-Gobain Stradal, manufactures concrete products used in road construction and utilities, civil engineering projects (railway ties, arch stones, supports) as well as urban furniture, floor slabs and paving stones, gardening and landscaping items.

PIPE

As a specialist provider of equipment for the water-supply industry, the Pipe Division designs, manufactures and markets complete piping systems for water transport.

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

The Division is organized into three businesses — Water & Wastewater, manufacturing pipes, couplings and valves, Road-building, and Construction — which each focus on meeting a broad spectrum of requirements in the markets they serve.

New products and ranges are constantly being developed and existing products upgraded in order to meet increasingly stringent requirements in the water industry and to respond to the changing needs of municipal customers, while also expanding onto new market segments. Worldwide, the products of the Pipe Division enjoy a well-established reputation for quality and innovation which stems from their sturdiness and longevity, ensuring lower maintenance costs, added to their reliability against public-health and environmental criteria.

It is the European leader in cast-iron above and below ground drainage systems, and the European number three in hydraulic valves and fountains. Global competition in these fields comes not only from other manufacturers of cast-iron pipes, but also from several rival materials, namely plastic, steel, concrete and earthenware. The Division's principal competitors are European (Etex, Wavin, Uponor, Buderus, Norinco), North American (US Pipe, McWane, Acipco, Tyco) and Asian (Kubota, Xing-Xing, Electrosteel). To meet these challenges, the Division's strategy is to differentiate its offerings through the superior quality of its products and service and to constantly upgrade its competitiveness.

Saint-Gobain Pipe has industrial operations on five continents. In recent years, it has rounded out its established operations in France, Germany, Spain, the United Kingdom, Italy and Brazil by expanding into Colombia, China and South Africa.

Products are marketed by the manufacturing units themselves or through the Division's sales offices in Portugal, Belgium, the Netherlands, the Czech Republic, Poland, Norway, Finland, Greece, Austria, Argentina, Chile, Peru and Hong Kong. This operating structure, which also includes sales delegations as well as a large network of sales reps, enables the Division to serve customers in more than 100 countries, representing virtually all of the world's largest markets.

Effective as of December 31, 2001, the Division transferred its materials distribution business, which is established in Germany and the United Kingdom, over to the Building Materials Distribution Division, which has its own specialist operations in the sector, with the aim of creating a pan-European powerhouse in civil engineering markets.

Under its new configuration, the Pipe Division now employs 8,600 people. Around 39% of the workforce is employed in France, 36% in other European countries (principally the United Kingdom) and 25% is located outside Europe.

Inspecting a manhole.

GEOGRAPHICAL BREAKDOWN OF OPERATIONS

Saint-Gobain has a balanced geographical presence in each of the world's regions. In 2001, France accounted for 28.9% of sales by country of manufacture. Other European countries generated 41.1%, of which Germany and the United Kingdom, both territories in which major acquisitions were made in recent years (Raab Karcher in Germany, Meyer International in the UK), respectively contributed 14.8% and 10.9%, with Italy, Spain, the Benelux countries and Scandinavia accounting for the remaining 15.4%. North America represented a substantial 22.8%, attributable to the Building Materials, Ceramics & Plastics and Containers businesses. The rest of the world (South America and Asia) was responsible for 7.2%.

(in millions of euros)

	France	Other European countries	North America	Rest of world	Essilor	Internal sales	TOTAL
At December 31, 1999							
Net sales	7,631	7,561	5,306	1,614	1,662	(822)	**22,952**
Capitalized assets	4,360	4,631	4,873	1,856	1,189	-	**16,909**
At December 31, 2000							
Net sales	8,541	11,203	7,002	2,149	978	(1,058)	**28,815**
Capitalized assets	4,099	7,334	5,903	2,194	-	-	**19,530**
At December 31, 2001							
Net sales	9,095	12,944	7,180	2,293	-	(1,122)	**30,390**
Capitalized assets	4,073	7,461	5,946	2,198	-	-	**19,678**

MARKETS AND CUSTOMERS

As a major consumer of raw materials that are abundantly available worldwide, and of semi-finished products, Saint-Gobain has global or national suppliers for most of its needs, whether for sodium carbonate and sand for glassmaking, cement and vinyl for building materials, chemical coloring for mortars, aluminum oxide for ceramics, scrap metal for pipes and foundry products, or butyral polyvinyl for engineered composites used in the automotive sector. It has no dependence on any supplier that cannot be easily replaced. The Group's customer base is primarily made up of global accounts, such as carmakers for glass and plastics, or textile spinners and the electronics industry for glass reinforcements. On the other hand, some of its businesses are specifically national or regional: bottles and jars, tiles and construction materials, industrial carpentry, insulation.

NEW TECHNOLOGIES: TURNING INFORMATION SYSTEMS AROUND TO FACE THE CUSTOMER

In recent years, Saint-Gobain has taken a proactive approach to deploying information-age technologies within its businesses, while placing particular emphasis on the practicality and overall feasibility of IT projects and their ability to meet clearly identified priorities, e.g.:

- Increasing operational efficiency, by delivering cost savings in areas such as sourcing or supply-chain management;
- Harnessing on-line systems to speed up information sharing and internal procedures, optimize processes, collect business intelligence and monitor new technologies;
- Supporting the Group's strategic move into downstream customer services, by developing Web-based customer relationship management systems.

Another of the key thrusts for the Group's information systems strategy consists of automating the gathering and reporting of business information through the use of Enterprise Resource Planning systems (ERP).

Across the Group, IT systems already in place are enabling business units to develop collaboration with external suppliers, create knowledge management networks inside their organizations, and manage their relations with business partners, service providers and customers through secure extranets and e-business portals.

Practical examples of this policy include the launch in 2001 of a cross-company sourcing program, entitled "PROCURE" (Procurement Reengineering) which helps materials management departments analyze their inventories in order to optimize sourcing strategies, notably by using on-line auctions.

During the year, the Group's e-business structure made key progress in rolling out external websites launched in 2000:

- www.Build2Pro.fr, was launched in France in 2001 by Saint-Gobain, SigmaKalon and Sonepar, the European leaders in building materials distribution, as a one-stop services portal for building professionals. The site will soon be rolled out to the rest of Europe.
- www.Vignovin.com has been created by Saint-Gobain Packaging in association with leading winemakers and wineries to provide grape growers with services, advice and information on grape growing, wine-making and bottling.
- www.Lapeyre.fr is Europe's only business-to-consumer website in the kitchen, bath and interior decoration market.

At end 2001, Saint-Gobain's divisions, delegations and businesses had a total of 246 websites. To help coordinate and expand e-business initiatives currently in place, the Group set up a dedicated Internet structure which is responsible for promoting synergies, innovative solutions and cross-company resource sharing in the area of on-line networks.

In recent months, cross-company initiatives have focused on:

- Cross-border networking: online meetings, "share-nets" and an automatic translation platform for world languages;
- Workgroup solutions: user-configurable portal sites and web services;
- Open-systems solutions.

RESEARCH: A PIPELINE OF INNOVATIVE PRODUCTS FOR CORE BUSINESSES AND GROWTH VENTURES

(in millions of euros)

	1999	2000	2001
R & D expenditure	342(*)	300	**320**

(*) of which Essilor: €73 million

One of the Saint-Gobain Group's longest-standing traditions is to be constantly at the forefront of technological change in all of its businesses. In perpetuating this tradition, 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-greater 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.

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 already been designed in the field of information technology and communications, with printed circuit manufacturing equipment, visual display units or optical data transmission systems, as well as for environmental applications, water transportation and treatment, healthcare and more.

Thirdly, to enable the entire Group to benefit from the complementary technical skills developed in its various business lines of Glass, Ceramics, Plastics, Metals, Cements and Mortars. The 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 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 & Studies Center)	Ceramics	Cavaillon (France)
Solon Development Center	Crystals and Detectors	Solon (United States)
Northboro R&D Center	Ceramics and Plastics	Northboro (United States)
R&D Center	Abrasives	Worcester (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)
Develop. Center Wichita Falls	Reinforcements	Wichita Falls (United States)
Process & Product Devt. Department	Pipe	Pont- à-Mousson (France)
Chalon Technical Center	Containers	Chalon sur Saône (France)
Vinyl Siding & Windows	Building Materials	Jackson (United States)
Development Center Bayex	Technical Fabrics	Sainte Catherine (Canada)

Saint-Gobain's R&D community is nearly 3,000 strong and represents a strongly interactive and mobile group of individuals. The various communication and knowledge-sharing forums, or "share-nets", made available to researchers enable them to pool talents, cross-fertilize and innovate together. Saint-Gobain has forged partnerships with leading university research laboratories 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 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.

For further information see: **www.saint-gobain.com** ("Innovation" section)

SAINT-GOBAIN AND SUSTAINABLE DEVELOPMENT

Reinforcing Saint-Gobain's global leadership by expanding aggressively on international markets and driving high levels of internal growth requires adhesion to principles that enable the Group to meet key criteria for sustainable development and that are consistent with its strategic priorities and management methods.

Through its emphasis on working for the common good and on "putting people first", taking a systematic and proactive approach to sustainable development is a key source of value creation and efficiency for an industrial group, whether by generating cost savings, increasing the added value of products, helping to break open new markets, or fostering allegiance to common values.

Sustainable development also has implications for the Group's policies and practices in human resources, environment, health and safety, and product development. To ensure the sustainability of its resource management and product development processes, Saint-Gobain is actively pursuing objectives in the fields of pollution control, energy conservation and renewable energies. The overall aim for these efforts is to promote eco-efficiency and socially responsible management within the specific context of each country and business.

THE PEOPLE OF SAINT-GOBAIN: WORKING TOGETHER - WINNING TOGETHER

The Saint-Gobain community was 173,329 strong at December 31, 2001. Of this total, more than half of the Group's employees have joined the Group since 1995. Reinforcing Saint-Gobain's corporate culture, instilling principles of teamwork and mutual support, recruiting staff, developing their skills and providing opportunities to build rewarding careers within the Group are the main thrusts of Saint-Gobain's efforts to innovate and to develop employees' allegiance to the organization.

A DECENTRALIZED ORGANIZATION

Saint-Gobain's decentralized operating structure provides abundant opportunities for personal development and initiative-taking. As a multinational organization, diversity is one of Saint-Gobain's foremost strengths. It is evidenced by a willingness to embrace differences of culture, language and outlook, and leverage them as assets for the Group. Today, non-French nationals account for over three-quarters of the workforce and around one thousand executives work outside their home country.

PROGRESSION IN EMPLOYEE HEADCOUNT IN STRATEGIC COUNTRIES

	1999	2000	2001	1999/2001 % change
Poland	2,193	3,388	3,353	52.9%
Czech Republic	2,134	2,686	2,735	28.2%
CENTRALE EUROPE	**4,327**	**6,074**	**6,088**	**40.7%**
Brazil	9,974	10,632	10,993	10.2%
Mexico(*)	2,203	2,352	2,068	-6.1%
LATIN AMERICA	**12,177**	**12,984**	**13,061**	**7.3%**
China	1,918	1,310	3,381	76.3%
India	2,371	3,013	2,459	3.7%
ASIA	**4,289**	**4,323**	**5,840**	**36.2%**
TOTAL	**20,793**	**23,381**	**24,989**	**20.2%**

(*) Excludes 942 employees of Mexalit which was divested in 1999.

In 2001, the most significant increases in employee headcount were made in emerging regions of the world. Thus around 9% of Saint-Gobain's workforce is employed in Latin America, thereby placing the region in fifth position behind France, North America, Germany and the United Kingdom, and a further 10% was employed in Eastern Europe and Asia. Overall, 17% of the workforce is based in emerging nations.

INTERNATIONAL MOBILITY

As might be expected, the Group's expanded presence in the world's fastest-growing economies is enhancing the international exposure of its management resources. Currently, more than 10% of Saint-Gobain's executives have completed an international assignment within the Group. Each year, 200 managers take up postings a broad. Managerial hires are increasingly being recruited on the strength of their mobility, language and inter-cultural skills. For many executives, an overseas assignment is both a starting point and a key asset for their future career within the Group.

WORKFORCE BY SECTOR AND BY DIVISION

At December 31	1999	2000	2001
Flat Glass	34,481	35,041	37,151
Insulation	8,579	8,677	8,933
Reinforcements	7,352	8,521	8,205
Containers	20,182	20,186	20,346
Glass Sector	**70,594**	**72,425**	**74,635**
Ceramics and Plastics	14,568	15,250	14,278
Abrasives	14,065	15,717	14,464
Essilor	19,370	-	-
High-Performance Materials Sector	**48,003**	**30,967**	**28,742**
Building Materials Distribution	19,543	42,635	45,868
Building Materials	15,110	13,981	13,221
Pipe	10,485	10,054	9,725
Housing Products Sector	**45,138**	**66,670**	**68,814**
Other	963	1,063	1,138
Total	**164,698**	**171,125**	**173,329**

Managers account for 9% of the Group's 173,000 employees.

RECRUITMENT

Saint-Gobain has taken on an average of 1,400 new employees each year for the past three years. In France, where the Group was a net creator of jobs in 2001, acquisitions made during the year increased employee headcount. Based on a comparable Group structure, the workforce declined proportionately to the increases in productivity recorded in prior years. Saint-Gobain also made good progress in its "e-recruitment" project which aims to tap the Internet's potential as a medium for recruitment and increase the efficiency of recruitment processes. Graduate recruitment efforts, which are focused on top universities and business schools, are the last component in the Group's recruitment policy.

In this area, Saint-Gobain has forged numerous partnerships with educational institutions, increased its intake of graduates having completed job placements within the Group, and is a partner in multilateral and bilateral exchanges such as the European Union's Copernicus program. Saint-Gobain is also taking part in a management training program organized in conjunction with leading schools such as France's Institut d'études politiques, Ecole nationale des Ponts et Chaussées, Ecole des Mines, and Collège des ingénieurs. The program, which was set up in 1990, provides management training for around forty business graduates from central and eastern Europe.

By providing training in general management and specialist disciplines, and languages, the program aims to prepare participants to work as executives for French companies that are investing in their countries of origin.

In several functional areas, including corporate human resources, particular importance is placed on the recruitment and promotion of women as well as on increasing the number of non-French nationals within the Group's management cadre.

In the United States, Saint-Gobain Corp. has developed specific recruitment policies of its own.

TRAINING

Training and employee development is a priority for Saint-Gobain's human resources policy since human capital is one of its foremost competitive assets. In addition to helping employees acquire the requisite skill-sets to operate in its core business functions, the Group actively encourages employees to take responsibility for continuous training and career development. Managers are also required to ensure that their teams obtain adequate opportunities for development. Like any other business outlay, training is expected to deliver a return on investment.
In 2001, training initiatives focused on management training, marketing, customer relationship management and idea management.

EMPLOYEE SHARE OWNERSHIP

Saint-Gobain has been actively promoting employee share ownership since 1995, when it first launched an employee savings plan. For the 2001 edition of the plan, employees in 22 European countries as well as in Australia, India, Japan, Mexico, Singapore and South Africa were able to subscribe for Compagnie de Saint-Gobain shares. In 2001, employees contributed over €120 million to the savings plan and held 6.5% of the share capital as well as over 9% of the voting rights (See page 59).

COMPENSATION POLICY

Developed in 2001 and introduced as from the 2002 financial year, Saint-Gobain's compensation policy aims to recognize each individual's contribution to the Group's results and development. Base compensation is calculated to reflect the performance and position of managers relative to the job market. In accordance with compensation scales applied throughout the Group, variable compensation is linked to both Group objectives and the manager's personal objectives.

Other collective compensation schemes include profit-sharing bonuses in France as well as similar schemes in other countries.

In 2001, the Group granted stock options to more than 1,300 executives and employees. Options grants are approved by the Board of Directors and set in recognition of each beneficiary's responsibilities, performance and contribution to the success of his or her enterprise. Beneficiaries are nominated by the executive management of divisions and general delegations. This policy, consistently implemented in prior years, resulted in a threefold increase in the number of beneficiaries in comparison to 1999 (See page 59).

DIALOG WITH EMPLOYEE REPRESENTATIVES

In France, employee works councils are the primary forum for discussions with elected trade union representatives on working conditions. A consultation body, the Group Works Council, meets twice annually. At European level, a plenary meeting is held each year as part of the Collective Agreement on European Employee Consultation signed thirteen years ago.

SAINT-GOBAIN DÉVELOPPEMENT: A PARTNER IN LOCAL DEVELOPMENT

Saint-Gobain Développement was set up in 1979 to help maintain sound relations with the Group's economic partners and internal and external stakeholders. The structure provides support for Saint-Gobain units in France and participates in the economic development of the communities in which they operate. In addition to assisting business units in managing employment change, its staff help to coordinate business units' relations with local and regional authorities and contribute to the development of small and mid-sized enterprises in their localities.

SGD has developed unique expertise in managing external mobility, training and youth employment initiatives, coordinating partnerships with universities and professional schools, finding employment for the families of staff members, and devising outplacement programs for employees on temporary and fixed-term contracts. This experience enables it to ensure effective coordination between entities that are located in the same employment catchment areas.

For sites affected by industrial restructuring, SGD's staff supervise redeployment and outplacement processes in accordance with the Group's policy of assuming responsibility for the consequences of its industrial decisions and of providing effective assistance to employees affected by redundancy. Such assistance includes the provision of counselors who advise staff on employment and training opportunities.

INTERNAL COMMUNICATIONS

Over recent years, the Group has developed a matrix-based network of internal communications correspondents. This network structure has clear advantages both in terms of bottom-up reporting by operational units as in top-down information-sharing and disclosure with the Group's internal stakeholders.

Internal publications created by the Group include a weekly newsletter and a monthly magazine which report on developments concerning Saint-Gobain and its subsidiaries. Both publications, which are geared towards management staff, are also available on the Group's Intranet. More generally, the Group's website and Intranet can be used to efficiently relay information on the Group, its divisions and general delegations to staff in each subsidiary or sector.

Within each entity, human resources departments are also a source of innovative ideas for the rest of the Saint-Gobain community. In this area, entities have engaged wide-ranging efforts to enhance and develop their processes in the areas of recruitment and induction, training and employee development, as well as compensation and incentives. The ultimate aim is to build a powerful Saint-Gobain culture which is founded upon the concept of "Working Together/Winning Together".

ENVIRONMENT, HEALTH & SAFETY

Safeguarding people and the environment is the primary aim of Saint-Gobain's EHS policy. To consistently achieve high standards of EHS management in each business line, the Group must leverage advanced technologies, sophisticated tools and complex systems. At the same time, whether in functions such as facilities management, the development and design of manufacturing processes, or in the development, marketing, decommissioning and recycling of products, it must also enforce stringent controls to reduce and eliminate risks. Achieving these objectives requires teams who can identify and evaluate appropriate solutions and implement them in the field.

The initiatives pursued under Saint-Gobain's EHS policy, which focus on health and safety risks and pollution abatement, are clearly directed towards mitigating and, over time, completely eliminating environmental risks. Divisions and general delegations work hand in hand with Saint-Gobain's executive management to systematically define goals, progress milestones and control processes enabling the Group to achieve its "zero-risk" objective. A Group Environment, Health and Safety Committee supports them in their efforts.

The organization structure adopted for the EHS function is matrix-based.

An Environment, Health and Safety Department reports to the Group's executive management and is responsible for devising and supporting initiatives in the area of EHS policy.

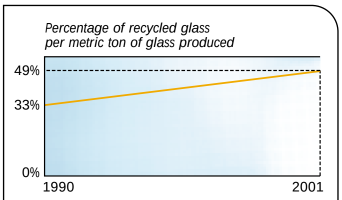
The EHS Department in turn coordinates the compliance efforts of divisions and general delegations and designs relevant indicators to evaluate the effectiveness of the resources deployed.

Its actions are coordinated at division and general delegation level by EHS champions while, within each business unit, EHS stewards have been appointed to implement initiatives at the local level. Specific management tools have also been deployed throughout the Group in order to ensure the overall consistency and effectiveness of the EHS compliance process.

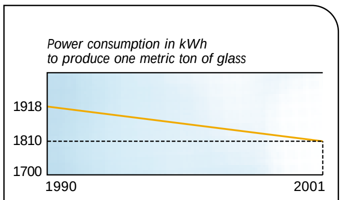
In 2001, the Group developed and upgraded its principal EHS management tools, which include:

- EHS reference manual

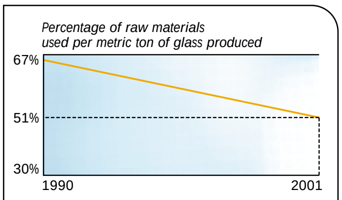
This policy document, which has been drafted in accordance with the ISO 9000, ISO 14000, BS 8800 and OSHAS 18000 standards, presents the values and goals for Saint-Gobain's EHS management system. It outlines the process for continuous improvement under the Group's "Plan-Implement-Control-Correct" methodology, the behavior and commitment expected from employees, and the role played by targeted communications programs. As the policy document for the entire EHS process within Saint-Gobain, its purpose is to provide an integrated system for EHS management which recognizes the relationship between each of the variables in the Environment, Health and Safety equation.



RECYCLED GLASS



SPECIFIC POWER



RAW MATERIALS

- Internal EHS assessments

Internal assessments are carried out by management teams in plants and facilities in order to review their EHS performance against a variety of indicators. The assessment process combines a detailed questionnaire and a scoring system, and is used to devise prioritized action plans.

Internal assessments serve specifically as a means to:

  - Baseline the situation
  - Support certification regulatory reporting
  - Plan preventive and corrective action

- EHS audits

To support the internal assessments process performed by plant and facility managers, an audit protocol has been developed to measure each site's operational performance in the areas of environmental, health and safety compliance.

Other tools developed include performance indicators, a specific methodology for the identification of non-compliant processes, and a set of brochures on the areas covered by the Group's EHS policy.

Regular training and awareness-raising events are also organized to support the EHS management process. Such initiatives include meetings with division executives, cross-company meetings between divisions and general delegations, and a benchmarking process, the "Health & Safety Diamonds" awards program.

In addition, EHS professionals can access a dedicated portal on Archibald, the Group's corporate Intranet. Supporting initiatives are also deployed to raise awareness for environmental issues at all levels within the organization.

Each year, Saint-Gobain allocates significant operating and investment expenditure to help protect the environment. Its core focus is on the development of clean technology and primary measures based on applying innovative and constructive methods in order to reduce discharges of pollutants early on in the production process. This approach forms an integral part of the Group's core industrial processes.

POLUTION CONTROL AND ABATEMENT PRODUCTS

Through its EHS policy Saint-Gobain seeks to preserve natural resources and control the way in which its products are distributed and used. The Group is developing and marketing an ever-expanding range of products and services which enhance environmental quality. As the examples which follow illustrate, each of the Group's divisions is playing a leading role in this effort.

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 • 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

Low-pollution technologies and products/resource management:

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 • Glass-plastic glazing for cars • Tinted and sun control glass for cars	• Reinforcements / Insulation • Flat Glass • 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	• Ceramics & Plastics
• Pump dispensers for fluids	• Containers (Calmar)
• Damp-proofing mortars (renovation of masonry)	• Building Materials (Weber)

RENEWABLE-ENERGY TECHNOLOGIES

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

2001 MANAGEMENT REPORT

ECONOMIC AND MARKET CONDITIONS

As contagion from the U.S. slowdown spread rapidly to other regional economies in 2001, world growth dropped to 2.2% compared with 4.6% in 2000.

This deterioration was originally triggered by the contraction in the U.S. economy which began in the second half of 2000 and intensified in 2001. Within an already faltering economic situation, the events of September 11 accelerated the downturn. As a result, American GDP rose by just 1.2% in 2001, thus marking the end of a nine-year run of robust economic expansion and four years of annual growth rates of 4% or more. Though the U.S. economy did not move into recession until fall 2001, industrial output had been declining steadily since the third quarter of 2000, and continued to drop throughout 2001. Consumer spending also slowed as jobless rates increased.

Europe, which was almost immediately affected by the slowdown, was unable to take over from America as the main engine of global economic growth. European GDP growth fell to 1.8% in 2001, compared with 3.4% in the prior year. This decline was primarily due to lower export activity and capital expenditure as well as significant inventory destocking. Other economic indicators also deteriorated: industrial output softened and fewer jobs were created, thereby leading to a resurgence in unemployment.

With its high level of exposure to the world economy, Germany was the worst-affected of the euro-zone nations and recorded GDP growth of just 0.7% in 2001. The decline in the US manufacturing sector affected German export activity towards the end of the year. Domestic growth was also weakened by the slump in internal demand and by the persistent difficulties in the construction sector. As a result of these factors, industrial output declined sharply in the final months of 2001.

In France, where the economy expanded by 2%, GDP growth rates were slightly above the rest of Europe. But though consumer spending was brisk, capital expenditure contracted and there was a marked reduction in inventories.

The United Kingdom, which recorded GDP growth of 2.4%, weathered the global economic slowdown relatively well, notably thanks to the resilience of domestic demand. Industrial output, on the other hand, declined sharply.

In Spain, corporate and consumer spending held up well, thus fueling a 2.8% increase in GDP in 2001. Like Germany, Italy is also exposed to the world economy and was thus adversely affected by the global slowdown. It reported GDP growth of 1.8% in 2001.

Within this environment, Central and Eastern European economies emerged relatively unscathed from the downturn. However, persistent disparities and weaknesses have not been removed.

Already struggling with an extremely challenging domestic situation, Japan's GDP contracted by 0.4% in 2001 as fall-out from the U.S. recession spread through to Southeast Asia's emerging economies. Japanese exports shrank by more than 6% in 2001. Consumer spending plummeted to new lows and unemployment rose to over 5%. The economy has entered a deflationary spiral.

Asia's emerging economies (Singapore, Hong Kong, Malaysia and Taiwan), which are extremely dependent upon export trends and technology spending, felt the full force of the electronics downturn and moved into recession.

Looking at the Group's principal industrial markets, construction markets in North America and European countries, except Germany, showed little or no sign of slowing and broadly resisted the downturn. Interest-rate cuts, particularly in the United States, helped to bolster demand in the market. In addition, no major investments were completed in the lead-up to the reversal, thus obviating any need for significant corrections.

In the United Kingdom, non-residential construction received a substantial boost from increased spending on infrastructure and public services. Interest-rate falls helped to spur an 11.5% jump in the number of residential construction starts.

In Spain, total residential building permits remained at a robust level of around 500,000 in 2001.

In Germany, investment in construction did not pick up in 2001 despite the sharp contraction observed in the prior year.

In the United States, investment was buoyant. Activity in the home-building sector was particularly dynamic with 1.61 million construction starts recorded compared to 1.57 million in 2000.

France's building and public-works industry performed extremely well in 2001 after experiencing a record year in 2000. With 305,000 new homes delivered in 2001, the number of residential construction starts was satisfactory and only a marginal decrease in building permits and construction starts was observed.

Across Europe, sales of new cars were on a par with the highs seen in 2000 at around 14.8 million vehicles sold (up 0.6%). This performance was all the more encouraging given the excellent trends seen in 1999 and 2000.

In Germany, sales of new vehicles declined to a low last seen in 1993.

In Spain, new vehicle registrations rose to record highs in 2001, with more than 1.4 million new vehicles registered (up 4.0%), largely thanks to the continuation of sales incentive programs.

New vehicle registrations soared by 5.7% in France, with 2.3 million cars sold in 2001, representing the highest level since 1990. In Italy, vehicle sales were stable.

Trading conditions were particularly weak in electronics markets in 2001 after a record year in 2000. During the year, the technology sector moved into yet another of its customary cyclical reversals. The year therefore saw soft demand for personal computers, a fall-off in the penetration rates of mobile telephones in most markets, and a slump in sales of consumer electronics products as there were no new generations of technology launched during the year. Semiconductors makers reported sales declines of over 30% in each of their principal end-use markets, i.e. telecommunications, industry, personal computers and consumer goods.

2001 RESULTS: ANOTHER YEAR OF CONTINUED GROWTH

Despite this markedly more difficult economic environment, Saint-Gobain's performance in 2001, compared to a year of strong growth in 2000, reflects the Group's resilience within a tightening cycle.

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 up to November 15, 2000 when the Group divested its entire stake in this company. To allow meaningful comparisons, the Group's consolidated financial statements for 2000 have been restated with Essilor accounted for by the equity method. The comments that follow are based on this presentation.

(in millions of euros)

	1999	2000	2000 pro forma Essilor by equity method	2001
Net sales	22,952	28,815	27,837	**30,390**
Operating income	2,314	2,693	2,563	**2,681**
Income before profit on sales of non-current assets and taxes	1,821	1,947	1,836	**1,988**
Net income before minority interests	1,389	1,642	1,594	**1,174**
Net income	1,226	1,517	1,517(*)	**1,134**
Cash flow from operations	2,360	2,643	2,530(**)	**2,733**
Cash flow excluding capital gains	2,482	2,747	2,634(**)	**2,765**
Capital expenditure	1,712	1,722	1,638	**1,430**

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

Sales expanded by 9.2% to €30.4 billion in 2001, representing a 1.1% increase on a comparable structure basis and in euros, and a 1.6% increase in local currencies. Net income excluding capital gains rose by 3% to €1,057 million. Excluding profit on sales of non-current assets, net income was down 25% to €1,134 million. Capital gains were significantly lower than in 2000, when the Group had sold 4 million Vivendi shares and its entire stake in Essilor. Profit on sales of non-current assets came to €84 million versus €584 million a year earlier. This mainly concerned capital gains on the disposal of the Group's entire stake in BNP Paribas as well as a charge for the write-down of assets and capital losses recorded by the Lapeyre Group following its refocusing on sales to consumers and trade customers.

Based on the 85,258,628 shares outstanding at December 31, 2001, earnings per share came to €13.30 versus €17.80 in 2000. Excluding capital gains, earnings per share were up 3% to €12.40, compared with €12.04 in 2000.

Cash flow from operations climbed 8% to a record €2,733 million while free cash flow excluding tax on capital gains (cash flow from operations less capital expenditure) rose by 34% to an all-time high of €1,335 million. This exceptional performance reflected several factors, notably: the 3.1% overall margin gains achieved during the year; the robust results obtained in historic businesses, particularly the Glass Sector which reported a 10.6% increase in operating income; an anticipated increase in Building Materials Distribution sales following the acquisitions made in 2000; and rigorous control over interest expense. Lastly, productivity rose by 1.8% in 2001 on the back of a 3.5% gain in 2000.

On the downside, however, a number of adverse trends further aggravated the worsening economic climate in the United States and Europe in the aftermath of September 11. Thus, for example, the 19.7% fall in the value of the Brazilian *real* during 2001 had an adverse impact on results in certain business lines.

In contrast to previous years, the Group made no major acquisitions in 2001, preferring to supplement its growth with bolt-on acquisitions in the Distribution and Ceramics and Plastics divisions. Divestments made during the year included the disposals of Lapeyre's non-core business-to-business operations in Europe and of building materials distribution subsidiaries in the United States, as well as the sale of the Group's stake in BNP Paribas. Lastly, the Group also bought out minority interests in its Spanish subsidiary, Saint-Gobain Cristalería, as well as in a number of its Brazilian subsidiaries.

The Group's sales thus showed continued growth in 2001 against a challenging prior-year comparison. Acquisitions accounted for a significant part of the year-on-year increase. Organic growth contributed the remaining 1.6%, which reflected the difference between the 3.1% increase in selling margins and a 1.5% reduction in sales volumes. This reduction, which was due in part to the adjustments made by the Group to consolidate prices, was particularly marked in North America and was more moderate in Europe, which saw a dip in sales in the second half of the year. The 0.5% currency translation effect, which was mainly due to the Brazilian *real*, reduced the Group's growth to 1.1% on a comparable structure basis and in euros.

This analysis is also borne out by the breakdown of sales by sector and division. Thus, Glass Sector sales were up 4.4% in actual terms, 3.2% on a like-for-like basis and 2.7% on a comparable structure basis and in euros. Margin gains buoyed sales and earnings across all business lines. Flat Glass and Containers reported sustained demand throughout the year, while Insulation made good progress in turning around a difficult first half in the United States. Reinforcements, conversely, reported satisfactory first-half sales but experienced softer demand in the second half. Organic growth for the sector came to 3.2% overall.

Sales in the High-Performance Materials Sector fell 5.6% on a comparable structure basis and in euros, reflecting the gradual slowdown in manufacturing output and investment in both the U.S. and Europe and the acute downturn in electronics markets.

The Housing Products Sector's sales were lifted by internal growth and contributions from bolt-on acquisitions made in Building Materials Distribution as well as by a strong construction market in the United States during the second half of the year. Average organic growth in the sector came to 2.7% overall.

By geographical area, sales growth was weak in North America, buoyant in France, which recorded a 5.2% rise on a comparable basis, and more moderate in the rest of Europe, mainly due to the sharp downswing in Germany. Sales in the emerging market regions of Latin America and Asia were particularly dynamic and rose by 8.1% on a comparable structure basis and in local currencies, but were undermined by negative currency effects due to the Brazilian devaluation.

Operating income was up 4.6%, or 4% on a like-for-like basis. This performance, which exceeded the growth achieved in sales, was largely due to the profitability-boosting efforts pursued in each of the business sectors. Operating margins came to 8.8% versus 9.2% in 2000. This slight decrease was mainly due to the added weight of the Building Materials Distribution Division which has operating margins that are, although increasing, structurally smaller than in other divisions. Excluding the Distribution Division, operating margins were stable at 10.8%

Among the sectors, Housing Products and Glass recorded the largest year-on-year increases in operating income, with respective gains of 17.1% and 10.6%. In contrast, High-Performance Materials was affected by a market downturn. Profitability gains were achieved through the combination of margin expansion, industrial rationalization efforts, and cost savings.

The picture was just as mixed from a geographical standpoint. Whereas business units in France and the rest of Europe continued to report profitability gains in the second half of the year despite the deteriorating environment, profitability weakened in North America due to the cyclical factors described above. In Latin America, margins were stable despite the devaluation of the Brazilian *real*.

Cash flow from operations excluding tax on capital gains from asset disposals rose 8% to €2,733 million. Capital expenditure was down 12.7% to €1,430 million, reflecting the Group-wide drive to reduce capital requirements. Capital investments made during the year came to 4.7% of sales, compared with 5.9% in 2000.

Free cash flow (cash flow from operations less capital expenditure) jumped by 34% to a record €1,303 million, compared with €892 million in 2000. Free cash flow excluding capital gains tax was €1,335 million.

Investments in securities were down significantly on 2000 and fell by 74.1% to €847 million. This figure included the €343 million used to buy back minority interests in Saint-Gobain Cristalería and the Group's Brazilian subsidiaries, as well as €295 million for bolt-on acquisitions in the Building Materials Distribution and Ceramics & Plastics divisions.

Net debt stood at €7,792 million at December 31, 2001 and was down 5.2% on 2000.

The gearing ratio continued to decline, to 61% at December 31, 2001, from 68% a year earlier.

Overall, the Group's financial results in 2001 reflected several outstanding or recurring factors:

- Continued growth in sales and earnings, driven by a strong contribution from the Glass Sector and the turnaround in the Housing Products Sector;
- Another year of record growth in net income excluding capital gains;
- Further consolidation of the Group's already sound balance sheet structure.

OUTLOOK FOR 2002

Management forecasts are based on a moderate recovery in the world economy, which assumes a progressive upturn in the U.S. economy by the end of the first half of 2002 as well as, in Europe, a stabilization in construction activity and further increases in both spending on home improvements and in consumption in general. On this basis, Saint-Gobain expects to achieve sustained growth in net income and earnings per share excluding capital gains in the range of 0% to 4%, together with continued increases in free cash flow. Going forward, the Group will continue to pursue its growth strategy which focuses on fast-growth businesses and emerging markets.

REVIEW BY SECTOR

GLASS SECTOR

(in millions of euros)

	1999	2000	2001
Net sales	10,217	11,317	**11,813**
Operating income	1,053	1,228	**1,357**
Cash flow from operations	1,273	1,421	**1,560**
Capital expenditure	995	961	**827**

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

The Glass Sector posted the strongest performance of the Group's historic businesses in 2001. Net sales were up 4.4% on an actual structure basis and 3.2% on a like-for-like basis. Operating income rose by 10.5% on an actual structure basis.

In 2001, growth in Glass Sector sales and profitability was supported by margin gains across all business lines and sustained demand for Flat Glass and Containers products. Insulation experienced weak demand in the first half of the year before turning around in the second half, mainly thanks to an upswing in North America. Reinforcements moved in an opposite direction, performing well in the first half and slowing in the second.

FLAT GLASS

Contribution to the Group (in %)	1999	2000	2001
Net sales	16%	14%	**15%**
Operating income	14%	16%	**21%**
Cash flow from operations	17%	19%	**22%**

(in millions of euros)

Key consolidated data	1999	2000	2001
Net sales	3,718	4,167	**4,478**
Operating income	328	430	**551**
Cash flow from operations	408	489	**613**
Capital expenditure	389	425	**361**

On an actual structure basis, Flat Glass sales rose by 7.5% to €4,478 million in 2001.

Exchange losses from the Brazilian *real* devaluation partially offset the effects of changes in structure. These included the proportional consolidation of Korean subsidiaries formerly accounted for by the equity method and the consolidation of newly-acquired businesses in Europe. On a like-for-like basis, the increase in Flat Glass sales was 6%.

The performance was mainly due to the strengthening of flat glass prices on most end-use markets, with a marked upswing in the construction sector. In Europe, sales of basic flat glass products and of semi-finished products increased despite softening demand in many markets. Trading conditions were more favorable outside of Europe, with strong sales gains posted in Brazil, India and Korea.

Sales volumes in European automotive markets increased moderately as rising export sales spurred activity in the sector. Increased sales of higher value products, such as layered glass windshields, also helped to boost growth. Demand was also sustained in South America (Brazil, Mexico and Colombia) and in Asia (Thailand).

Sales in the specialty glass segment remained firm at satisfactory levels. In the United States, ceramic glass products rose sharply, reflecting strong demand for a new range of white ceramic glass cooktops.

Operating income surged by 28% to €551 million, compared with €430 million a year earlier, mainly reflecting the sharp upswing in operating margins which rose to 12.3% versus 10.3% in 2000.

Growth was bolstered by price strengthening in Europe which had the effect of sharply increasing profitability in basic glass products. Downstream processing units also achieved robust results in Europe, notably in France, Austria, Italy, Spain, Portugal and the Benelux countries.

In Asia and in Latin America, the Division's units reported strong performances in India and Brazil.

The Cuadrata Tower in Mexico City, glazed with green SGG PYRO-LITE®, by Saint-Gobain Glass Mexico.

Units outside of Europe, notably those in South America, made the biggest contributions to profitability in the automotive glazing segment thanks to the solid increases in volumes and increased functional content of the products sold.

In 2002, Flat Glass expects to achieve continued growth within a more challenging environment for prices while focusing on internal growth initiatives and on expansion in the emerging market regions of Eastern Europe, Latin America and Asia. A fourth float-glass unit will be commissioned in Brazil. In Asia, the Division will concentrate on expanding its product offering and on upgrading a float-glass unit in China.

Research and innovation efforts will be directed towards developing new products and applications such as self-cleaning glass for homes, new grades of anti-reflective glass for applications in automotive, building, and home appliance markets, a new generation of solar-reflecting coatings, and electrochrome glass for cars.

Cost-saving measures aimed at reducing overheads and capital expenditure within the Division will be accelerated.

Lastly, the Division will complete information systems projects underway in each business and will continue to pursue a proactive e-business policy.

INSULATION AND REINFORCEMENTS

Contribution to the Group (in %)	1999	2000	2001
Net sales	12%	11%	**11%**
Operating income	15%	16%	**15%**
Cash flow from operations	16%	17%	**16%**

(in millions of euros)

Key consolidated data	1999	2000	2001
Net sales	2,864	3,254	**3,274**
Operating income	358	423	**402**
Cash flow from operations	389	451	**448**
Capital expenditure	345	258	**229**

Insulation

In 2001, the Insulation Division faced mixed trends in markets and the competitive environment:

- A sharp slowdown in Germany, which became a near-recession towards the end of the year.
- Consecutive declines in demand in Western Europe, due to the combined effects of weak building industry activity and stronger competitive pressures which had not been anticipated.
- Steep falls in sales in Poland in the second half of the year.

Range of insulating products.

- Strong growth in Russia, the Baltic States, Ukraine and Central Europe.
- A commercial tie-up between Alcopor and Knauf, which has paved the way for Knauf's entry into insulation markets.

Other underlying trends included:

- The impact of the September 11 terrorist attacks and foreign policy decisions in the United States, and their implications for the U.S. economy's recovery.
- Signs of excess capacity in Europe, which might become structural, and have consequences for margins.

Against this background, sales dipped moderately in comparison to 2000, despite strong exchange rate gains on sales denominated in U.S. dollars. The decline was principally felt in the United States as margins and volumes began to slide from the first half of the year onwards. Competition intensified in Europe as new manufacturing facilities brought on stream during the year raised the possibility of overcapacity and placed pressure on prices, which the Division tried to resist. The impact of this situation was felt most strongly in Germany.

Though operating income dropped as a reflection of these trends, the Division succeeded in maintaining the bulk of its profitability through aggressive cost-cutting and measures aimed at reducing overheads. This performance was achieved within a particularly challenging trading environment characterized by faltering demand in both the U.S. and the European economies.

The Division intends to bolster and, as conditions allow, improve its positions in Western Europe in 2002 while pursuing expansion in emerging insulation markets in Russia and Central Europe, and stepping up cost-reduction measures.

Based on forecasts for recovery in the U.S. economy which cannot be precisely predicted due to a lack of visibility at the beginning of the year, management expects results in the United States to be on a par with 2001, unless the likely upward correction in construction activity materializes.

The Great Mosque of Oman, built using cement slabs reinforced with Cemfil® glass threads.

Reinforcements

Reinforcements experienced mixed trading conditions in 2001, with a buoyant first half and a reversal in the second half. Sales in the second half of the year were affected by the sharp contraction in electronics sector output as well as by slower activity in reinforcements markets in general and a marked downturn in thermoplastic reinforcements. Measures taken to consolidate prices in response to these trends resulted in a marginal fall in market share in semi-finished products. In contrast, sales in the Technical Fabrics business held up well.

During the year, the Division pressed ahead with the deployment of the new organization for its Technical Fabrics business which recorded sustained growth in 2001. Management teams were appointed during the year to develop the business's operations in South America and in Asia. Products distributed by Technical Fabrics include fabrics for wind turbine rotors, glass fiber discs for grinding wheels, reinforcement fabrics for construction and civil engineering, and composites used in automotive components and recreation applications.

At the same time, the Division has reorganized R&D functions in order to reduce time-to-market and accelerate the development of new products with downstream manufacturing applications. Under the new structure, operating units continue to develop custom products for customers while global product and process development and process research functions have been centralized. This has helped the Division to enhance quality and returns on R&D efforts while enabling it to satisfy market demand for new products.

Information on all of the products and services offered to customers is available on the Internet through two portal sites, www.saint-gobainvetrotex.com and www.sgtfg.com, which provide access to over 24 regional and brand-based websites.

In December, the Division established a joint venture in China with Hanghzou Glass Group. It operates a manufacturing facility located 100km from Shanghai which produces reinforcements for composites and textile applications.

Overall, sales rose sharply in 2001 and operating margins remained at satisfactory levels.

Management expects trading conditions to remain poor in the first half of 2002, with a moderate rebound in the second half. Within this context, the Division will leverage its leadership positions and extensive sales opportunities in downstream processing markets in order to bolster glass threads prices and gradually regain lost market share. It will continue to reduce production capacity through plant shutdowns and will take advantage of the slowdown to reorganize and upgrade its manufacturing operations. Upgrades are scheduled for furnaces in the United States, Spain and Korea, a new furnace will be brought on stream in the Czech Republic, and a reorganization of fiberglass units in Europe is also planned.

Reinforcements will continue to expand production of semi-finished products. Sales efforts will be enhanced through a major reorganization of product lines and distribution channels. At the same time, manufacturing facilities will progressively be organized by industrial process and production will start up at new facilities in China, Mexico and Brazil.

In 2002, the Division will complete deployment of a global supply-chain management system which will drive substantial reductions in order backlogs across all business lines.

More generally, management believes that the effect of cost-saving measures underway within the Division will increase volumes and ensure sales and earnings stability in 2002 while enabling it to weather a particularly challenging trading environment.

CONTAINERS

Contribution to the Group (in %)	1999	2000	2001
Net sales	16%	14%	**13%**
Operating income	16%	14%	**15%**
Cash flow from operations	20%	18%	**18%**

(in millions of euros)

Key consolidated data	1999	2000	2001
Net sales	3,640	3,906	**4,070**
Operating income	367	374	**404**
Cash flow from operations	476	480	**499**
Capital expenditure	261	278	**237**

The Containers Division achieved moderate increases in sales and margins in markets that were characterized by softening demand. No significant change occurred in Division structure during the year while positive currency translation effects on the U.S. dollar were almost completely offset by losses arising from the Brazilian *real* devaluation.

Sales on an actual structure basis came to €4,070 million. Based on a constant Group structure and after currency translation effects, sales were up 4% to €4,063 million, compared with €3,906 million in 2000.

Much of this increase reflected the contributions made by European units operating in the Bottles, Jars and Flasks segments. Sales of flasks to customers in the perfume and pharmaceutical sectors were not as badly affected in the aftermath of September 11 as had been anticipated.

Cost-saving and productivity gains helped to offset rises in payroll and energy costs. Operating income was up 8% after €2.5 million in negative currency translation effects. Much of this performance was contributed by business units in Europe, which were less affected by the rise in energy prices. In addition, very few furnaces were recommissioned in 2001.

Net income rose in spite of the charges booked in the 2001 accounts to recognize the effects of the Argentine devaluation of early 2002.

Ongoing measures aimed at streamlining its production base, notably through internal divestments, enabled the Containers Division to reduce capital expenditure significantly. Although the Division's investment policy is tightly controlled, it will not sacrifice essential priorities such as upgrading facilities, enhancing productivity, and developing a steady stream of new product designs, varieties and colors to support clients' marketing objectives. As a percentage of sales, capital expenditure came to 5.8% compared with 7.1% in 2000.

Free cash flow rose to a record level during the year, reflecting the combination of good levels of profitability and the reductions made in capital spending.

Notwithstanding the uncertain economic conditions prevailing in most geographic regions, in 2002 the Containers Division expects to report results that are in line with those achieved in the prior year.

Beer bottles produced by Saint-Gobain Containers.

Bottle for CELINE eau de toilette, produced by Saint-Gobain Desjonquères. The spray version is fitted with a Saint-Gobain Calmar pump.

HIGH-PERFORMANCE MATERIALS SECTOR

Contribution to the Group (in %)	1999(*)	2000(*)	2001
Net sales	14%	15%	**13%**
Operating income	18%	21%	**15%**
Cash flow from operations	15%	18%	**12%**

(*) *Including Essilor in 1999 and for six months in 2000.*

(in millions of euros)

Key consolidated data	1999(*)	2000(*)	2001
Net sales	4,726	5,073	**4,018**
Operating income	594	668	**392**
Cash flow from operations	554	582	**330**
Capital expenditure	266	290	**173**

(*) *Including Essilor in 1999 and for six months in 2000.*

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

Unprocessed silicon carbide, for the abrasives, refractories, metallurgy and ceramics markets.

CERAMICS & PLASTICS AND ABRASIVES

Sales and earnings in Ceramics & Plastics and Abrasives dipped in the first half of 2001 due to the downturn in the global electronics sector, and deteriorated further in the second half as industrial output and investment slowed in the United States and Europe following the events of September 11.

Sales were down 1.9% on an actual structure basis while operating income, though robust in the first half, fell in the second half of the year, causing a 27% decline for the full year.

A recovery in activity, which is dependent on conditions in the United States, is not expected until the second half of 2002 or later.

Ceramics & Plastics

Sales in the Ceramics & Plastics Division amounted to €2,440 million and were in line with the previous year. Changes in structure accounted for just €32 million of this total, reflecting redeployment measures and disposals made during the year. Other highlights of 2001 included the continuation of the divestment program for ceramics businesses serving the medical equipment sector, with the disposals of Medex and Bivona, and several small-scale acquisitions in Asia. Similarly, the Division acquired majority control of a joint venture in the petrochemicals sector and completed the integration of businesses acquired in 2000. Organic growth was lower than expected due to the economic downturn.

2001 was a difficult year for the Division, marked by the crisis in the global electronics and semiconductor industries and by the slowdown, followed by recession, in the United States. Operating income was down, but held firm at satisfactory levels, thanks to the cost-cutting and rationalization efforts deployed by Specialty Ceramics and other units as well as to the resilience of Industrial Ceramics sales.

Results were mixed in all three of the Division's business lines. High-Performance Plastics, which produces micro-pumps, tubes and valves used by the semiconductor industry, weathered a steep downturn in its principal market along with the slowing U.S. economy. These difficulties were partially offset by buoyant demand in European automotive markets.

Specialty Ceramics, another business that was adversely affected by the downturn in the electronics sector, reported a fall-off in orders in the early part of the year which worsened as the year continued and brought output levels to an all-time low. Decisive rationalization efforts were undertaken in the United States and Britain to limit the impact of the crisis in this business line.

Strong sales of Industrial Ceramics helped to compensate declines in the other two business lines and to partially offset their weaker results. Businesses serving the petrochemicals sector also reported outstanding sales.

Investment in R&D, a key source of future revenue growth for the Division, was sustained at prior-year levels. Efforts are being focused on projects in the specialty powders segment as well as on fundamental research in Specialty Ceramics. A European research center, CREE, was opened in France during the year and is located in Cavaillon (southeast France).

In 2002, the Division expects sales volumes to be in line with the previous year. Businesses that were affected by the downturn in the semiconductor sector in 2001 may see a strong rebound in the second half of 2002. Conversely, sales in the aerospace segment are likely to be affected by the current difficulties in the airline industry following the events of September 11. In addition, growth in other end-use segments, such as automotive and petrochemicals markets, could falter somewhat after the strong performances achieved in 2001.

In 2002, the Division will press ahead with measures to cut costs and reduce overheads. It will pursue external growth opportunities enabling it to consolidate its competitive positions and/or acquire new technologies.

Abrasives

Within a difficult trading context, the Abrasives Division preserved market share in virtually all of its business lines. Currency translation effects were positive in the United States but negative in Brazil and South Africa.

During the year, the sharp recession in the U.S. manufacturing sector dampened sales to automotive and aerospace key accounts. Conversely, demand was strong in home improvement and renovation markets, thus lifting sales of housing products. The successes achieved in the home improvement segment were largely driven by the supply-chain reorganization completed by the Division. Manufacturing sector demand slumped in Europe despite solid gains in the early part of the year, while sales mirrored the trend in the United States. The decline was strongest in Britain due to the sharp reversal in the UK aerospace sector. Despite these difficulties, new marketing and sales approaches began bearing fruit in automotive repair and other markets.

In South America, the Division leveraged its strong manufacturing presence to increase market share in the region. The fruits of this effort were, however, partially reversed by the Brazilian *real*'s devaluation.

The Division made further gains in China during 2001, by winning new business from major industrial accounts and by strengthening its manufacturing presence in the country. Though much of Southeast Asia was badly hit by fall-out from the U.S. recession as well as by the crisis in Japan, business units performed strongly in several markets, including Thailand and Vietnam. The Division also increased market share in the Asia-Pacific region thanks to the supply-chain reorganization completed in Australia.

Norzon III Foundry centerless grinding wheels.

The sharp contrast between the Division's performance in regions affected by declining industrial output and capital expenditure and the much more robust conditions in the home building and renovation segment led to very different sales trends from one product line to another:

- Sales of bonded abrasives, which are closely tied to the capital spending cycle, were affected by the manufacturing sector recession in the United States. Strong falls were recorded in the automotive and aerospace segments, though volume declines were less pronounced in Europe. Despite these difficulties, the Division increased its market share in bonded abrasives in several countries. Cost-cutting measures also helped to bolster operating margins for bonded abrasives. New products offering superior cost/performance characteristics were introduced thanks to ongoing product development efforts. Other developments included the coming on stream of new press machines which will enable bonded abrasives to penetrate new markets, the delivery of a new plant in Stafford (Britain) and the ramping up of production at the recently inaugurated Kolo facility in Poland.
- Sales of thin grinding wheels continued to increase, marking yet another year of consecutive growth. The competitive strengths of this activity, namely its significant purchasing power, global presence and extensive process automation, enabled it to further consolidate its global leadership.
- Sales of coated abrasives were lifted by strong demand in home improvement markets, which helped to offset the contraction in industrial markets. The rationalization measures taken enabled coated abrasives to consolidate its competitive capacity in several regions and are being prioritized for 2002. Other highlights of the year included the inauguration of a new facility in Meknes (Morocco), developments in Poland and China, and the acquisition of Merit's operations in the United States, Mexico and Britain, which have helped round out the business's product line-up in specialty coated abrasives.
- Sudden reversals in a number of markets adversely impacted the industrial superabrasives businesses despite an excellent start to the year. However, by leveraging its technical expertise and strong custom-designed solutions focus, the unit succeeded in increasing sales volumes to industrial customers. Ongoing investments in R&D and process automation in the diamond-tipped grinding tools activity also helped to consolidate these trends.

In spite of these difficulties, the Division will maintain its proactive R&D policy which is directed towards creating high-value, high-performance products and devising new production processes to generate substantial productivity gains. Rationalization measures will also be taken, alongside efforts to reposition the product portfolio.

Extracting maximum returns from the new marketing and sales strategy deployed in 2001 will be another priority for the Division in 2002, to leverage its strengths as a globally-based manufacturer with extensive product coverage and recognized technical expertise.

HOUSING PRODUCTS SECTOR

(in millions of euros)

	1999	2000	2001
Net sales	8,157	12,596	**14,824**
Operating income	664	780	**915**
Cash flow from operations	690	702	**768**
Capital expenditure	393	469	**429**

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

The Housing Products Sector posted higher operating income in all three divisions, generating a 17.3% rise overall.

The Building Materials Distribution Division continued to expand, driven by internal growth and bolt-on acquisitions, and began to benefit from synergies. Its operating income rose strongly, bringing operating margin to 4.9%, against 4.5%, including Raab Karcher and Meyer for the full year, in 2000.

Following a dip in sales in the first half, Building Materials sales were buoyed in the second half by measures taken to rationalize manufacturing activities and by a healthy U.S. construction market.

Operating margins increased in the Pipe Division thanks to the cost-cutting measures introduced as from the end of 2000.

BUILDING MATERIALS DISTRIBUTION

Contribution to the Group (in %)	1999	2000	2001
Net sales	18%	28%	**33%**
Operating income	11%	16%	**18%**
Cash flow from operations	10%	12%	**12%**

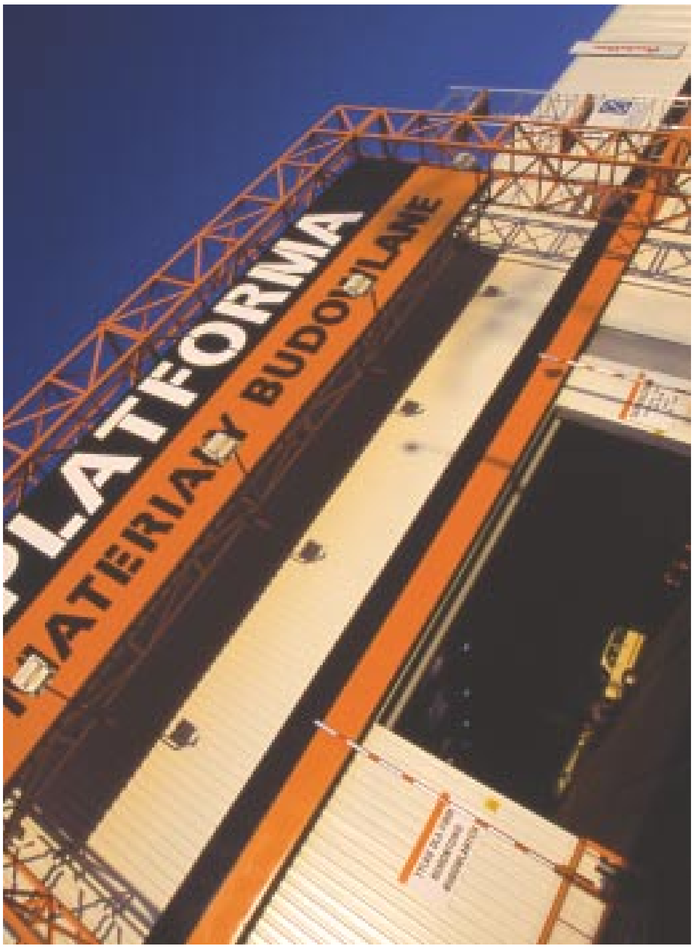
(in millions of euros)

Key consolidated data	1999	2000	2001
Net sales	4,078	7,930	**10,061**
Operating income	252	422	**490**
Cash flow from operations	241	309	**339**
Capital expenditure	145	229	**247**

Results in the Building Materials Distribution Division included a full year's financial results for the two major acquisitions completed in 2000, Meyer International (April) and Raab Karcher (July). Sales expanded by 26.9% to €10,061 million, against €7,930 million a year earlier.

In 2001, the Division pressed ahead with its external growth program, completing 46 bolt-on acquisitions representing around €660 million in annual sales.

Other changes in structure included the disposal of materials and equipment leasing companies in the United States and of industrial carpentry production facilities in Germany. Together the divestments made in 2001 accounted for full-year sales of €150 million.



La Plateforme du Bâtiment: a new retail concept, offering 20,000 product references.

Based on a constant Group structure and excluding the impact of exchange rate effects, Building Materials Distribution sales rose 3.7%.

Business was brisk in the French renovation and home improvement market after a record year in 2000, which had seen a reduction in VAT in the renovation segment and soaring demand for repair work in the aftermath of the storms of December 1999. Thanks to their nationwide coverage, the Division's distribution networks in France benefited strongly from these trends.

However, the French building industry also saw a 3.6% decrease in construction starts on private houses during the year. This market is dominated by independent professionals and small contractors who make up the bulk of Point P and La Plateforme customers. New apartment building construction rose 6.7% on the back of a 15.2% decline in 2000.

Like-for-like sales increased in France, which accounts for 50% of total sales in the Building Materials Distribution Division, within a weak trading environment. This growth was attributable mainly to the market share gains achieved by all distribution networks, the new agency outlets opened by Lapeyre/GME and K par K, as well as the La Plateforme shop-in-shops opened in Point.P outlets. External growth accounted for €188 million of the increase. By year-end, the Sector had nearly 1,200 agency outlets in France, after completing 35 acquisitions in 2001 which represented full-year sales of €272 million.

In the United Kingdom, Saint-Gobain Building Distribution (formerly Meyer) increased like-for-like sales relative to its full-year sales in 2000, within a market that saw underlying growth of around 2%. This performance included the adverse impact of actions taken in the first quarter of 2001 to refocus the Graham Group on plumbing and heating markets. Six acquisitions were made in the United Kingdom representing full-year sales of €108 million.

Within a depressed national market which contracted by 9.4% in 2001, Raab Karcher reported only slightly lower like-for-like sales in Germany in comparison to its full-year sales in 2000, thereby offering tangible evidence of both its successful integration and business recovery. Five businesses were acquired representing €280 million in full-year sales while acquisitions made by Keramundo, the German leader in ceramic tiles, represented €230 million of this total. Outside Germany, Raab Karcher reinforced its positions in the Netherlands, Poland, Hungary and the Czech Republic and acquired the Czech builder's merchant BayWa. In 2001, Raab Karcher posted sales of €638 million. La Plateforme du Bâtiment launched two new outlets in Poland.

Point.P reinforced its operations in Spain with its integration of the Catalonia-based building materials distributor Mercader. In Brazil, Lapeyre completed integration of the store network of Telhanorte, the mass-market distributor of fitted bathrooms acquired in August 2000. In 2001, Telhanorte opened a new outlet in São Paulo.

Total operating income for Building Materials Distribution rose to €490 million, up from €422 million a year earlier. This performance reflected the synergies achieved as a result of the Group's increased scale in Europe, partly eroded by substantial start-up costs. The latter arose from the new outlets opened and e-business ventures launched by the Division's distribution chains, as well as from the e-commerce portal Build2Pro, introduced in partnership with Sonepar and SygmaKalon. Operating margins soared to 4.9%, against 4.5% in 2000 (based on full-year contributions from Raab Karcher and Mayer).

In 2002, Building Materials Distribution expects to post continued growth despite a less favorable economic environment. Demand in France, the United Kingdom and Brazil is expected to drop below the levels seen in 2001 while the current growth slump is also likely to persist in Poland and Germany. Notwithstanding this, the Division will step up organic and external growth efforts in order to drive sales increases outpacing the expansion of the markets it serves. Though margins vary in each country, management is confident that the continued implementation of refocusing measures and efforts aimed at harnessing synergies will enable it to achieve its objectives.

BUILDING MATERIALS

Contribution to the Group (in %)	1999	2000	2001
Net sales	11%	11%	**10%**
Operating income	12%	9%	**11%**
Cash flow from operations	13%	10%	**11%**

(in millions of euros)

Key consolidated data	1999	2000	2001
Net sales	2,625	3,067	**3,184**
Operating income	283	252	**294**
Cash flow from operations	306	273	**297**
Capital expenditure	159	172	**134**

After a difficult year in 2000, which saw sales volumes fall in the United States in the second half of the year, the Division posted a 3.8% increase in sales on an actual structure basis. Two-thirds of this increase was contributed by operations in the United States which saw a strong turnaround in second-half sales. Prices held firm despite the expansion in sales volumes. In addition, the Division reported the first full-year of results for Celotex, the roofing materials business acquired by CertainTeed.

The remaining growth was contributed by the Mortars segment, which saw a marked upturn in sales, and by Tiles, which maintained sales at satisfactory levels after recording sustained growth in 2000. In both of these business lines, price and volume increases accounted for a sizeable portion of this performance.

Sales on a comparable structure basis and in local currencies were up 2.7% at the year-end.

Operating income climbed 16.7% compared with 2000 and operating margins rose to 9.2% mainly reflecting the rebound in activity in the United States, the contribution from productivity gains, and the resilience of sales margins in Mortars (France and Brazil) and in Tiles (France and Italy).

Cash flow from operations rose, due to the reduction in working capital and the tight control exercised over capital expenditure. This fuelled a sharp increase in free cash flow, which enabled the Division to continue to pay down debt.

In this way, the Building Materials Division will be better able to pursue its strategic goals of reinforcing its positions in core market segments and sub-segments (e.g. the United States for sidings and windows and Central Europe and Brazil for mortars) while expanding into new markets such as China, Korea and Russia and achieving increased profitability.

Sales are expected to dip moderately in 2002. In North America, which accounts for 58% of the Division's revenues, CertainTeed forecasts lower sales volumes than in 2001. Most observers believe demand will falter in North America but will be compensated by a moderate upswing in Europe.

Mediterranean terracotta barrel tiles, in mixed tones. *The Z tile by TBF*

The Z tile, the result of a joint effort by Saint-Gobain Terreal development teams and the designer Martin Szekely.

Notwithstanding this, thanks to its conservative capital expenditure policy and to its efforts to reduce raw materials costs, which were begun in the second half of 2001 in the United States, to consolidate growth and increase productivity in Mortars and at CertainTeed, and to pursue significant reductions in purchasing costs and working capital needs, the Division should succeed in maintaining or increasing operating margins while reducing indebtedness and seizing appropriate external growth opportunities.

PIPE

Contribution to the Group (in %)	1999	2000	2001
Net sales	7%	6%	**6%**
Operating income	6%	4%	**5%**
Cash flow from operations	6%	5%	**5%**

(in millions of euros)

Key consolidated data	1999	2000	2001
Net sales	1,605	1,778	**1,782**
Operating income	129	106	**131**
Cash flow from operations	143	120	**132**
Capital expenditure	89	67	**48**

In 2001, the Pipe Division achieved sharply improved results after two years of consecutive declines. Operating income increased substantially even though sales remained level.

Sales were up by 0.2% to €1,782 million though this stability hides contrasting trends in each of the various business lines.

As in 2000, the Division's performance was again hampered by adverse trading conditions in Northern Europe. Activity in German construction and civil engineering markets continued to decline sharply during the year. The revenues of manufacturing units were down 14%, reflecting lower sales in the construction segment and the cyclical decline following the high number of orders delivered in 2000. Sales margins improved strongly. In the United Kingdom, where government spending in the water industry continued to deteriorate, sales of manufacturing companies were down 2% in local currency despite the successful transfer of activities following the Division's acquisition of Biwater, a UK water services company. In France, the market for piping systems contracted by around 10% following a buoyant year in 2000.

The unrelenting downturn in Northern European markets was largely offset by buoyant market conditions in Spain, where sales rose 28%, and by the robust increases recorded in export sales in Europe and on distant export markets, notably in the Middle East. Though sales rose marginally in Brazil, they remained at an unsatisfactory level. They were also lower in euro terms due to the devaluation of the Brazilian *real*. Conversely, the Division made good progress in China, and posted steady growth in sales which was in line with expectations and reflected incremental changes made to production capacity in China.

Overall, sales volumes dipped marginally in 2001 but prices stayed on an upward trend throughout the year.

Operating income came to €131 million, up 23.6% on the prior year.

Factors driving this performance included:

- An improvement in sales margins in all market segments, particularly in distant export markets, as demand rebounded within the sector;
- Benefits from actions taken in 2000 to rationalize production at the Gelsenkirchen site (Germany) and to close down Biwater's manufacturing operations;
- The overall reduction in overheads; and
- The continued productivity gains achieved in 2001.

These gains were partially offset by rising raw materials prices, which reflected the full-year effect of price increases introduced in the second half of 2000, and by the difficult trading conditions encountered by distribution units in Britain and Germany where markets remained depressed.

NATURAL pipes shipped in bundles.

As from December 31, 2001, the Division transferred its materials distribution business over to the Building Materials Distribution Division in order to establish a pan-European powerhouse in civil-engineering markets.

The main highlights of the year included the buyout of minority interests in Saint-Gobain Pipe Systems (Finland) and in Saint-Gobain Canalização and Saint-Gobain Fundições (Brazil).

Another highlight was the deployment of a global enterprise resource planning system which is designed to support international diversification of the Division's manufacturing, sales and supply-chain functions.

In addition, a decision was taken to shut down the coking plant at the Point-à-Mousson smelting furnace and to begin sourcing coking fuel directly on global markets.

Other developments in 2001 included the successes in France of the Division's latest anti-corrosion technology "Natural" and its rainwater drainage system "Pluvial". The Natural system is being rolled out in Spain and Britain and will soon be launched in Italy. This range, together with the new range of couplings and of highway products, provides a strong indication of the Division's innovative capabilities.

Despite the much more uncertain outlook, management is confident that it will consolidate the growth achieved in industrial operations in 2001.

Demand is expected to slow in several regions where growth was strongest in 2001, notably in Spain and in distant export markets, while expansion is forecast for the French, British and Brazilian markets. Notwithstanding this, trends at the beginning of 2002 were broadly on a par with those experienced in 2001.

Against this context, the Division will continue to pursue efforts implemented in the prior year with the aim of bolstering margins, increasing productivity, reducing overheads and continuing to diversify its global manufacturing base and supply chain.

STOCK EXCHANGE INFORMATION, SHAREHOLDERS, BOARD OF DIRECTORS, OFFICIERS

STOCK EXCHANGE INFORMATION

At December 28, 2001, Saint-Gobain ranked twentieth in France as regards market capitalization (€14,446 million) and twenty-fourth 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 365,201 shares traded daily in 2001. Saint-Gobain stock is also traded on the principal European stock exchanges of Frankfurt, London, Zurich (since 1987), Amsterdam, and Brussels (since 1988). It was de-listed from the Stockholm stock exchange in February 2001. The average transactions volume on these foreign markets was also large, notably on the London Stock Exchange. The Saint-Gobain share has also been 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, since the fall of 2001.

The Saint-Gobain share has formed part of the support shares on the traded options market of the Paris Stock Exchange (MONEP) and of the London Stock Exchange. The number of option transactions on the Paris Stock Exchange in Saint-Gobain shares was 1,652,060 lots in 2001, against 804,325 in 2000.

HIGHEST AND LOWEST SHARE PRICES

(source: Euronext Paris SA)

(in €)

Year	High	Low	Year-end price
1997	144.67	109.46	**130.34**
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**

The other Group companies quoted on a stock exchange in 2001 were Lapeyre in Paris, Saint-Gobain Cristalería in Madrid, Saint-Gobain Oberland in Frankfurt, Munich and Stuttgart; Saint-Gobain Canalização in Rio de Janeiro and São Paulo; Brasilit and Saint-Gobain Vidros SA in São Paulo, Hankuk Glass Industries in Seoul.

In 2001, the Group issued successful public tender offers for the minority interests in its Spanish subsidiary and in the three Brazilian subsidiaries. All four companies were de-listed following these offers.

In February 2002, a new public tender offer was launched for the shares in Lapeyre held by minority interests, following which the Group now holds 96.4% of Lapeyre capital. On March 28, 2002, the Group announced that it was planning to file a public buyback offer, followed by a mandatory buyout, for the Lapeyre shares still held by the public.

DIVIDENDS

Year	Number of shares for which a dividend was paid	Income per share (€)		Total income	Yield based on closing price for the year
		Dividend +	tax credit	in euros	
1999	87,236,750 shares	3.60	1.80	**5.40**	2.89%
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%

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 2001

Paris Stock Exchange	Volume of shares	Market capitalization (in € thousands)	High (in €)	Low (in €)
January	8,454,164	1,416,686	176.20	157.10
February	5,944,236	1,014,126	177.50	163.90
March	7,122,074	1,164,908	180.00	143.00
April	6,027,788	973,461	171.70	145.60
May	9,333,300	1,609,234	179.90	163.20
June	7,401,567	1,214,298	173.90	155.60
July	7,713,634	1,264,179	170.60	153.00
August	8,156,853	1,400,560	176.00	166.50
September	10,850,990	1,624,691	172.00	128.20
October	8,128,916	1,280,086	168.90	147.20
November	7,893,460	1,288,157	171.00	151.20
December	5,368,750	892,316	171.00	160.70
Total	**92,395,732**	**15,142,702**		
2002				
January	9,642,076	1,624,970	176.50	162.20
February	11,537,468	1,955,600	180.50	161.00
March (to 27)	9,562,947	1,761,946	189.80	173.60

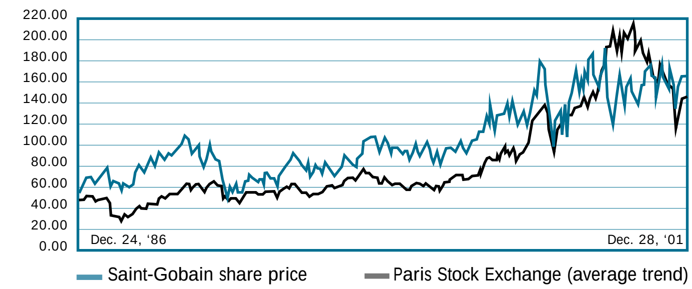
(source: Euronext Paris SA)

London Stock Exchange	Volume of shares	In £ thousands
January	3,345,454	357,008
February	2,551,178	277,346
March	3,972,377	406,326
April	2,555,535	254,284
May	8,717,519	939,540
June	4,743,925	470,196
July	4,421,749	440,657
August	6,710,895	708,062
September	4,344,289	403,809
October	4,074,306	399,661
November	2,949,964	298,281
December	3,894,375	405,028
Total	**52,281,566**	**5,360,198**

(source: London Stock Exchange)

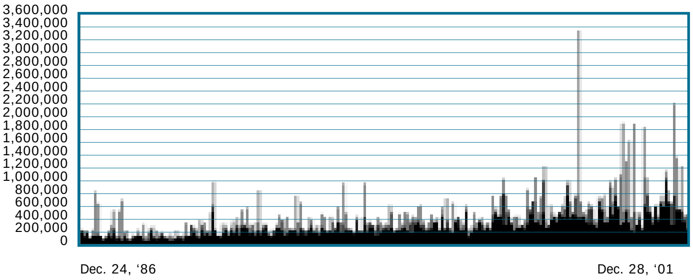
A total of 68,800 shares were traded on the Frankfurt Stock Exchange in 2001 (source: Datastream).

SHARE PRICE (in euros)



(source: Datastream)

NUMBER OF SHARES TRADED



(source: Euronext Paris SA)

OCÉANES

BONDS (CONVERTIBLE INTO EITHER NEW OR EXISTING SHARES)

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

NON-VOTING PARTICIPATING SECURITIES

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

Since their issue the remuneration of the non-voting securities 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 2001 results, the remuneration in 2002 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 2001 in respect of the 2000 fiscal year was €11.21.

TRANSACTIONS SINCE JANUARY 2001

Paris Stock Exchange	Volume of shares	Market capitalization (in € thousands)	High (in €)	Low (in €)
January	2,308	371	165.00	158.40
February	5,275	865	165.00	161.00
March	1,599	261	167.00	161.00
April	2,684	441	167.70	162.00
May	3,849	632	168.00	162.30
June	3,352	553	170.00	163.20
July	4,289	676	168.00	146.60
August	978	158	164.00	158.50
September	8,560	1,332	163.50	150.30
October	3,190	503	161.50	153.50
November	3,288	520	164.50	155.10
December	6,971	1,124	163.00	158.00
Total	**46,343**	**7,436**		

Paris Stock Exchange	Volume of shares	Market capitalization (in € thousands)	High (in €)	Low (in €)
January	133	21	157,00	155,00
February	200	31	155,00	152,50
March	31	5	155,50	152,50
April	50	8	155,00	152,60
May	298	48	162,50	161,50
June	130	20	155,10	155,10
July	223	34	152,10	150,80
August	299	46	155,50	152,45
September	180	27	153,25	150,00
October	320	50	160,15	152,45
November	183	29	158,85	158,85
December	109	17	158,00	157,00
Total	**2,156**	**336**		

(source: Euronext Paris SA)

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 2001 was €75.32, paid in two installments.

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

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 its Letter to Shareholders, as well as its Shareholder's Handbook.

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

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

shareholders@saint-gobain.com

In 2001, Saint-Gobain organized several informal meetings with its shareholders in Le Havre in May, Metz and Nice in October, and Orléans in November. It also took part for the sixteenth consecutive year in the *Journées Investir* events in March and November, in Clermont-Ferrand and Toulouse respectively. The company was also represented at the fourth *Actionaria* exhibition in Paris in November. In addition to the two annual meetings with analysts and journalists held in January and July at the time of the publication of estimated results, several other information meetings took place during the year in Paris and in other French cities, as well as in the various other European centers where the Company's shares are listed and in the USA and Japan.

As part of the Crystal Awards ceremony organized each year for listed companies by the French statutory auditors' association (CNCC) in partnership with Investir magazine and Publicis Consultants Ecocom, a communications company, Compagnie de Saint-Gobain was honored in 2001 with the "Crystal Award" as well as the "shareholder relations award."

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 or individuals. This provides current information regarding the Group and the market price of its shares and allows for a dialog with the Department.

The Compagnie de Saint-Gobain website, which also presents the Group and its activities, received the "golden threads award" for the best shareholder relations department in the CAC 40 index, granted by the French financial weekly *La Vie Financière* and Synerfil, a communications company. A new version of the site, decked out in the Group's corporate colors and offering many new features, was launched on September 7, 2001. Its address is:

www.saint-gobain.com

Through BNP Paribas, Compagnie de Saint-Gobain also 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 telephone (in France): 0 800 03 33 33
Toll-free fax (in France): 0 800 77 25 85

SHAREHOLDERS

CAPITAL STOCK

At December 31, 2001, **the capital stock of Compagnie de Saint-Gobain** amounted to €1,364,138,048, breaking down into 85,258,628 ordinary shares with a par value of €16 each, compared to 85,213,263 shares at December 31, 2000. The very slight increase in the number of shares was due to the balance between the issue of 903,150 shares reserved for employees under the Group Savings Plan and the issue of 121,778 shares following the exercise of the same number of stock options[(1)] on the one hand and, on the other, the cancellation of 979,563 shares in November 2001.

At March 1, 2002, the main shareholders were, to the Board of Directors' knowledge, the following:

	Capital	Voting rights
Group Saving Plan	6.5%	9.4%
Caisse des Dépôts et Consignations	4.6%	4.3%
BNP Paribas Group	2.1%	4.0%
AXA Group	1.9%	3.3%
Treasury stock	1.4%	0%
Other shareholders	83.5%	79.0%
Total	**100%**	**100%**

The breakdown of ownership and voting rights has changed considerably in recent years. As a result of the policy of unwinding cross-shareholdings, Suez and Saint-Gobain no longer have any capital ties and Vivendi Universal's stake in Saint-Gobain had fallen to 0.2% at March 1, 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 2.8% and 3.5% respectively at the 1998 year-end, becoming the Company's leading shareholder.

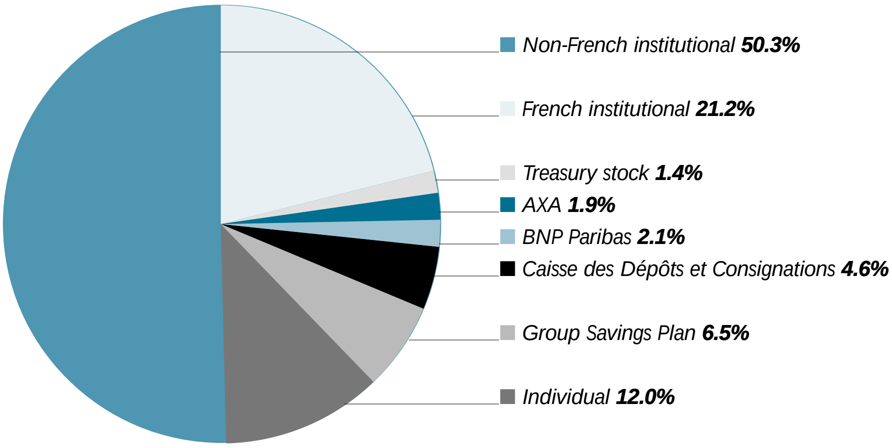
No shareholders other than those above have disclosed holdings of over 5% of voting rights and there is no other treasury stock than that indicated in the same table. To the best of the Company's knowledge, there are no pacts concerning the capital stock. The number of shareholders is estimated to be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

At December 31, 2001, the number of voting rights was 90,891,781 for 85,258,628 shares. Given the 226,468 outstanding stock options at that date[(1)] and the absence of any other share equivalents, the potential capital assuming all rights were to be exercised would be made up of 85,485,096 shares.

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

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

ESTIMATED BREAKDOWN OF CAPITAL STOCK AT MARCH 1, 2002



CHANGES IN CAPITAL IN THE LAST FIVE YEARS

	Capital	Number of shares	
05-97	FF8,737,321,300	87,373,213	Group Savings Plan: issue of 730,997 shares (at FF620)
09-97	FF8,905,542,000	89,055,420	Stock dividend: issue of 1,682,207 shares (at FF723)
12-97	FF8,922,681,300	89,226,813	Subscription to 171,393 shares by the exercise of as many stock options
05-98	FF9,019,220,500	90,192,205	Group Savings Plan: issue of 965,392 shares (at FF666)
12-98	FF9,029,578,800	90,295,788	Subscription to 103,583 shares by the exercise of as many stock options
06-99	€1,307,722,916	85,781,000	Cancellation of 4,514,788 shares
06-99	€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
06-00	€1,342,036,944	83,877,309	Cancellation of 3,359,441 shares
09-00	€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
06-01	€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

FINANCIAL AUTHORIZATIONS

Following resolutions adopted by shareholders at the Combined Ordinary and Extraordinary Shareholders' 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 partially used with a waiver of preemptive subscription rights in January-February 2002).

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).

Lastly, the Shareholders' Meeting of June 28, 2001 renewed until August 2003 the authority granted previously to the Board of Directors to issue shares reserved for members of the Group Savings Plan, up to a maximum aggregate par value of €64 million (the authorization was partly used in January 2002), and also granted authority to the Board to issue shares reserved for 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).

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 2001, 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 €120 million, down from the €207 million recorded in 2000, when the Company had also set up a special plan with a lever effect multiplying employees' initial investment.

In France, over 65% of employees have subscribed to the PEG through company mutual funds. The PEG has been extended to employees in twenty-two European countries and six countries on other continents. In all, more than 34,000 Group employees have now subscribed to the PEG.

At March 1, 2002, the Group Savings Plan held 6.5% of the Company's capital stock and 9.4% of its voting rights.

In January 2002, a new Group Savings Plan, offering the standard options of five- and ten-year terms, was launched. The total number of Saint-Gobain shares open for subscription is 1,000,000, however the Board of Directors may increase this number to serve all requests, up to a maximum of 4 million shares, as defined by the Combined Ordinary and Extraordinary General Meeting of June 28, 2001. (See prospectus dated January 31, 2002 bearing COB approval no. 02-079).

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 2001 included Bernard Esambert, Chairman, as well as Daniel Bernard(1) and Bruno Roger.

In addition to Group Management (11 persons), the options granted in November 2001 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 (17 persons);
- Category B includes the main operations and functional managers of the Divisions and General Delegations (707 persons);
- Category C includes high-potential executives as well as managers or employees who have achieved superior performance (616 persons).

The total number of beneficiaries of the November 2001 plan was therefore 1,351, a 73% increase in relation to 2000, when the number had already nearly doubled compared to 1999. In each of the above categories, the number of options granted is individually tailored according to responsibilities handled and performance achieved. The total number of options granted in 2001 was 943,700, up 40% compared with 2000 and amounting to 1.1% of capital stock at December 31, 2001.

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.

(1) Daniel Bernard was designated as a member of the Appointments Committee on July 26, 2001, replacing Jacques-Louis Lions following the latter's death

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. €160.87 for the November 2001 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 five 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.

In addition, the Board of Directors has made the vesting of 45% of the options granted to Group Management and Category A recipients conditional upon the Saint-Gobain share price outperforming the exercise price by more than 20% at the end of the minimum vesting period.

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 2001, if they had more than four years' seniority in their current function, to own at least 600 registered Saint-Gobain shares and to increase their holdings by at least 100 shares per annum; Category B beneficiaries are required to own at least 100 registered shares at all times.

The following three tables summarize key data on unexpired stock option plans at December 31, 2001, with the latter two dealing with the stock options of corporate officers and of the ten largest recipients.

Date of Shareholders' Meeting authorizing the plan	June 14, '91 June 11, '92	June 14, '91 June 11, '92	June 13, '95	June 13, '95	June 25, '97	June 25, '98	June 24, '99	June 24, '99	June 28, '01
Date of Board of Directors's Meeting	Nov. 18, '93	Sept. 15, '94	Nov. 16, '95	Nov. 21, '96	Nov. 20, '97	Nov. 19, '98	Nov. 18, '99	Nov. 16, '01 (**)	Nov. 22, '01
Type of options	subscription	subscription	subscription	subscription	purchase	purchase	purchase	purchase	purchase
Number of beneficiaries	126	127	121	161	182	218	393	780	1,351
Total number of shares whith may be obtained	207,213	210,775	208,790	303,690	296,865	321,995	437,725	674,125	943,700
Of which:									
• Number of shares that Group management may obtain	71,400	78,700	83,800	121,200	137,600	137,000	134,500	202,600	231,200
• number of corporate officers concerned	15	15	14	20	19	19	19	20	18 (*)
Effective date of options	Nov. 18, '95	Sept. 15, '96	Nov. 16, '97	Nov. 21, '98	Nov. 20, '99 or Nov. 20, '02	Nov. 19, '01 or Nov. 19, '03	Nov. 18, '02 or Nov. 18, '04	Nov. 16, '03 or Nov. 16, '05	Nov. 22, '04 or Nov. 22, '05
Expiration date	Nov. 17, '01	Sept. 14, '02	Nov. 15, '03	Nov. 20, '04	Nov. 19, '05	Nov. 18, '06	Nov. 17, '09	Nov. 15, 2010	Nov. 21, 2011
Subscription / Purchase price	€66.30	€81.56	€70.13	€85.68	€113.88	€118.15	€162.53	€150.89	€160.87
Discount on average share price	20%	20%	20%	20%	10%	5%	0	0	0
Number of options remaining at December 31, 2001	plan expired	24,445	50,800	150,150	125,200	182,045	437,725	659,425	943,700

(*) The list of the 18 members of Group Management is provided on page 52.
(**) 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 2001	Number of options granted / Number of shares subscribed or purchased	Exercise price	Expiration date
Options granted in 2001 to each corporate officer by the issuer or by any Group company			
Jean-Louis Beffa	65,000	€160.87	Nov. 2011
Gianpaolo Caccini	35,000		
Options exercised in 2001 by each corporate officer			
Jean-Louis Beffa	43,000	€113.88	Nov. 2005
Gianpaolo Caccini	3,200	€66.30 / 81.56	Nov. 2001 / Sept. 2002

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 2001 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)	106,000	€160.87
Stock options on the issuer and the companies mentioned above exercised in 2001 – top ten employees of the issuer or the companies mentioned above, by number of options exercised (aggregate figure)	44,075	average weighted price €83.86

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

SAINT-GOBAIN SHARE BUYBACKS AND CANCELLATIONS

Since 1998, the Group has implemented a policy of gradually unwinding its cross-shareholdings. After having bought back from Vivendi 3 million Saint-Gobain shares and having sold back 4.7 million Vivendi shares in the course of transactions carried out in April 1999, the Company disposed of a further 4 million Vivendi shares in February 2000. At December 31, 2001, Compagnie de Saint-Gobain held only 1.13% of Vivendi Universal capital stock and 1.26% of voting rights.

For its part, Vivendi Universal has almost completely divested its stake in Compagnie de Saint-Gobain, which did not exceed 0.2% at March 1, 2002.

Further, in the course of 2001, the Company bought back 242,048 of its own shares in accordance with the authorizations granted by the Ordinary and Extraordinary General Meetings of June 29, 2000 (prospectus dated June 8, 2000, bearing COB approval no. 00-1021) and June 28, 2001 (prospectus dated June 6, 2000, bearing COB approval no. 01-718). In June 2001, the Company also obtained ownership of the 1,254,438 Saint-Gobain shares previously held by its subsidiary International Saint-Gobain.

Of these Saint-Gobain shares held in treasury stock, the Board of Directors canceled 979,563 shares at its meeting of November 22, 2001, making use of the authorization granted by the Ordinary and Extraordinary Shareholders' Meeting of June 28, 2001.

BOARD OF DIRECTORS

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

BOARD OF DIRECTORS

At March 1, 2002, 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, 60, is also Vice-Chairman of BNP Paribas, Director of Vivendi Universal and the Bruxelles Lambert Group, Chairman of Claude Bernard Participations, member of the Supervisory Boards 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, Director of Saint-Gobain Cristalería and Saint-Gobain Corporation, and joint Chairman of the corporate foundation Saint-Gobain Center for Economics Research. He owns 43,000 Saint-Gobain shares.

Les Miroirs - F-92096 La Défense Cedex

DANIEL BERNARD

Chairman and Chief Executive Officer of Carrefour.

Daniel Bernard, 56, is also 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 200 Saint-Gobain shares.

6 avenue Raymond Poincaré - F-75769 Paris Cedex 16

ISABELLE BOUILLOT

Chairwoman of the Management Board of CDC FINANCE - CDC IXIS.

Isabelle Bouillot, 53, is also 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 300 Saint-Gobain shares.

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

ROLF-E. BREUER

Chairman of the Management Board of Deutsche Bank AG.

Rolf-E. Breuer, 64, of German nationality, is also Chairman of the Supervisory Board of Deutsche Börse AG, Deputy Chairman of the Supervisory Board of Siemens AG, Member of the Supervisory Boards of Deutsche Lufthansa AG, E.ON AG, Bertelsmann AG and Münchener Rück AG, and Director of Landwirtschaftliche Rentenbank. Within the Deutsche Bank group, Rolf-E. Breuer is Chairman of the Supervisory Board of DB Investor (DB Industrial Holdings AG). He is also a member of the Advisory Committees of Allgemeine Kreditversicherung AG and C.H. Boehringer Sohn, Chairman of the stock exchange council of Frankfurter Wertpapierbörse AG and Vice-Chairman of the stock exchange council of Eurex Deutschland. He owns 1,129 Saint-Gobain shares.

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

PAUL ALLAN DAVID[1]

Professor of Economics at the universities of Stanford and Oxford.

Paul A. David, 67, 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 directorship. He owns 200 Saint-Gobain shares.

All Souls College - Oxford OX1 4AL (United Kingdom)

BERNARD ESAMBERT

Vice-Chairman of the Supervisory Board of Lagardère Groupe

Bernard Esambert, 67, is also Chairman of the Supervisory Board of Banque Arjil et Cie, Vice-President of Bolloré and Chairman of this group's Strategy Committee, Chairman of Compagnie Saint-Gabriel et de Rivaud - Innovation, Director of Hachette Filipacchi Medias, Financière V and Finfranline, and member of the Supervisory Board of Biomerieux-Pierre Fabre. Bernard Esamber 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*), member of the advisory board to the French stock market authorities (*Commission des Opérations de Bourse*), Director and treasurer of Fondation Touraine and Association Georges Pompidou. He owns 1,050 Saint-Gobain shares.

43 rue Vineuse - F-75016 Paris

JEAN-MARTIN FOLZ[2]

Chairman of the Management Board of Peugeot SA.

Within the PSA group, Jean-Martin Folz, 55, is also Chairman of Automobiles Peugeot, Automobiles Citroën, Banque PSA Finance and Peugeot Citroën Automobiles SA, and Director of Faurecia. He was also Chairman of the Supervisory Board of Sommer Allibert up to August 7, 2001. He owns 300 Saint-Gobain shares.

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

ERIC D'HAUTEFEUILLE

Consultant, former Chief Operating Officer of Compagnie de Saint-Gobain

Eric d'Hautefeuille, 62, is also Director of Gaz de France. Within the Saint-Gobain Group, he is also Director of Saint-Gobain Emballage, Saint-Gobain Isover, Saint-Gobain Glass France, Saint-Gobain Cristalería , International Saint-Gobain, and a member of the Supervisory Boards of Saint-Gobain Autoglas and Saint-Gobain Glass Deutschland. He owns 1,000 Saint-Gobain shares.

46 quai Henri IV - F-75004 Paris

(1) Since May 28, 2001.
(2) Since March 29, 2001, replacing Pierre Faurre, following the latter's death.

SYLVIA JAY(3)

Director General of the British Food and Drink Federation.

Lady Jay, 55, is a British citizen. She does not hold any other directorship. She is also a lay member of the Procedures and Disciplinary Committee of the General Council to the Bar, and a trustee of the Pilgrim Trust and the *Entente Cordiale* Scholarships Scheme. She owns 200 Saint-Gobain shares.

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

JOSÉ-LUIS LEAL MALDONADO

Chairman of the Spanish Banking Association

José-Luis Leal Maldonado, 62, of Spanish nationality, is also Director of CEPSA, Alcatel España and FASA Renault, as well as Saint-Gobain Cristalería. He owns 1,000 Saint-Gobain shares.

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

JEAN-MAURICE MALOT

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

Jean-Maurice Malot, 62, was in 2001 Chairman of Sivaq SA and Vice-Chairman of the Libourne Chamber of Commerce and Industry. He owns 200 Saint-Gobain shares.

Les Miroirs - F-92096 La Défense Cedex

JEAN-MARIE MESSIER

Chairman and Chief Executive Officer of Vivendi Universal.

Jean-Marie Messier, 45, is also Director of LVMH, BNP Paribas and Alcatel. Within the Vivendi Universal group, he is Chairman of the Supervisory Boards of Vivendi Environnement and Canal +, Chairman of the Vivendi Universal corporate foundation, Chairman of Vizzavi Europe, and Director of UGC, EchoStar Communications Corporation, Fomento de Construcciones y Contratas, and USA Networks. He is also Director of the New York Stock Exchange. He owns 205 Saint-Gobain shares.

42, avenue de Friedland - F-75008 Paris

GÉRARD MESTRALLET

Chairman and Chief Executive Officer of Suez.

Gérard Mestrallet, 52, is also a member of the Supervisory Boards of AXA, Casino, SAGEM, Société du Louvre, Director of Crédit Agricole and Pargesa Holding, permanent representative on the Board of Directors of Le Monde Entreprises and Fimalac. Within the Suez group, Gérard Mestrallet is Chairman of Société Générale de Belgique and of Tractebel, Vice-Chairman of Hisusa and Sociedad General de Aguas de Barcelona, member of the Supervisory Board of Métropole Télévision M6. Up to February 2002, he was Director of Ondeo and Frabepar and a member of the Supervisory Board of Crédit Agricole Indosuez. He owns 210 Saint-Gobain shares.

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

MICHEL PÉBEREAU

Chairman and Chief Executive Officer of BNP Paribas.

Michel Pébereau, 60, is also Director of Lafarge and TotalFinaElf, Member of the Supervisory Boards of Axa, Galeries Lafayette and Dresdner Bank, and permanent representative on the Board of Directors of Renault. Within the BNP Paribas group, he is also Director of BNP Paribas UK. In addition, he is a member of the Monetary Authority of Singapore's International Advisory Panel, of the Federal Reserve Bank of New York's International Capital Markets Advisory Committee and of the French Banking Federation's Board of Directors. He owns 205 Saint-Gobain shares.

3 rue d'Antin – F-75002 Paris

BRUNO ROGER

Member of the Executive Committee of Lazard and Senior Manager of Lazard Paris.

Bruno Roger, 68, is also Director of Cap Gemini Ernst & Young, Sofina and Thales, and member of the Supervisory Boards of AXA and Pinault Printemps Redoute. Within the Lazard group, he is also Chairman and Chief Executive Officer of Eurazeo and Vice-Chairman of Eurafrance. He owns 12,010 Saint-Gobain shares.

121 Boulevard Haussmann – F-75008 Paris

Chief Operating Officer: **GIANPAOLO CACCINI**

Gianpaolo Caccini, 63, is also Director of Nexans and JM Huber Corporation. Within the Saint-Gobain Group, he is also Director of Saint-Gobain Corporation. He owns 1,000 Saint-Gobain shares.

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

MEMBERSHIP OF THE BOARD OF DIRECTORS

In the Board of Directors,

- Jean-Louis Beffa is the only Director exercising executive functions within the Group;
- Jean-Maurice Malot, Michel Pébereau and Bruno Roger represent shareholders holding more than 0.5% of Compagnie de Saint-Gobain capital stock;
- Daniel Bernard, Rolf-E. Breuer, Paul A. David, Bernard Esambert, Sylvia Jay, José-Luis Leal Maldonado and Gérard Mestrallet are independent Directors as defined in the Viénot Reports (with no capital or business interests with Compagnie de Saint-Gobain or Group companies, or any other relationship with them which could compromise their independence of judgment).

(3) *Since June 28, 2001, replacing Jacques-Louis Lions, following the latter's death.*

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 and Jean-Marie Messier: 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, Jean-Maurice Malot, Jean-Marie Messier and Gérard Mestrallet: 2003 Annual Meeting.
- Isabelle Bouillot, Jean-Louis Beffa, 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.

MEETING OF THE BOARD OF DIRECTORS

The Board of Directors held seven meetings during the 2001 fiscal year.

BOARD OF DIRECTORS' COMMITTEES

Financial Statements Committee

- Michel Pébereau, Chairman,
- Isabelle Bouillot,
- Gérard Mestrallet[(1)]

The Financial Statements Committee performs all of the tasks recommended by the Viénot Reports.

The Committee met four times in 2001. All members of the Committee were in attendance, except for one meeting in which two out of the three were present.

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

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

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

In addition, the Committee reviewed the budget for 2001 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, 2000, the Treasury and Financing operations of the U.K. Delegation and the findings of the internal audit review of the Treasury Department, as well as the activity report of the Internal Audit Department for 2000 and for the first half of 2001.

The Committee presented its work to the Board of Directors at meetings held on January 25, March 29, July 26 and September 20, 2001.

Appointments Committee

- Bernard Esambert, Chairman,
- Daniel Bernard[(2)]
- Bruno Roger.

The Appointments Committee also performs the work of a remunerations committee.

The Committee met once in 2001, with all members in attendance.

During this meetings, the Committee reviewed Saint-Gobain's stock options policy[(3)] 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 that a large proportion of these options are subject to. Prior to presenting them to the Board, the Committee reviewed the proposed allocations of stock options based on the objectives as defined, and finalized its proposals for options to be granted to Group Management[(4)].

The Committee presented its conclusions to the Board of Directors at the meeting of November 22, 2001.

(1) As from July 26, 2001, replacing Pierre Faurre, following the latter's death.

(2) As from July 26, 2001, replacing Jacques-Louis Lions, following the latter's death.

(3) Company policy on granting stock options and details of current stock option plans are presented on pages 45 to 47.

(4) See pages 45 to 47.

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 thousand.

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 allocated a 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 the 2001 fiscal year amounted to €500 thousand against €310 thousand in 2000.

The net(5) individual amounts of attendance fees paid by the Company to its Directors (including both lump-sum and variable payments) for 2001 were as follows: Daniel Bernard €37,388, Isabelle Bouillot €56,602, Rolf-E. Breuer €25,133, Paul A. David €12,682, Bernard Esambert €50,051, Jean-Martin Folz €29,133, Eric d'Hautefeuille(6) €14,104, Sylvia Jay €12,682, José-Luis Leal Maldonado €28,417, Jean-Maurice Malot €46,645, Jean-Marie Messier €16,000, Gérard Mestrallet €29,826, Michel Pébereau €35,815, Bruno Roger €51,428.

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

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

REMUNERATION OF CORPORATE OFFICERS

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

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

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

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

The total direct and indirect remuneration received in 2001 from Group companies by corporate officers, such as they are defined below, amounted to €12.9 million (the amount for 2000 was €12.6 million), of which the variable part represented €4.7 million (€5.2 million in 2000).

As regards the corporate officers of the parent company, the gross fixed remuneration, as well as compensation in kind, paid in 2001 to Mr. Beffa, Chairman and CEO, and to Mr. Caccini, Chief Operating Officer, by Group companies(7) amounted respectively to €776,689 (€767,078 on a comparable basis in 2000) and €451,733 (€446,927 on a comparable basis in 2000). 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 the year 2001 by Group companies(7) comes to €969,700 for Mr. Beffa (€1,223,000 for 2000) and €485,000 for Mr. Caccini (€860,392 on an annualized basis for 2000).

On a pro forma basis(8), all of the above remunerations represent net compensation of approximately €733,500 for Mr. Beffa and €393,400 for Mr. Caccini.

As stated above, Messrs. Beffa and Caccini do not receive any Director's attendance fees owing to their status as corporate officers of Group companies(7).

(5) *After deduction of the withholding tax for Messrs. Breuer, David, Leal Maldonado and Mrs. Jay, whose tax residence is outside France, and excluding the amounts paid to the estates of Messrs. Faure and Lions following their death in the course of the year.*

(6) *Mr. d'Hautefeuille received attendance fees only as from September 1, 2001, following the end of his executive functions within the Company, for which the total gross remuneration he received in respect of 2001 was €589,063.*

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

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

GROUP MANAGEMENT

EXECUTIVE MANAGEMENT

JEAN-LOUIS BEFFA
Chairman and Chief Executive Officer

GIANPAOLO CACCINI
Chief Operating Officer

JACQUES ASCHENBROICH(1)
Senior Vice-President

PHILIPPE CROUZET
Senior Vice-President

EMILE FRANÇOIS
Senior Vice-President

JEAN-FRANÇOIS PHELIZON
Senior Vice-President

CLAUDE PICOT
Senior Vice-President

CHRISTIAN STREIFF(1)
Senior Vice-President

MARC VAN OSSEL
Senior Vice-President

BERNARD FIELD
Corporate Secretary

EXECUTIVE COMMITTEE

JEAN-LOUIS BEFFA
GIANPAOLO CACCINI
PHILIPPE CROUZET
BERNARD FIELD

Secretary to the Executive Committee
BENOÎT BAZIN

FUNCTIONAL MANAGEMENT

JEAN-CLAUDE LEHMANN
Vice-President Research

BENOÎT BAZIN
Vice-President Corporate Planning

NICOLE GRISONI-BACHELIER
Vice-President External Relations

PRESIDENTS OF THE DIVISIONS

JACQUES ASCHENBROICH
President, Flat Glass Division

ROBERTO CALIARI
President, Reinforcements Division

PIERRE-ANDRÉ DE CHALENDAR
President-Delegate, Building Materials Distribution Division for the United Kingdom and the United States

GILLES COLAS
President, Abrasives Division

PETER DACHOWSKI
President, Insulation Division

MARTIN ELLIS
President, Building Materials Division

EMILE FRANCOIS
President, Building Materials Distribution Division

CLAUDE IMAUVEN(1)
President, Pipe Division

CLAUDE PICOT
President, Containers Division

CHRISTIAN STREIFF(1)
President, Ceramics & Plastics Division

(1) *Since October 15, 2001.*

GENERAL DELEGATES

OLIVIER DU BOUCHERON
General Delegate to Benelux

JEAN-CLAUDE BREFFORT
General Delegate to Brazil and Argentina

ROBERTO CALIARI(2)
General Delegate to Italy and Greece

PIERRE-ANDRÉ DE CHALENDAR
General Delegate to the United Kingdom and Ireland

LARS GRÄNSE
General Delegate to the Nordic Countries and the Baltic States

JEAN LARONZE
General Delegate to Poland

ANAND MAHAJAN
General Delegate to India

PAUL NEETESON
General Delegate to Germany and Central and Eastern Europe

JEAN-FRANÇOIS PHELIZON
General Delegate to the United States and Canada

GUY ROLLI
General Delegate to Mexico, Venezuela and Colombia

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

PIERRE TRACOL
General Delegate to Spain, Portugal and Morocco

(2) *Thierry Fulconis up to September 30.*

STATUTORY AUDITORS OF THE COMPANY

The Statutory Auditors of the Company are:

- Befec - Price Waterhouse, member of PricewaterhouseCoopers, 32 rue Guersant, F-75017 Paris, represented by Mike Moralee and Christian Marcellin, reappointed on June 25, 1998 for a term of 6 years.
- Société d'Expertise Comptable Economique et Financière (SECEF), 3 rue de Turique, F-54000 Nancy, represented by Jacques Tenette, reappointed on June 29, 2000 for a term of six years.

BYLAWS

Saint-Gobain is a French public company regulated by articles L 210-1 and following of the French Commercial Code, with its head office at Les Miroirs, 18, avenue d'Alsace, F-92400 Courbevoie. It is registered with the Nanterre corporate register under reference B542039532 (activity code APE 741J), Siret number: 54203953200040.

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

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

SPECIAL CLAUSES IN THE BYLAWS

These are summarized below:

CAPITAL STOCK

The bylaws require the disclosure to the Company of each fractional direct or indirect holding of 0.50% of the capital or voting rights or any multiple of this percentage. The same obligation exists when a direct or indirect holding falls below one of these thresholds. 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 Meeting (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.
(General Meetings of June 24, 1999 and June 28, 2001).

GENERAL MEETINGS

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

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

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

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

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

APPROPRIATION OF NET INCOME

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

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

1. Amounts judged appropriate by the Board of Directors to set up contingency or extraordinary reserves or to be carried forward to the following year;
2. From any remaining balance, the amount necessary to pay shareholders a preliminary dividend of 5% on their fully paid up and non-redeemed shares without however conferring a right, if the profit of a year does not permit such a distribution, to claim any such unpaid amounts in future years;
3. The amount available after such appropriations will be distributed to shareholders.

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

REGULATED AGREEMENTS ENTERED INTO DURING THE YEAR

No new regulated agreements have been entered into in 2001.

RISKS

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

The 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 are traded over-the-counter with counterparties meeting minimum rating standards.

After giving effect to exercised options and other hedging instruments, at December 31, 2001 66% of Group debt was at fixed rates of interest and 34% was at variable rates.

The Group's policy on currency risk management is to systematically hedge transactions carried out by 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, which then takes a reverse position on the market.

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.

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

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.

Besides disputes that are an inevitable part of the normal course of business and have no material impact at Group level, some Group companies have been named as defendants in a large number of class-action lawsuits for damages in France and the United States. The plaintiffs in these lawsuits are claiming damages for exposure to asbestos contained in products manufactured by these companies in the past. Although the facts and legal situations vary considerably from case to case and, especially, between France and the United States, the Group considers that it is not exposed to a significant legal risk on this issue.

INDUSTRIAL AND ENVIRONMENTAL RISKS

In terms of industrial risks, the vast majority of Saint-Gobain Group operations are subject to a permits regime, or even simply to declaration. This classification reflects the overall low level of industrial risks.

Five French sites have been classed in the SEVESO II category as a result of the lower thresholds set by the new European Directive, which has set new rules regarding storage of hydrogen, oxygen, formaldehyde or phenol.
Extra attention has been devoted to such storage operations, in accordance with applicable legislation and based on specific in-house procedures.

Four types of environmental risks are monitored as first priorities:
- the effect of atmospheric emissions,
- the effect of liquid discharges,
- waste disposal,
- potential risks of pollution of groundwater aquifers or surface networks (e.g. rivers).

- As regards the first point, specific monitoring has been set up based on the nature of the emissions involved. Regulatory compliance and permanent improvement are the two guiding principles for action in this area.
- The very nature of the Group's operations limits very significantly any liquid discharges from facilities, in terms of both amount and pollutant loading. Full recycling is an increasingly common procedure and careful control is exercised over significant residual discharges.
- Concerning waste management, procedures have been set up both in-house and with external contractors, and a framework agreement on contracting with reputed companies in this area, at least on a countrywide level, is being tested experimentally in France, Germany and Belgium. If successful, it will then be rolled out to other countries.
- Risk of accidental pollution of aquifers or surface water is monitored through specific controls imposed in the largest facilities (those subject to permit requirements).

INSURANCE – COVERAGE OF POTENTIAL RISKS

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 controlled by the Risks and Insurance Department, which defines Group doctrine.

Two types of policy are covered by the Group doctrine: property 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 their operations and products.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS AT DECEMBER 31

(in millions of euros)

ASSETS	Notes	1999	2000	2001
Goodwill	(3)	4,981	6,004	**6,065**
Other intangible assets, net	(4)	1,155	1,766	**1,805**
		6,136	**7,770**	**7,870**
Property, plant and equipment	(5) and (6)	20,255	21,938	**23,258**
Less accumulated depreciation	(5) and (6)	(11,037)	(11,825)	**(12,909)**
		9,218	**10,113**	**10,349**
Investments in equity investees	(7)	439	393	**169**
Investments, at cost	(8)	351	178	**171**
Marketable securities	(9)	367	310	**176**
Other non-current assets	(10)	398	766	**943**
		1,555	**1,647**	**1,459**
Non-current assets		**16,909**	**19,530**	**19,678**
Inventories	(11)	4,153	4,752	**5,075**
Trade accounts receivable, net	(12)	4,201	4,643	**4,552**
Other accounts receivable	(13)	1,042	1,161	**1,228**
Short-term loans	(21)	238	139	**245**
Marketable securities	(9)	644	530	**406**
Cash and cash equivalents	(21)	729	666	**958**
Current assets		**11,007**	**11,891**	**12,464**
TOTAL ASSETS		**27,916**	**31,421**	**32,142**

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

(in millions of euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	1999	2000	2001
Capital stock €16 par value; 136,758,628 shares authorized; 2001: 85,258,628 shares issued and outstanding; (2000: 85,213,263 and 1999: 87,236,750)		1,396	1,363	**1,364**
Additional paid-in capital		2,651	2,270	**2,249**
Retained earnings and net income for the year		6,468	7,760	**8,540**
Cumulative translation adjustments		(543)	(310)	**(161)**
Treasury stock	(14)	(434)	(182)	**(67)**
Shareholders' equity		**9,538**	**10,901**	**11 925**
Minority interests	(15)	1,613	823	**423**
Net equity of consolidated entities		**11,151**	**11,724**	**12,348**
Non-voting participating securities	(16)	391	391	**391**
Pensions and other post-retirement benefits	(17)	1,585	1,752	**1,836**
Deferred tax liability	(18)	328	709	**685**
Other liabilities	(19)	1,061	1,318	**1,255**
Long-term debt	(21)	4,139	4,999	**5,247**
Shareholders' equity and non-current liabilities		**18,655**	**20,893**	**21,762**
Trade accounts payable		3,024	3,378	**3,425**
Other payables and accrued expenses	(20)	2,459	2,597	**2,801**
Current portion of long-term debt	(21)	866	1 859	**991**
Short-term debt and bank overdrafts	(21)	2,912	2,694	**3,163**
Current liabilities		**9,261**	**10,528**	**10,380**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**27,916**	**31,421**	**32,142**

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

CONSOLIDATED STATEMENTS OF INCOME

(in millions of euros)

	Notes	1999	2000	2001
Net sales		22,952	28,815	**30,390**
Cost of sales		(16,101)	(20,669)	**(22,692)**
Gross margin		**6,851**	**8,146**	**7,698**
Selling, general and administrative expenses including research	(23)	(4,318)	(5,209)	**(4,774)**
Other operating costs	(24)	(219)	(244)	**(243)**
Operating income		**2,314**	**2,693**	**2,681**
Dividend income		26	24	**32**
Interest and other financial charges, net	(25)	(328)	(612)	**(603)**
Non-operating costs	(26)	(191)	(158)	**(122)**
Income before profit on sales of non-current assets and taxes		**1,821**	**1,947**	**1,988**
Profit on sales of non-current assets, net	(27)	457	584	**84**
Provision for income taxes	(18)	(775)	(791)	**(721)**
Net operating income from consolidated companies before amortization of goodwill		**1,503**	**1,740**	**1,351**
Amortization of goodwill		(142)	(182)	**(184)**
Net operating income from consolidated companies		**1 361**	**1 558**	**1 167**
Share in net results of equity investees	(7)	28	84	**7**
Net income before minority interests		**1,389**	**1,642**	**1,174**
Minority interests in consolidated companies	(15)	(163)	(125)	**(40)**
Net income		**1,226**	**1,517**	**1,134**
Earnings per share (in euros)				
Weighted average number of shares in issue		**84,636,599**	**83,054,214**	**83,534,846**
Income before tax and minority interests per share		25.57	29.29	**22.69**
Basic earnings per share		14.49	18.27	**13.58**
Weighted average number of shares assuming full dilution		**84,851,597**	**83,356,426**	**83,898,272**
Income before tax and minority interests per share		25.50	29.19	**22.59**
Diluted earnings per share		14.45	18.20	**13.52**
Number of shares in issue at December 31		**87,236,750**	**85,213,263**	**85,258,628**
Income before tax and minority interests per share		24.81	28.55	**22.23**
Earnings per share		14.05	17.80	13.30

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of euros)

	1999	2000	2001
Net income	**1,226**	**1,517**	**1,134**
Minority interests	163	125	**40**
Excess of income of equity investees over dividends	(5)	(46)	**7**
Depreciation and amortization	1,433	1,631	**1,636**
Profit on sales of non-current assets	(457)	(584)	**(84)**
Cash flows from operations	**2,360**	**2,643**	**2,733**
Increase in inventories	(93)	(224)	**(167)**
(Increase) decrease in trade accounts and other accounts receivable	(585)	40	**219**
Increase (decrease) in trade accounts payable, other payables and accrued expenses	345	(73)	**(92)**
Changes in income taxes payable and deferred taxes	26	141	**8**
Other	122	(115)	**(159)**
Net change in working capital	**(185)**	**(231)**	**(191)**
Cash flows from operating activities	**2,175**	**2,412**	**2,542**
Purchases of property, plant and equipment	(1,712)	(1,722)	**(1,430)**
Acquisitions of businesses in 2001: (764); in 2000: (2,913); in 1999: (1,528), net of cash acquired	(1,392)	(2,709)	**(717)**
Disposals of consolidated investments, net of cash	23	943	**140**
Disposals of investments at cost	871	497	**379**
Acquisitions of investments at cost	(239)	(59)	**(52)**
Disposals of tangible and intangible assets	112	105	**141**
Decrease in marketable securities	91	67	**115**
Other	(44)	114	**(68)**
Cash flows from investing activities/divestments	**(2,290)**	**(2,764)**	**(1,492)**
Issue of capital stock	136	213	**129**
Minority interests' portion in capital stock increases of subsidiaries	53	28	**13**
Increases in treasury stock	(714)	(375)	**(31)**
Dividends paid	(278)	(284)	**(357)**
Dividends paid to minority shareholders of consolidated subsidiaries	(54)	(91)	**(30)**
(Increase) decrease in short-term loans	355	61	**(16)**
Increase (decrease) in long-term debt	1,090	1,152	**(805)**
Increase (decrease) in bank overdrafts and other short-term debt	(192)	(425)	**335**
Cash flows from financing activities	**396**	**279**	**(762)**
Net effect of exchange rate changes on cash and cash equivalents	16	10	**4**
Increase (decrease) in cash and cash equivalents	**297**	**(63)**	**292**
Cash and cash equivalents at beginning of year	**432**	**729**	**666**
Cash and cash equivalents at end of year	**729**	**666**	**958**

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

STATEMENTS OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	(Number of shares)		(in millions of euros)					
	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, 1998	**90,295,788**	**86,741,350**	**1,376**	**3,180**	**5,570**	**(941)**	**(415)**	**8,770**
Issues of capital stock								
- Group savings plan	1,174,234	1,174,234	19	95				**114**
- Stock option plans	281,516	281,516	5	17				**22**
- Par value fixed at €16			65	6	(71)			**0**
Net income for 1999					1,226			**1,226**
Dividends paid (per share: €3.20)					(278)			**(278)**
Allocation of premiums				(21)	21			**0**
Translation adjustments						398		**398**
Treasury stock purchases		(4,544,000)					(714)	**(714)**
Treasury stock canceled	(4,514,788)		(69)	(626)			695	**0**
Treasury stock sold		5,700						**0**
Balance at December 31, 1999	**87,236,750**	**83,658,800**	**1,396**	**2,651**	**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 purchases		(2,494,342)					(376)	**(376)**
Treasury stock canceled	(4,068,565)		(65)	(562)			627	**0**
Treasury stock sold		6,756					1	**1**
Change of method (pensions and postretirement benefit obligations)					59			**59**
Balance at December 31, 2000	**85,213,263**	**83,216,292**	**1,363**	**2,270**	**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 purchases		(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**

At December 31, 2001, the number of shares making up Compagnie de Saint-Gobain's capital stock totaled 85,258,628.
In accordance with the authorizations to increase capital stock granted by the Ordinary and Extraordinary Shareholders' Meeting of June 28, 2001, the Board of Directors may issue, in one or several stages, up to 47,500,000 new shares with or without preemptive subscription rights for Compagnie de Saint-Gobain shareholders (Ninth and Tenth resolutions), as well as 4 million new shares reserved for members of the Group Savings Plan (Eleventh and Twelfth resolutions). 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 could potentially be increased up to 136,758,628.
Translation adjustments at December 31, 2001 include a net amount of €62 million (€61 million at December 31, 2000) in adjustments arising from the translation of the balance sheets of companies within the euro zone. These adjustments will be taken to the statement of income in the event that these companies are sold.
The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ACCOUNTING PRINCIPLES AND POLICIES

BASIS OF PRESENTATION

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

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 and the reported amounts of expense or income during the year. Actual results may differ from those estimates.

PRINCIPLES OF CONSOLIDATION

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

Companies that are jointly owned are proportionately consolidated.

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

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

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

Significant changes in the Group's structure for the year ended December 31, 2001 are shown in note 2. A summary list of significant consolidated companies as of December 31, 2001 is shown in note 35.

All significant intercompany accounts and transactions are eliminated in consolidation.

FOREIGN CURRENCY TRANSACTIONS

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

TRANSLATION OF FOREIGN COMPANY FINANCIAL STATEMENTS

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

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

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

GOODWILL

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

OTHER INTANGIBLE ASSETS

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

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

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

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

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.

Depreciation of fixed assets is based on the following estimated useful lives using the straight-line method.

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

Investment grants relating to acquisitions of fixed assets are deferred, recorded under "Other 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 removed from the accounts and any resulting gain or loss is included in the determination of net income.

VALUATION OF LONG-LIVED ASSETS

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

LEASES

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

Operating lease rentals are charged to expense in the year in which the charge was incurred.

INVENTORIES

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

FINANCIAL INSTRUMENTS

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

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, 2001 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. Income and expenses related to interest-rate swaps are recognized on a symmetrical basis with the income and expenses 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 trade investments, shares in mutual funds and short-term investments. They are recorded at the lower of cost and market.

CASH AND CASH EQUIVALENTS

Cash consists of cash on hand and balances with banks.

PENSIONS AND 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 salaries to the end of employment (the projected unit credit method) taking into account economic conditions specific to each country. These obligations are covered by retirement funds and provisions recorded in the balance sheet. Effective from January 1, 2000, the method adopted complies with the accounting principles generally accepted in the United States of America.

In the United States of America, Spain and Germany, the Group's pensioners receive benefits other than pensions, mainly concerning 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 of America, 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 future earnings materialize, the majority interest is credited for all of those earnings up to the amount of those losses previously absorbed.

REVENUE RECOGNITION

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

RESEARCH AND DEVELOPMENT EXPENSES

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

INTEREST CHARGES

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

INCOME TAX EXPENSE

Under an agreement with the French tax authorities, Compagnie de Saint-Gobain is assessed for income tax purposes on its consolidated fiscal income. The amounts payable or receivable by Compagnie de Saint-Gobain resulting from the application of the agreement are included in other accounts receivable and other payables.

Deferred tax assets and liabilities are based on temporary differences between the values of assets and liabilities recorded in the financial statements and those used for tax purposes. Tax rates applicable to future periods are used to calculate year-end deferred income tax amounts.

A valuation allowance is recorded against deferred tax assets resulting from net operating losses and deductible temporary differences when their future realization is not likely. Under the worldwide tax regime, the valuation allowance is assessed at the tax group level for companies included in the tax consolidation and at the individual tax entity level for companies not included in the tax consolidation.

No provision is made in respect of earnings of subsidiaries that are not intended to be distributed.

In accordance with section 3150 of CRC regulation 99-02, deferred taxes have not been discounted.

A deferred tax liability is recorded on retail brands valued in the consolidated financial statements, even when they cannot be sold separately from the company being acquired. In view of the Group's expectations with regard to future developments, it has been decided to retain the same method used prior to the adoption of CRC regulation 99-02. The amount of deferred tax assets recorded for retail brands appears in note 18.

ADVERTISING COSTS

Advertising costs are expensed as incurred.

EARNINGS PER SHARE

The Group discloses earnings per share, based on net income and based on income before tax and minority interests.

Earnings per share are calculated by dividing earnings by the average number of shares in issue during the period, after deduction of treasury stock.

Diluted earnings per share are calculated by including in the average number of shares the conversion of all dilutive share equivalents in issue.

The Group also discloses earnings per share calculated by dividing earnings by the number of shares in issue at the end of the fiscal year.

FINANCIAL STATEMENTS: RECLASSIFICATION

Certain amounts in the 1999 and 2000 accompanying consolidated financial statements have been reclassified from previously issued financial statements to conform to the 2001 presentation.

NOTE 2 - CHANGES IN GROUP STRUCTURE

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.

At December 31, 2001 the effect on balance sheet captions of changes in Group structure and in consolidation methods is as follows:

(in millions of euros)

	Increase	Decrease	Total
Impact on assets			
Non-current assets	247	(132)	115
Inventories, trade and other accounts receivable	358	(84)	274
	605	**(216)**	**389**
Impact on liabilities			
Minority interests	(408)	(17)	(425)
Long-term liabilities	41	(11)	30
Payables	218	(23)	195
Debt and overdrafts(*)	(10)	(19)	(29)
	(159)	**(70)**	**(229)**
Impact of acquisitions, disposals and changes in consolidation methods	**764**	**(146)**	**618**
Cash and cash equivalents	(47)	6	(41)
Net impact on cash flows	**717**	**(140)**	**577**

(*) *representing the net indebtedness of the Group*

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 and 1999, the consolidated statements of income for those years would have been as follows:

(in millions of euros)

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

NOTE 3 – GOODWILL

(in millions of euros)

	1999	2000	2001
Net book value at January 1	3,633	4,981	6,004
Acquisitions	1,122	1,623	164
Translation adjustments and impact of disposals	368	(412)	106
Amortization for the year	(142)	(188)	(209)
Net book value at December 31	**4,981**	**6,004**	**6,065**

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).

In 1999, the increase in goodwill mainly related to the acquisition of Furon and Schalker Verein, and the consolidation for the first time of Essilor subsidiaries and of the small flat glass processing subsidiaries.

NOTE 4 - OTHER INTANGIBLE ASSETS, NET

The change in other intangible assets is summarized below:

(in millions of euros)

	1999	2000	2001
Net book value at January 1	997	1,155	1,766
Additions and changes in Group structure	195	844	113
Disposals	(8)	(144)	(12)
Translation adjustments	34	(10)	22
Amortization for the year	(63)	(79)	(84)
Net book value at December 31	**1,155**	**1,766**	**1,805**

Intangible assets break down as follows:

(in millions of euros)

	1999	2000	2001
At cost			
Purchased goodwill	106	74	82
Patents	212	183	197
Retail brands	672	1,344	1,376
Computer software	172	227	293
Other	354	355	369
Total at cost	**1,516**	**2,183**	**2,317**
Amortization and provisions for impairment in value			
Purchased goodwill	(32)	(36)	(41)
Patents	(113)	(119)	(134)
Computer software	(95)	(123)	(166)
Other	(121)	(139)	(171)
Total amortization and provisions for impairment in value	**(361)**	**(417)**	**(512)**
Other intangible assets - net	**1,155**	**1,766**	**1,805**

Because their fair value is at least equal to cost, retail brands do not require an allowance for impairment in value.

Changes in trademarks in 2000 reflected the acquisition of the Meyer Group (renamed Saint-Gobain Building Distribution) and Raab Karcher. Part of the difference between the cost of shares in these companies and the Group's equity in the underlying net assets corresponded to the value of their retail brands.

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

(in millions of euros)

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

(in millions of euros)

2000	At Dec. 31, 1999	Changes in Group structure	Additions	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)**	**-**	**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	-	-	-	-	-	(19)
Total depreciation	**(11,037)**	**231**	**-**	**480**	**-**	**(129)**	**(1,370)**	**(11,825)**
Net book value	**9,218**	**483**	**1,722**	**(171)**	**-**	**231**	**(1,370)**	**10,113**

(in millions of euros)

2001	At Dec. 31, 2000	Changes in Group structure	Additions	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)**	**-**	**290**	**-**	**25,258**
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**	**-**	**(86)**	**(1,368)**	**(12,909)**
Net book value	**10,113**	**147**	**1,430**	**(177)**	**-**	**204**	**(1,368)**	**10,349**

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 amounts for capital leases:

(in millions of euros)

December 31,	1999	2000	2001
At cost:			
Land and buildings	183	173	181
Machinery and equipment	36	47	46
Total assets under capital leases - gross	**219**	**220**	**227**
Depreciation	(85)	(93)	(100)
Net book value	**134**	**127**	**127**

The depreciation and amortization charge is as follows:

(in millions of euros)

	1999	2000	2001
Amortization of other intangible assets (note 4)	63	79	84
Amortization of goodwill	142	182	184
Depreciation of property, plant and equipment (*)	1,228	1,370	1,368
Total depreciation and amortization	**1,433**	**1,631**	**1,636**
(*) Included in cost of sales	1,067	1,275	1,204

In 2001, the Group recorded a total charge of €105 million for the write-down of certain goodwill and assets to net realizable value based on estimated future discounted cash flows, compared with €64 million in 2000 and €45 million in 1999.

NOTE 6 – LEASES

CAPITAL LEASES

Future minimum commitments for capital leases are as follows:

(in millions of euros)

Capital leases	Future lease payments
2002	21
2003	17
2004	15
2005	14
2006	14
Later years	56
Total	**137**
Less estimated executory costs included in capital leases	(1)
Total minimum lease payments	**136**
Less imputed interest costs	(47)
Present value of net minimum lease payments	**89**

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 €348 million in 2001 (2000: €315 million; 1999: €185 million), corresponding to rental expenses of €373 million (2000: €322 million; 1999: €202 million) less €25 million of subletting revenue (2000: €14 million; 1999: €17 million). Increases in rental expense between 1999 and 2000 were due mainly to costs related to the Meyer Group (renamed Saint-Gobain Building Distribution) and Raab Karcher.

Future minimum commitments for operating leases are as follows:

(in millions of euros)

Operating leases	Rental expense	Subletting revenue	Net expense
2002	(311)	23	(288)
2003	(246)	22	(224)
2004	(206)	20	(186)
2005	(174)	19	(155)
2006	(143)	18	(125)
Later years	(637)	71	(566)
Total	**(1,717)**	**173**	**(1,544)**

NOTE 7 – INVESTMENTS IN EQUITY INVESTEES

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

(in millions of euros)

	1999	2000	2001
At January 1	816	439	**393**
Changes in Group structure	(378)	(80)	**(216)**
Dividends paid	(23)	(38)	**(14)**
Share in net income of equity investees	28	84	**7**
Translation adjustments	(4)	(12)	**(1)**
Balance at December 31	**439**	**393**	**169**

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

Essilor was fully consolidated in the Group's financial statements 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 and €7 million in 1999.

NOTE 8 – INVESTMENTS AT COST

(in millions of euros)	1999		2000		2001	
	Gross book value	Net book value	Gross book value	Net book value	Gross book value	Net book value
At January 1	896	787	432	351	224	178
Acquisitions	239	239	59	59	52	52
Disposals	(96)	(96)	(40)	(25)	(10)	(7)
Provisions for impairment in value for the year	-	(31)	-	(2)	-	(20)
Changes in Group structure	(606)	(546)	(235)	(212)	(33)	(32)
Translation adjustments	(1)	(2)	8	7		
At December 31	**432**	**351**	**224**	**178**	**233**	**171**

The fair value of these investments approximates cost.

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

NOTE 9 – CURRENT AND NON-CURRENT MARKETABLE SECURITIES

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

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

(in millions of euros)

At December 31, 2001	Gross book value	Net book value	Unrealized gains	Estimated market value[1]
Strategic interest				
• 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**

[1] *Based on stock market prices at December 31*

(in millions of euros)

At December 31, 2000	Gross book value	Net book value	Unrealized gains	Estimated market value(1)
Strategic interest				
• 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**

(in millions of euros)

At December 31, 1999	Gross book value	Net book value	Unrealized gains	Estimated market value(1)
Strategic interest				
•BNP	132	132	185	317
•Vivendi	227	227	1,236	1,463
Other interests	8	8	9	17
Non-current marketable securities	**367**	**367**	**1,430**	**1,797**
Total marketable securities	**644**	**644**	**-**	**644**

(1) Based on stock market prices at December 31

The decrease in marketable securities in 2001 reflects the sale of BNP Paribas shares.

NOTE 10 - OTHER FIXED ASSETS

(in millions of euros)

At December 31	1999	2000	2001
Capitalized loans and deposits	398	313	441
Retirement benefits – Additional minimum liability	-	57	130
Prepaid pension costs	-	396	372
Other fixed assets	**398**	**766**	**943**

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

The increase in "Retirement benefits – Additional minimum liability" at December 31, 2001 is mainly due to the decrease in the fair value of retirement funds.

In accordance with French generally accepted accounting principles, the total additional minimum liability has been recorded under "Other fixed assets". Under US generally accepted accounting principles, part of the commitment – in an amount of €124 million (€51 million in 2000) – would be recorded as a deduction from shareholders' equity.

NOTE 11 - INVENTORIES

At December 31, 2001, 2000 and 1999, raw materials, work in progress and finished goods as well as valuation allowances can be analyzed as follows:

(in millions of euros)

At December 31	1999	2000	2001
Gross value			
Raw materials and supplies	1,108	1,250	1,376
Work in progress	911	417	390
Finished goods	2,435	3,436	3,728
Gross inventories	**4,454**	**5,103**	**5,494**
Valuation allowances			
Raw materials and supplies	(72)	(87)	(93)
Work in progress	(87)	(22)	(14)
Finished goods	(142)	(242)	(312)
Valuation allowances	**(301)**	**(351)**	**(419)**
Net inventories	**4,153**	**4,752**	**5,075**

NOTE 12 – TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are short-term receivables.

(in millions of euros)

At December 31	1999	2000	2001
Trade accounts receivable	4,501	4,992	4,957
Less allowance for doubtful accounts	(300)	(349)	(405)
Net trade accounts receivable	**4,201**	**4,643**	**4,552**

Changes in allowances for doubtful accounts:

(in millions of euros)

	1999	2000	2001
At January 1	(196)	(300)	(349)
Net charge for the year	(10)	(2)	(27)
Changes in Group structure	(88)	(44)	(26)
Translation adjustments	(6)	(3)	(3)
At December 31	**(300)**	**(349)**	**(405)**

In 2001, the total charge related to unrecoverable receivables amounted to €115 million (2000: €84 million; 1999: €62 million).

In the United States, the Group has an agreement with a financial institution to sell up to $400 million worth of receivables per day, without recourse, at a discount approximating interest rates for commercial paper. Discounts, included in interest expense, were €21 million in 2001, €22 million in 2000 and €15 million in 1999. Receivables sold by the Group were as follows:

(in millions of euros)

At December 31	1999	2000	2001
Total receivables sold	**258**	**406**	**433**

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

NOTE 13 – OTHER RECEIVABLES

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

(in millions of euros)

At December 31	1999	2000	2001
Advances to suppliers	51	76	88
Prepaid payroll taxes	16	24	26
Other prepaid and recoverable taxes	184	399	348
Accrued income	43	121	194
Other receivables	753	545	578
Valuation allowances	(5)	(4)	(6)
Other receivables	**1,042**	**1,161**	**1,228**

NOTE 14 – TREASURY STOCK

Compagnie de Saint-Gobain capital stock held by consolidated Group companies is shown as a separate deduction from shareholders' equity under "Treasury stock", at historical cost. Total shares held in treasury stock were 1,204,588 at December 31, 2001, 1,996,971 at December 31, 2000 and 3,577,950 at December 31, 1999.

Agreements were made between Vivendi Universal and the Group on July 9, 1998. Pursuant to these agreements, Compagnie de Saint-Gobain repurchased 3,000,000 of its own shares from Vivendi Universal in 1999 and the Group allowed Vivendi Universal to repurchase 4,700,000 Vivendi Universal shares.

In 2001, the Group purchased 242,048 Compagnie de Saint-Gobain shares on the stock market (2000: 2,494,342 shares; 1999: 1,544,000 shares) and re-sold 54,868 of them (2000: 6,756; 1999: 5,700).

A total of 979,563 shares were canceled in 2001, further to the 4,068,565 shares canceled in 2000 and 4,514,788 in 1999.

Share buybacks in 2001, 2000 and 1999 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 15 – MINORITY INTERESTS

(in millions of euros)

	1999	2000	2001
At January 1	1,154	1,613	823
Net income for the year	163	125	40
Dividends paid by consolidated subsidiaries	(54)	(91)	(30)
Minority interests' portion in capital stock increases of subsidiaries	53	28	13
Purchase of shares in consolidated companies from minorities	(495)	(11)	(346)
Changes in Group structure	722	(865)	(79)
Translation adjustments	70	24	2
At December 31	**1,613**	**823**	**423**

The decrease in this item in 2001 primarily reflects 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 reflected the deconsolidation of Mexalit and of the Essilor Group, which was fully consolidated up to June 30, 2000.
In 1999, changes in minority interests were mainly attributable to the full consolidation of the Essilor group and its subsidiaries, and to the acquisition of all of Paribas' residual holdings in the Poliet Group, as well as other shareholders' interests in Poliet.

NOTE 16 – NON-VOTING PARTICIPATING SECURITIES

The Group issued 700,000 non-voting participating securities in French francs in 1983 and 100,000 non-voting participating securities in ecus in 1984. The non-voting participating securities are not redeemable. Their remuneration is included in financial charges. These securities were converted into euros in 1999.
Each security carried a coupon which gave the holder the right to subscribe to a new non-voting participating security until January 1988 for securities issued in 1983 and until February 1987 for securities issued in 1984. There were respectively 588,299 securities and 94,633 securities resulting from the exercise of the coupons.
The remuneration of the 1,288,299 non-voting participating securities issued in 1983, up to a limit equal to 125% of the average rate of interest on bonds, includes a fixed interest element and a participation in the consolidated net income of the Group. The remuneration of the 194,633 non-voting participating securities issued in 1984 comprises a fixed interest element of 60% of the nominal value of the security and equal to 7.5% per annum and a variable amount on the remaining 40% based on the consolidated net income of the previous year within the limits fixed in the prospectus.

At December 31, 2001, 2000 and 1999, the amount of participating securities issued was as follows:

(in millions of euros)

	1999	2000	2001
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 1999 to 2001 was as follows:

(in millions of euros)

	1999	2000	2001
Securities issued in 1983	12	14	13
Securities issued in 1984	13	15	14
Total	**25**	**29**	**27**

NOTE 17 – PENSIONS AND OTHER POST RETIREMENT BENEFITS

PENSIONS AND RETIREMENT INDEMNITIES

Pension obligations are determined by actuarial valuations using a method based on projected end-of-career salaries (the projected unit credit method). Effective from January 1, 2000, the method adopted complies with the accounting principles generally accepted in the United States of America. The total liability in respect of pension obligations to pensioners as well as the liability concerning the past service of employees has been determined. For retirement indemnities, the commitment based on estimated total service in the Group is determined and provision made for past service using the straight-line method.
Assumptions as to mortality, employee turnover and salary projections take into account the economic conditions specific to each country and company. Interest rates used in 2001 to determine the present value of future commitments are generally between 4% and 7% depending on the country.

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

(in millions of euros)	France	Other European countries		North America		Rest of the world	
	Pension and retirement indemnities	Plans with assets in excess of accumulated benefits	Plans with accumulated benefits in excess of plan assets	Plans with assets in excess of accumulated benefits	Plans with accumulated benefits in excess of plan assets	Pension and retirement indemnities	Net total
At December 31, 2001							
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 10)							130
Prepaid pension cost (see note 10)							372
Contractual termination indemnities							81
Total obligations provided							1,836
At December 31, 2000							
Projected benefit obligation	401	1,690	1,061	1,310	90	48	4,600
Plan assets	105	2,123	56	1,547	7	38	3,876
Benefits in excess of (less than) plan assets	296	(433)	1,005	(237)	83	10	724
Deferred variances	(36)	99	(2)	176	(12)		225
Pension liability (asset) recognized in the balance sheet	260	(334)	1,003	(61)	71	10	949
Accruals for related benefits			5		275		280
Total net obligation	**260**	**(334)**	**1,008**	**(61)**	**346**	**10**	**1,229**
Minimum additional liability (see note 10)							57
Prepaid pension cost (see note 10)							396
Contractual termination indemnities							70
Total obligations provided							1,752
At December 31, 1999							
Projected benefit obligation	394	586	1,114	848	406	19	3,367
Plan assets	74	736	105	1,095	320	2	2,332
Benefits in excess of (less than) plan assets	320	(150)	1,009	(247)	86	17	1,035
Deferred variances	(77)	138	(46)	221	(34)	(2)	200
Pension liability (asset) recognized in the balance sheet	243	(12)	963	(26)	52	15	1,235
Accruals for related benefits	4		6		286		296
Contractual termination indemnities							54
Total obligations provided							1,585

Deferred variances include actuarial variances and variances arising from modifications to plans. Deferred variances at December 31, 2001 and 2000 also include adjustments to opening balances. They are amortized over the average remaining service period or average remaining life expectancy of the relevant beneficiary.

For the French companies in the Group, a pension fund is being gradually built up by contributions to an insurance company. Contributions to the fund amounted to €21 million in 2001, €23 million in 2000 and €23 million in 1999.

For the Saint-Gobain Group, vested rights (obtained by the beneficiaries of the retirement plans) amount to €3,464 million. They represent obligations to pensioners and in certain countries (mainly the United States of America, Germany and the United Kingdom) the vested rights of employees who are not obliged to remain with the companies until retirement in order to benefit under the plans.

The pension charge is as follows:

(in millions of euros)

	1999	2000	2001
Vested rights	82	117	131
Interest	192	260	294
Return on funds	(229)	(258)	(295)
Variances	78	10	9
Total	**123**	**129**	**139**

OTHER POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS

Obligations for other postretirement and postemployment benefits are determined by actuarial valuations. Amounts provided cover the liabilities concerning pensioners and the past service of employees.

The assumptions as to mortality, employee turnover and rates used to determine future benefits are those used for the determination of the pension liability.

The charge for other postretirement and postemployment benefits is as follows:

(in millions of euros)

	1999	2000	2001
Vested rights	4	10	11
Interest	17	20	23
Variances	4	2	2
Total	**25**	**32**	**36**

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.

NOTE 18 – 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 of euros)

	1999	2000	2001
Net income of companies included in tax group	1,361	1,558	1,167
Income tax expense	775	791	721
Income of companies included in tax group before income taxes	**2,136**	**2,349**	**1,888**

This income breaks down as follows:

(in millions of euros)

	1999	2000	2001
French companies	1,094	1,360	948
Non-French companies	1,042	989	940
Income of companies included in tax group before income taxes	**2,136**	**2,349**	**1,888**

The provision for income tax is as follows:

(in millions of euros)

	1999	2000	2001
Current taxes	**(713)**	**(723)**	**(701)**
France	(318)	(327)	(274)
Outside France	(395)	(396)	(427)
Deferred taxes	**(62)**	**(68)**	**(20)**
France	8	(38)	3
Outside France	(70)	(30)	(23)
Total provision for income tax	**(775)**	**(791)**	**(721)**

In 2001, the provision for income tax represents 38% of total Group income before tax (34% in 2000 and 36% in 1999). The effective tax rates are determined as follows:

(percentages)

	1999	2000	2001
Current income tax rate	33	33	33
Surcharge on French income tax	2	2	1
Technical assistance fees and net capital gains taxed at lower rates	(3)	(2)	(2)
Other, including amortization of goodwill	4	1	6
Effective rate	**36**	**34**	**38**

At December 31, 2001 the provision for deferred taxes recorded in the balance sheet amounts to €685 million and is analyzed as follows:

(in millions of euros)

At January 1, 2001	709
Charge for the year	20
Translation adjustments	12
Effect of changes in Group structure and other	(56)
At December 31, 2001	**685**

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

(in millions of euros)

	1999	2000	2001
Pensions	288	171	229
Retail brands	(145)	(340)	(349)
Depreciation	(176)	(364)	(411)
Other	(295)	(176)	(154)
Total net deferred tax liability	**(328)**	**(709)**	**(685)**

NOTE 19 - OTHER LIABILITIES

(in millions of euros)

At December 31	1999	2000	2001
Reserves for disputes and environmental claims	212	317	288
Reserves for major repairs	125	125	109
Reserves for restructuring costs	374	259	196
Reserves for personnel costs	84	157	109
Badwill	85	101	135
Other	181	359	418
Total other liabilities	**1,061**	**1,318**	**1,255**

Change in reserves for disputes and environmental claims:

(in millions of euros)

	1999	2000	2001
At January 1	186	212	317
Movement for the year	(56)	16	(50)
Changes in Group structure	75	83	15
Translation adjustments	7	6	6
At December 31	**212**	**317**	**288**

Change in reserves for restructuring costs:

(in millions of euros)

	1999	2000	2001
At January 1	298	374	259
Movement for the year	1	(64)	(93)
Changes in Group structure	57	(57)	27
Translation adjustments	18	6	3
At December 31	**374**	**259**	**196**

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

NOTE 20 – OTHER PAYABLES

(in millions of euros)

At December 31	1999	2000	2001
Customer deposits	58	72	79
Income tax payable	189	292	277
Payables related to fixed assets	141	229	210
Grants	30	33	30
Accrued personnel expenses	666	703	756
Accrued taxes other than on income	180	237	254
Other	1,195	1,031	1,195(*)
Total other payables	**2,459**	**2,597**	**2,801**

(*) of which €261 million for cross-currency swaps (see note 22)

NOTE 21 – LONG-TERM AND SHORT-TERM DEBT

BREAKDOWN OF LONG-TERM AND SHORT-TERM DEBT

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

(in millions of euros)

At December 31	1999	2000	2001
Long-term debt:			
Bond issues	2,886	3,565	4,196
Medium Term Notes	434	450	198
Private placings in euros	495	471	451
Perpetual loan	101	33	33
Other long-term debt including leasing	223	480	369
Total long-term debt	**4,139**	**4,999**	**5,247**
Short-term debt:			
Current portion of long-term debt	866	1,859	991
Borrowings due in less than one year (US CP, euro CP and treasury notes)	1,283	923	1,491
Bank overdrafts and other short-term bank borrowings	1,629	1,771	1,672
Total short-term debt	**3,778**	**4,553**	**4,154**
Total debt	**7,917**	**9,552**	**9,401**
Short-term loans	(238)	(139)	(245)
Total marketable securities	(644)	(530)	(406)
Cash and cash equivalents	(729)	(666)	(958)
Net indebtedness	**6,306**	**8,217**	**7,792**

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

(percentages)

Average interest rate on outstanding debt at December 31	1999	2000	2001
Bond issues	5,21	5,58	5,74
Medium Term Notes	5,38	6,09	3,70
Private placings	4,26	5,30	4,48
Perpetual loan	3,81	5,50	3,68

Part of long-term debt is collateralized by certain mortgage notes on various non-current assets amounting to €89 million at December 31, 2001.

To support its short-term financing programs (US commercial paper, euro commercial paper and treasury notes), Compagnie de Saint-Gobain has set up two syndicated credit lines for $1 billion and $600 million, as well as bilateral lines totaling €953 million.

Commitment fees paid in 2001 in respect of these credit lines totaled €1.90 million.

Marketable securities include SICAV and other mutual funds recorded at the lower of cost and market. All of these securities have variable remuneration rates.

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

(in millions of euros)	1999	2000	2001				
Maturities at December 31			**Bond issues**	**Private placings**	**MTN**	**Other**	**Total**
2001	489	-	-	-	-	-	-
2002	501	698	-	-	-	-	-
2003	285	282	152	13	46	68	279
2004	437	417	270	63	50	63	446
2005	102	1,360	1,240	84	0	48	1,372
2006			681	53	45	21	800
Repayment beyond 6 years	2,274	2,209	1,853	238	57	169	2,317
Unspecified (including perpetual loan)	51	33	-	-	-	33	33
Total long-term debt	**4,139**	**4,999**	**4,196**	**451**	**198**	**402**	**5,247**
Short-term debt[1]	3,778	4,553	340	23	341	3,450	4,154
Total debt	**7,917**	**9,552**	**4,536**	**474**	**539**	**3,852**	**9,401**

[1] *including portion of long-term debt due in less than one year*

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 Treasury Notes) financing.

At December 31, 2001, the situation of these programs was as follows:

(in millions of currency)

	Drawdown period	Drawn down at Dec. 31, 1999	Drawn down at Dec. 31, 2000	Authorized ceilings at Dec. 31, 2001	Drawn down at Dec. 31, 2001
Medium Term Notes (USD)	1 to 30 years	435	716	1,000(*)	475
US commercial paper (USD)	up to 12 months	515	481	1,000(*)	307
Euro commercial paper (USD)	up to 12 months	252	292	1,000(*)	152
Treasury notes (EUR)	up to 12 months	519	92	1,500	971

(*) *equivalent to EUR 1,135 million based on the exchange rate at December 31, 2001.*

NOTE 22 – FINANCIAL INSTRUMENTS

INTEREST-RATE RISK MANAGEMENT

Interest rate risk relating to the Group's total net indebtedness is managed by the treasury department of Compagnie de Saint-Gobain. This debt is determined by means of a reporting system that provides a detailed breakdown of each subsidiary's indebtedness and of related derivative instruments. Subsidiaries hedge risks on debt exclusively with Compagnie de Saint-Gobain, the Group holding company.

The main objective of managing overall interest rate risk on the Group's consolidated net debt is to fix the cost of the medium-term debt and to optimize annual borrowing costs. The Group's policy defines which derivative financial instruments can be used to hedge the debt. Derivative financial instruments may include rate swaps, options–including caps, floors and swaptions–and forward rate agreements. These instruments are traded over-the-counter with counterparties meeting minimum rating standards as defined in Group Doctrine.

The weighted average interest rate on total debt after giving effect to hedging instruments (rate swaps, caps and floors) was 5% for the year ended December 31, 2001 (5.8% in 2000 and 5.3% in 1999).

After giving effect to in-the-money options and other hedging instruments, at December 31, 2001 66% of Group debt was at fixed rates of interest and 34% was at variable rates.

In addition, the Group had options (interest rate caps) on a notional amount of €556 million which were out of the money at December 31, 2001.

Net debt at December 31, 2001 before and after recognition of cross-currency and currency swaps was in the following currencies. The difference between the total amount in this table and the total amount of the net debt above is due to the inclusion of accrued interest.

(in millions of euros)

	Excluding the effect of derivatives at year-end rate	Including the effect of derivatives at hedging rate
Net debt in:		
EUR	4,243	3,632
% of total debt	55%	47%
USD	1,683	2,496
% of total debt	22%	33%
GBP	1,267	1,240
% of total debt	17%	16%
CHF	266	-13
% of total debt	3%	-0%
Other currencies	219	324
% of total debt	3%	4%
Total debt(*)	**7,678**	**7,678**

(*) *Excluding accrued interest*

Including the effect of derivatives and at the year-end rate, total debt came to over €261 million. This difference, which reflects the exchange-rate impact of cross-currency swaps, is recorded under "Other payables". 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).

The nominal amount of cross-currency swaps was €1,439 million in 2001 and currency swaps €276 million.

The nominal amount of the financial instruments used to hedge interest rate risks at December 31, 2001 was as follows:

(in millions of euros)

at December 31	2001
Interest-rate swaps – fixed-rate borrower	466
Interest-rate swaps – fixed-rate lender	736
Long-term variable rate / short-term variable rate swaps	0
Other variable / variable interest-rate swaps	15
Caps purchased	556
Caps sold	0

The face value amount of commitments given and received in the form of swaptions and early repayments of borrowings amounted to €237 million and €208 million respectively.

EFFECT OF AN INCREASE IN INTEREST RATES

At December 31, 2001, a 1% increase in interest rates would have had the following impact on Group interest expense in 2002, assuming that the total amount of debt remains stable and decreases in fixed-rate debt are offset by matching increases in variable-rate debt.

(in millions of euros)

Impact of a 1% increase in interest rates on net interest and other financial charges	
Impact excluding the effect of derivatives	24
Impact including the effect of derivatives	26

FOREIGN CURRENCY RISK MANAGEMENT

Commercial transactions

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

Subsidiaries are not authorized to enter into option contracts with external counterparties. Instead, options are set up exclusively with the holding company Compagnie de Saint-Gobain, which then takes a reverse position 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. They may also use the hedging software managed by Compagnie de Saint-Gobain, which automatically hedges all invoices and commitments denominated in foreign currencies.

Financial transactions

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

The nominal amount of financial instruments used to hedge currency risks at December 31, 2001 was as follows:

(in millions of euros)

Nominal amount	
Purchased currency options	291
Written currency options	166

The Group does not trade in foreign currency instruments. It therefore had no trading position at December 31, 2001.

CREDIT AND LIQUIDITY RISK MANAGEMENT

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

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

ENERGY RISK MANAGEMENT

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. Outstanding swaps at December 31, 2001 amounted to 4,650,000 billion BTU. Outstanding futures contracts at December 31, 2001 amounted to 650,000 billion BTU.

In addition, the Group has launched a hedging program to cover heating oil costs of some of its European subsidiaries between the months of October and December. The hedges consist exclusively of fixed-rate borrower/variable-rate lender swaps based on various Platt's references. At December 31, 2001, the fair value of these swaps was less than €1 million.

FAIR VALUE

The fair value of derivative financial instruments used by the Group is as follows (excluding accrued interest):

(in millions of euros)

Type of instrument	Fair value
Interest-rate swaps	(3.7)
Cross currency swaps	(313)
Caps purchased	+ 3
Currency options	(15)
Natural gas swaps and futures	(4)

To finance its operations, particularly in the United States, Compagnie de Saint-Gobain uses cross-currency swaps to change the euro into foreign currencies. The amount of €313 million represents the cost of replacing these swaps on the market at year-end (including €261 million recognized under "Other payables" – see note 20). However, since the swaps are derivative hedging instruments, they are intended to be retained in the Group portfolio until maturity. The Group will therefore not incur any exchange loss when the cross-currency swaps and the hedged items mature.

NOTE 23 – RESEARCH AND DEVELOPMENT AND ADVERTISING COSTS

Selling, general and administrative expenses include research and development costs of €320 million, €300 million and €342 million for the years ended December 31, 2001, 2000 and 1999, respectively. Advertising costs amounted to €222 million in 2001, €246 million in 2000 and €255 million in 1999.

NOTE 24 – OTHER OPERATING EXPENSES AND INCOME

(in millions of euros)

	1999	2000	2001
Pension and other postretirement benefit costs (see note 17)	(148)	(161)	(175)
Amortization of other intangible assets	(43)	(65)	(72)
Employee profit-sharing	(106)	(118)	(126)
Income from miscellaneous sales and other income and expenses	78	100	130
Total other operating costs, net	**(219)**	**(244)**	**(243)**

NOTE 25 – INTEREST AND OTHER FINANCIAL CHARGES, NET

(in millions of euros)

	1999	2000	2001
Remuneration of non-voting participating securities (see note 16)	(25)	(29)	(27)
Interest expense	(396)	(577)	(542)
Other financial charges	(105)	(156)	(170)
Interest and other financial income	196	154	149
Net gains (losses) on foreign exchange	2	(4)	(13)
Total interest and other financial charges, net	**(328)**	**(612)**	**(603)**

Total interest capitalized amounted to €0.2 million, €7 million, and €3 million for the years ended December 31, 2001, 2000, and 1999 respectively.

NOTE 26 – NON-OPERATING EXPENSES AND INCOME

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

(in millions of euros)

	1999	2000	2001
Reorganization costs			
• France	(100)	(37)	(26)
• Other European countries	(61)	(109)	(56)
• North America	(17)	(6)	(24)
• Rest of the world	(13)	(8)	(10)
Other	0	2	(6)
Total non-operating expenses and income	**(191)**	**(158)**	**(122)**

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 and 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).

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

NOTE 27 – SALES OF NON-CURRENT ASSETS

In 2001, the net gain 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, the net gain on sales of non-current assets mainly related to the sale of shares in Vivendi and the Group's entire interest in Essilor.

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

NOTE 28 – STOCK-BASED PLANS

STOCK OPTION PLANS ON COMPAGNIE DE SAINT-GOBAIN SHARES

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

The stock option plans allow the Board of Directors to grant options which allow the holder to obtain Saint-Gobain shares at a price based on the average fair market value of the shares for the 20-day period preceding the date of 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 Compagnie de Saint-Gobain.

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

Transactions during 1999, 2000 and 2001 relating to stock options granted by Compagnie de Saint-Gobain are listed below:

(in euros)

	Shares	Average exercise price
Options outstanding at December 31, 1998	**1,340,935**	**95.81**
Options granted	437 725	162.53
Options exercised	(287 216)	77.22
Options outstanding at December 31, 1999	**1,491,444**	**118.97**
Options granted	679,125	150.75
Options exercised	(92,504)	79.07
Options canceled	(3,459)	62.10
Options outstanding at December 31, 2000	**2,074,606**	**131.24**
Options granted	943,700	160.87
Options exercised	(175,398)	89.00
Options canceled	(20,773)	146.52
Options outstanding at December 31, 2001	**2,822,135**	**143.66**

At December 31, 1999, 2000 and 2001, 618,279, 522,316 and 532,640 options were exercisable at exercise prices ranging from €89.49 to €101.73.

At December 31, 2001, 1,614,059 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, 2001:

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	
1994	81.56	24,445	09		-	24,445	Subscription
1995	70.13	50,800	23		-	50,800	Subscription
1996	85.68	150,150	35		-	150,150	Subscription
1997	113.88	125,200	47	113.88	113,445	238,645	Purchase
1998	118.15	182,045	59	118.15	135,200	317,245	Purchase
1999	162.53	-	95	162.53	437,725	437,725	Purchase
2000	150.75	-	107	150.75	659,425	659,425	Purchase
2001	160.87	-	119	160.87	943,700	943,700	Purchase
Total	**-**	**532,640**	**-**	**-**	**2,289,495**	**2,822,135**	**-**

GROUP SAVINGS PLAN (PEG) OF COMPAGNIE DE SAINT-GOBAIN

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

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

Under the PEG, the Group sold 903,150, 1,956,224 and 1,174,234 shares to employees in 2001, 2000, and 1999, respectively, at an average price per share of €133.00 in 2001, €106.00 in 2000 and €97.11 in 1999.

STOCK OPTION PLAN ON LAPEYRE STOCK

Transactions during 1999, 2000, and 2001 relating to stock options granted by Lapeyre are listed below:

(in euros)

	Shares	Average exercise price
Options outstanding at December 31, 1998	**137,650**	**32.67**
Options exercised	(32,200)	37.08
Options outstanding at December 31, 1999	**105,450**	**31.33**
Options exercised	(33,450)	31.70
Options outstanding at December 31, 2000	**72,000**	**31.16**
Options exercised	(29,100)	29.89
Options outstanding at December 31, 2001	**42,900**	**32.01**

At December 31, 1999, 2000 and 2001, 105,450, 72,000 and 42,900 options were exercisable at exercise prices ranging from €31.16 to €32.01.

The following table summarizes information about stock options outstanding at December 31, 2001:

Date of grant	Total options outstanding			Type of options
	Exercise price (in euros)	Number of options	Average remaining contractual life in months	
1996	32.01	42,900	10.5	Subscription
Total		**42,900**		

NOTE 29 – CONTINGENT LIABILITIES, COMMITMENTS AND PLEDGES

(in millions of euros)

At December 31	1999	2000	2001
Commitments given	271	237	240
Commitments received	(78)	(61)	(50)
Net commitments	**193**	**176**	**190**

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

NOTE 30 – WORKFORCE AND PERSONNEL EXPENSES

AVERAGE HEADCOUNT AND CORRESPONDING PERSONNEL EXPENSES

Average number of employees	1999	2000	2001
Fully consolidated companies			
Managers	12,183	15,083	15,852
Supervisors	48,793	56,375	62,164
Other employees	99,902	96,019	93,159
Sub-total	**160,878**	**167,477**	**171,175**
Proportionately consolidated companies			
Managers	17	25	38
Supervisors	167	213	200
Other employees	308	459	763
Sub-total	**492**	**697**	**1,001**
Total	**161,370**	**168,174**	**172,176**

(in millions of euros)

Personnel expenses	1999	2000	2001
Remuneration (including social security contributions)	**5,701**	**6,416**	**6,519**

DIRECTORS' AND CORPORATE OFFICERS' REMUNERATION

The total direct and indirect remuneration received in 2001 from Group companies by Corporate Officers amounts to €12.9 million. The amount received in 2000 was €12.6 million and the amount received in 1999 was €11.7 million. The gross variable portion included in these remuneration amounts came to €4.7 million in 2001, €5.2 million in 2000 and €4.3 million in 1999.

Attendance fees paid to Directors for 2001 amounted to €0.5 million (2000 – €0.3 million; 1999 – €0.3 million).

NOTE 31 – LITIGATION

In 2001, new legal proceedings were initiated by former employees of the fiber-cement operations of Everite and Pont-à-Mousson ("the employers") in France or their beneficiaries, for asbestos-related occupational diseases, adding to those undertaken since 1997. At December 31, 2001, 316 lawsuits had been filed against the two companies, with the aim of obtaining supplementary compensation over and above the payment of medical bills related to these occupational diseases by Social Security funds. At that date, 28 complaints were undergoing an administrative review by Social Security authorities, 59 lawsuits were awaiting trial before the Social Security Affairs Court and 125 before the Appeals Court, while 104 cases had been heard by an Appeals court. The 104 Appeals Court rulings all held the employer liable on the grounds of inexcusable fault, but the company concerned lodged a further appeal before the Supreme Court of Appeal. On January 17, 2002, 15 of these appeals, lodged by Everite, were heard by the Supreme Court of Appeal. The Court then issued an order dismissing the appeals on February 28, 2002. In addition, in 80 of the 104 Appeals 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). In the remaining 24 cases, the employer has been ordered to pay compensation. At December 31, 2001 in 11 of these cases, the amount of compensation has not yet been set. In the other 13, the total compensation payable by Everite or Pont-à-Mousson amounted to €2.43 million.

In addition, at December 31, 2001, 44 similar suits had been filed by employees of seven French companies in the Group other than those previously cited who had used asbestos heat-protection equipment. At that date, 13 cases were undergoing an administrative review by the Social Security authorities, 18 lawsuits were awaiting hearings before the Social Security Affairs Courts and 2 before the Appeals Court. 11 cases have been heard on appeal and in all of the cases the employees' claims were dismissed. A final ruling has been handed down in 2 of these cases and 9 others have been appealed to the Supreme Court of Appeal by the employees concerned and have not yet been heard.

Finally, the decree of October 23, 2001 in relation to the 2001 Social Security funding law dated December 23, 2000, sets out the conditions for the operation of a fund created under article 53 of the said law to pay compensation to victims of asbestos-related diseases, for the compensation procedure for said victims, for claims issued against the fund before the Appeals Court, and for any subrogatory claims issued by the fund itself. The fund is intended to fully compensate the loss of persons deemed to be suffering from occupational diseases caused by asbestos, as well as all persons harmed by exposure to asbestos on French soil. Any person who claims and receives compensation from the fund will be barred from taking legal action to obtain other compensation on the same grounds. However, once the applicant has accepted an offer of compensation, the fund must take action against any employer considered as responsible for the loss concerned.

In the United States, three Group companies that once manufactured fiber-cement and specialized insulation products which contained asbestos 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 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 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 respondents facing the same type of claims and organized their court defense. Damages awards, negotiated out-of-court settlements and defense costs were allocated between the organization members in a mutually-agreed manner. Since February 1, 2001, as the organization no longer represents its members in this way, CertainTeed has undertaken its own defense of the claims filed against the company, which increased significantly in 2001 with a total of 60,000 new cases.

The related costs and compensation payments are settled by the insurers of the three US subsidiaries or directly by the companies concerned in cases where they are not adequately covered or where any excess is due. Liabilities for costs and compensation in connection with lawsuits either settled or in progress at December 31, 2001, and not covered by their insurance companies, totaled $17.6 million for the three subsidiaries concerned (2000: $11.9 million) including $13.4 million for CertainTeed. Based on the subsidiaries' experience in defending these claims and in view of the insurance cover available, the Group considers that the cases outstanding at year-end 2001 should not result in significant risks for its US subsidiaries. However, the Group cannot totally rule out the possibility of an additional financial impact in the future for its US subsidiaries, as the cases are extremely complex and it is impossible to foresee all related developments in the United States.

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, 2001, which do not give rise to any significant risks for the subsidiaries concerned.

Even though the Group cannot pre-judge the full impact of current lawsuits and appeals regarding claims stemming from the use of asbestos by these Group companies, bearing in mind the diversity of the various cases and of the rulings of different courts, the Group considers that it is not exposed to significant risks on these grounds.

NOTE 32 – RELATED-PARTY TRANSACTIONS

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

(in millions of euros)

	1999	2000	2001
Assets			
Financial receivables	7	1	9
Inventories	13	7	2
Other receivables	31	14	13
Cash and cash equivalents	34	20	15
Valuation allowances		(2)	(2)
Liabilities			
Short-term debt	41	18	5
Cash advances	8	8	2
Expenses			
Purchases	180	121	63
Income			
Sales	114	79	64

NOTE 33 – SEGMENT AND GEOGRAPHIC INFORMATION

In its various businesses, the Saint-Gobain Group is a world leader in manufacturing and distribution of materials. Its operations break down into three main 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 45 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 of euros)	Glass			High-Performance Materials	Housing Products			Other[*]	Total
Year ended December 31, 2001	**Flat Glass**	**Insulation and Reinforcements**	**Containers**	**Ceramics & Plastics and Abrasives**	**Building Materials**	**Building Materials Distribution**	**Pipe**		
External sales	4,452	3,118	4,067	3,970	3,000	10,060	1,723	-	30,390
Internal sales	26	156	3	48	184	1	59	(477)	-
Net sales	4,478	3,274	4,070	4,018	3,184	10,061	1,782	(477)	30,390
Operating income	551	402	404	392	294	490	131	17	2,681
Depreciation and amortization (excluding goodwill)	(320)	(243)	(298)	(195)	(137)	(183)	(70)	(6)	(1,452)
Amortization of goodwill	(6)	(9)	(23)	(70)	(25)	(43)	(9)	1	(184)
Net goodwill	293	326	780	1,987	782	1,555	336	6	6,065
Total assets	5,133	3,597	4,151	5,501	2,714	8,265	1,730	1,051	32,142
Equity method investees	1	-	3	6	1	-	10	-	21
Purchases of property, plant and equipment	361	229	237	173	134	247	48	1	1,430
Equity in earnings (losses) of equity investees	2	-	(6)	6	2	-	3	-	7

(in millions of euros)	Glass			High-Performance Materials		Housing Products			Other[*]	Total
Year ended December 31, 2000	**Flat Glass**	**Insulation and Reinforcements**	**Containers**	**Ceramics & Plastics and Abrasives**	**Essilor**	**Building Materials**	**Building Materials Distribution**	**Pipe**		
External sales	4,144	3,172	3,903	4,059	978	2,906	7,929	1,724	-	28,815
Internal sales	23	82	3	36	-	161	1	54	(360)	-
Net sales	4,167	3,254	3,906	4,095	978	3,067	7,930	1,778	(360)	28,815
Operating income	430	423	374	538	130	252	422	106	18	2,693
Depreciation and amortization (excluding goodwill)	(322)	(224)	(307)	(184)	(46)	(133)	(153)	(75)	(5)	(1,449)
Amortization of goodwill	(7)	(10)	(16)	(60)	(13)	(30)	(37)	(8)	(1)	(182)
Net goodwill	297	322	769	1,908	-	835	1,529	337	7	6,004
Total assets	4,788	3,347	4,198	5,527	-	2,728	7,998	1,797	1,038	31,421
Equity method investees	1	-	(2)	8	-	-	-	-	-	7
Purchases of property, plant and equipment	425	258	278	205	84	172	229	67	4	1,722
Equity in earnings (losses) of equity investees	33	-	1	9	2	8	8	3	20	84

Information reported 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.

(in millions of euros)	Glass			High-Performance Materials		Housing Products			Other[*]	Total
At December 31, 1999	**Flat Glass**	**Insulation and Reinforcements**	**Containers**	**Ceramics & Plastics and Abrasives**	**Essilor**	**Building Materials**	**Building Materials Distribution**	**Pipe**		
External sales	3,701	2,808	3,637	3,026	1,662	2,490	4,077	1,551	-	22,952
Internal sales	17	56	3	40	-	135	1	54	(306)	-
Net sales	3,718	2,864	3,640	3,066	1,662	2,625	4,078	1,605	(306)	22,952
Operating income	328	358	367	365	229	283	252	129	3	2,314
Depreciation and amortization (excluding goodwill)	(283)	(190)	(288)	(143)	(95)	(119)	(98)	(69)	(6)	(1,291)
Amortization of goodwill	(17)	(9)	(15)	(33)	(25)	(25)	(17)	(3)	2	(142)
Net goodwill	267	234	741	1,621	507	777	623	202	9	4,981
Total assets	4,585	3,016	4,138	4,746	1,985	2,723	3,566	1,597	1,560	27,916
Equity method investees	16		1	7		2			3	29
Purchases of property, plant and equipment	389	345	261	137	129	159	145	89	58	1,712
Equity in earnings (losses) of equity investees	7	(1)	3	3	(1)	14	1	2	-	28

[*] "Other" represents intercompany eliminations in relation to sales, and the holding company activity for the other captions.

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

(in millions of euros)

	France	Other European countries	North America	Rest of the world	Internal sales	Total
1999						
Net sales	7,966	8,021	6,058	1,729	(822)	22,952
Long-lived assets	4,760	4,726	5,463	1,960	-	16,909
2000						
Net sales	8,731	11,452	7,452	2,239	(1,059)	28,815
Long-lived assets	4,099	7,334	5,903	2,194	-	19,530
2001						
Net sales	9,095	12,944	7,180	2,293	(1,122)	30,390
Long-lived assets	4,073	7,461	5,946	2,198	-	19,678

The geographical breakdown of external sales for 2001, 2000 and 1999 is as follows:

(in millions of euros)

	France	Other European countries	North America	Rest of the world	Total
1999					
External sales	6,814	7,956	5,941	2,241	22,952
2000					
External sales	7,494	11,249	7,249	2,823	28,815
2001					
External sales	7,741	12,749	7,034	2,866	30,390

NOTE 34 – SUBSEQUENT EVENTS

On February 7, 2002, Compagnie de Saint-Gobain filed a simplified public buyback offer for the shares in Lapeyre that it did not already hold either directly or indirectly, at a price of €62 per share. The offer concerned approximately 25.3% of Lapeyre's capital.

At the close of the offer period, Compagnie de Saint-Gobain had acquired 4,759,897 Lapeyre shares. At March 28, 2002, taking into account purchases carried out after the offer period, the Saint-Gobain Group held directly or indirectly 21,874,252 Lapeyre shares, representing 99.12% of the company's capital and voting rights.

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 €920,000,130. The annual interest rate for these "OCEANE" bonds is 2.625% and they are listed on the *Premier Marché* of Euronext Paris.

The bonds will be redeemed in full on January 1, 2007 in cash at nominal value, 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 one Compagnie de Saint-Gobain share. This ratio may, however, be adjusted if the Company carries out certain financial operations.

NOTE 35 – PRINCIPAL FULLY CONSOLIDATED COMPANIES

At December 31, 2001		Percent held directly and indirectly
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	99.83%
Saint-Gobain Glass Deutschland GmbH	Germany	99.83%
Cebrace Cristal Plano Ltda *(percentage controlled: 50%)*	Brazil	49.77%
Saint-Gobain Cristalería SA	Spain	99.43%
Solaglas Ltd	United Kingdom	99.95%
Saint-Gobain Glass Italia	Italy	100.00%
Saint-Gobain Sekurit Italia	Italy	100.00%
Saint-Gobain Vidros	Brazil	99.54%
Hankuk Sekurit Limited	Korea	70.03%

		Percent held directly and indirectly
GLASS SECTOR (cont'd)		
• 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	99.29%
• 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	99.35%
Saint-Gobain Containers Inc.	United States	100.00%
Saint-Gobain Calmar Inc.	United States	100.00%
Saint-Gobain Vetri SpA	Italy	99.59%
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	99.72%
• Building Materials Distribution		
Distribution Sanitaire Chauffage	France	100.00%
Lapeyre	France	74.68%
Point P	France	100.00%
Raab Karcher GmbH	Germany	100.00%
Saint-gobain Building Distribution Ltd	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 Rohrsysteme GmbH	Germany	100.00%
Saint-Gobain Pipelines Plc	United Kingdom	99.95%
Saint-Gobain Pipe Systems Plc	United Kingdom	99.95%
Saint-Gobain Canalizacion SA	Spain	99.89%
Saint-Gobain Condotte SpA	Italy	100.00%
Saint-Gobain Canalizaçao SA	Brazil	98.99%
Principal proportionately consolidated company at December 31, 2001		
GLASS SECTOR		
• Flat glass		
Hankuk Glass Industries	Korea	40.22%

REPORT OF THE STATUTORY AUDITORS AND CONTRACTUAL AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2001

To the Shareholders of Compagnie de Saint-Gobain

As auditors of your Company appointed by the annual general meeting we have audited the consolidated balance sheets of Compagnie de Saint-Gobain and its subsidiaries ("the Company") as of December 31, 2001, 2000 and 1999 and the related consolidated statements of income and cash flows set out on pages 58 to 88 for each of the three years in the period ended December 31, 2001.

These consolidated financial statements are the responsibility of 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 French generally accepted auditing standards. 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 consolidated financial statements present fairly, in all material respects, the financial position of Compagnie de Saint-Gobain and its subsidiaries as of December 31, 2001, 2000 and 1999 and the results of their operations and cash flows for each of the three years in the period ended December 31, 2001, in accordance with accounting principles generally accepted in France.

Without qualifying the opinion expressed above, we draw your attention to note 1, 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 to make as to its fair presentation and its conformity with the consolidated financial statements.

Paris, March 28, 2002

The Statutory Auditors

Befec - Price Waterhouse
Member of PricewaterhouseCoopers

Mike MORALEE

Christian MARCELLIN

S.E.C.E.F.

Jacques TENETTE

Contractual auditor
PricewaterhouseCoopers London
Southwark Towers
32 London Bridge Street
London SE1 9SY

FINANCIAL STATEMENTS OF COMPAGNIE DE SAINT-GOBAIN

COMPAGNIE DE SAINT-GOBAIN (Parent Company)

STATEMENTS OF INCOME

(in thousands of euros)

	1999	2000	2001
Income from investments in subsidiaries and affiliates	592,409	672,598	1,173,715
Net income from marketable securities[1]	17,578	24,061	20,139
Interest expense[1]	(331,411)	(570,736)	(597,309)
Other financial expense	(139)	(4,193)	(1,494)
Net financial income (note 2)	**278,437**	**121,730**	**595,051**
Other operating income (expense)	(8,196)	(5,831)	7,456
Income before tax and exceptional items	**270,241**	**115,899**	**602,507**
Exceptional items (note 3)	**339,828**	**945,176**	**475,345**
Income tax (note 4)	**(36,209)**	**(46,464)**	**15,020**
Net income	**573,860**	**1,014,611**	**1,092,872**

[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 €147,863 thousand in 2001, €158,728 thousand in 2000 and €143,749 in 1999.*

ANALYSIS OF THE STATEMENTS OF INCOME

1 – INCOME FROM INVESTMENTS IN SUBSIDIARIES AND AFFILIATES

(in thousands of euros)

	1999	2000	2001
Income from investments	342,043	157,960	587,988
Income from related receivables and loans	250,366	514,638	585,727
Total	**592,409**	**672,598**	**1,173,715**

2 – NET INCOME FROM MARKETABLE SECURITIES

(in thousands of euros)

	1999	2000	2001
Interest income[1]	11,420	20,677	18,615
Net income from sale of marketable securities	6,158	3,384	1,524
Total	**17,578**	**24,061**	**20,139**

3 – INTEREST EXPENSE

(in thousands of euros)

	1999	2000	2001
Non-voting participating securities	25,120	29,221	27,432
Other interest expense [1]	306,291	541,515	569,877
Total	**331,411**	**570,736**	**597,309**

[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 €147,863 thousand in 2001, €158,728 thousand in 2000 and €143,749 in 1999.*

4 – OTHER FINANCIAL INCOME (EXPENSE)

(in thousands of euros)

	1999	2000	2001
Income from non-current assets	106	83	143
Amortization and provisions	(639)	(2,870)	(1,786)
Exchange gains (losses), net	394	(1,406)	149
	(139)	(4,193)	(1,494)

5 – OTHER OPERATING INCOME (EXPENSE)

(in thousands of euros)

	1999	2000	2001
Other operating income			
• Group (consolidated companies)	102,798	136,718	144,634
• Outside the Group	15,908	8,317	5,309
Total	**118,706**	**145,035**	**149,943**
Other operating expense			
• Personnel expenses	(35,009)	(40,722)	(48,129)
• Other	(91,871)	(109,571)	(94,495)
Total	**(126,880)**	**(150,293)**	**(142,624)**
Share in profits/(losses) of joint ventures	(22)	(573)	137
Net	**(8,196)**	**(5,831)**	**7,456**

6 – EXCEPTIONAL ITEMS

(in thousands of euros)

	1999	2000	2001
Exceptional income			
• From revenue transactions	18,970	50,137	6,713
• From capital transactions	420,749	2,836,863	3,063,714
• Write-back of provisions [reserves and allowances]	28,220	732	15,413
Total	**467,939**	**2,887,732**	**3,085,840**
Exceptional expenses			
• From revenue transactions	10,939	7,567	7,173
• From capital transactions	103,476	1,914,807	2,557,668
• Depreciation, amortization and provisions	13,696	20,182	45,654
Total	**128,111**	**1,942,556**	**2,610,495**
Net exceptional income	**339,828**	**945,176**	**475,345**

BALANCE SHEETS AT DECEMBER 31

(in thousands of euros)

ASSETS	1999	2000	2001		
			Gross	Depreciation, amortization and allowances	Net
NON-CURRENT ASSETS					
Intangible assets (note 5)					
Goodwill[1]	204	181	567	408	159
Other intangible assets	3,505	9,708	31,321	15,710	15,611
In progress	8,053	6,958	792	-	792
Property and equipment (note 6)					
Land	620	620	620	-	620
Buildings	283	273	487	225	262
Other	2,805	3,405	11,470	8,445	3,025
In progress	85	-	4	-	4
Financial investments[2] (note 7)					
Investments in subsidiaries and affiliates	7,611,340	7,338,746	7,811,078	6,012	7,805,066
Investment-related receivables	3,389,321	6,298,655	6,381,207	-	6,381,207
Other investment securities	356,207	100,368	207,314	27,647	179,667
Loans	1,011,930	770,312	892,510	-	892,510
Other financial investments	1,186	1,062	1,166	-	1,166
TOTAL I	**12,385,539**	**14,530,288**	**15,338,536**	**58,447**	**15,280,089**
CURRENT ASSETS (note 8)					
Other receivables[3]	176,525	159,442	49,376	-	49,376
Marketable securities	89,553	73,061	2,040	-	2,040
Cash and cash equivalents	1,689,461	2,686,665	2,006,256	-	2,006,256
Accruals					
Prepayments[3]	24,159	18,102	8,059	-	8,059
TOTAL II	**1,979,698**	**2,937,270**	**2,065,731**	**-**	**2,065,731**
Deferred charges — TOTAL III	**2,504**	**2,868**	**2,235**	**-**	**2,235**
Translation adjustments – Assets — TOTAL IV	**-**	**-**	**-**	**-**	**-**
TOTAL	**14 367 741**	**17 470 426**	**17 406 502**	**58,447**	**17,348,055**

	1999	2000	2001 Net
[1] Including leasehold rights	*-*	*-*	*-*
[2] Of which maturing in less than one year	*2,654,407*	*4,064,129*	*3,482,724*
[3] Of which maturing in over one year	*7,021*	*5,206*	*1,112*

(in thousands of euros)

LIABILITIES AND SHAREHOLDERS' EQUITY		1999	2000	2001
SHAREHOLDERS' EQUITY (note 9)				
Capital stock		1,395,788	1,363,412	1,364,138
Share premiums		2,511,575	2,133,617	2,113,148
Reserve for revaluation of assets		56,797	56,213	56,213
Reserves:				
- Legal reserve[a]		139,579	136,341	136,414
- Untaxed reserves		1,076,532	1,601,019	2,273,498
- Other reserves		106,415	106,415	106,415
Unappropriated retained earnings		679,761	441,402	426,674
Net income for the year		573,860	1,014,611	1,092,872
Untaxed provisions (note 11)		6,495	6,568	6,625
	TOTAL I	**6,546,802**	**6,859,598**	**7,575,997**
OTHER EQUITY (note 10)				
Non-voting participating securities	**TOTAL I bis**	**391,034**	**391,034**	**391,034**
RESERVES FOR CONTINGENCIES AND CHARGES (note 11)				
Reserves for contingencies		412,763	431,362	446,214
Reserves for charges		7,646	9,061	9,588
	TOTAL II	**420,409**	**440,423**	**455,802**
DEBT AND PAYABLES[1] (note 12)				
Other bonds		356,911	301,894	309,099
Bank borrowings[2]		471,753	1,703,986	760,266
Other long-term and short-term debt		5,857,235	7,460,958	7,544,234
Taxes and social charges payable		23,736	118,781	37,582
Other payables		296,703	192,091	274,041
Accruals[1]				
Deferred income		3,158	1,661	-
	TOTAL III	**7,009,496**	**9,779,371**	**8,925,222**
Translation adjustments – Liabilities	**TOTAL IV**	**-**	**-**	**-**
TOTAL		**14 367,741**	**17,470,426**	**17,348,055**

	1999	2000	2001
[a] of which reserve for long-term capital gains	*14,225*	*14,225*	*14,225*
[1] Maturing in over one year	*3,518,468*	*5,266,308*	*4,918,454*
Maturing in less than one year	*3,491,028*	*4,513,063*	*4,006,768*
[2] of which short-term bank loans and overdrafts	*87,996*	*357,882*	*282,363*

STATEMENTS OF CASH FLOWS

(in thousands of euros)

	1999	2000	2001
Net income	**573,860**	**1,014,611**	**1,092,872**
Depreciation and amortization	4,234	7,088	6,934
Changes in provisions [allowances and reserves]	(13,885)	19,349	30,242
Profit on sales of non-current assets, net	(317,274)	(921,902)	(506,046)
Cash flows from operations	**246,935**	**119,146**	**624,002**
(Increase) decrease in other receivables	(124,794)	19,906	118,955
Increase (decrease) in taxes and social charges payable	(64,299)	95,045	(81,199)
Increase (decrease) in other payables	258,427	(106,109)	80,289
Net change in working capital	**69,334**	**8,842**	**118,045**
Cash flows from operating activities	**316,269**	**127,988**	**742,047**
Acquisitions of intangible assets	(6,143)	(8,119)	(3,642)
Purchases of property and equipment	(1,551)	(1,727)	(868)
Disposals of property and equipment and intangible assets	557	79	38
Acquisitions of investments at cost	(589,814)	(1,636,699)	(3,014,621)
Purchases of treasury stock	(715,040)	(376,173)	(252 924)
Disposals of investments at cost	420,192	2,836,784	3,063,676
(Increase) decrease in investment-related receivables	(1,351,621)	(2,909,334)	(82,552)
(Increase) decrease in long-term loans	(69,413)	241,618	(121,467)
(Increase) decrease in other financial investments	17	124	(104)
Cash flows from investing activities / divestments	**(2,312,816)**	**(1,853,447)**	**(412,464)**
Issues of capital stock	135,529	212,964	129,086
Dividends paid	(281,587)	(300,916)	(356,860)
Increase (decrease) in unappropriated retained earnings	-	13,184	-
Increase (decrease) in reserves for revaluation of assets	-	-	-
Increase (decrease) in other equity	-	-	-
Increase (decrease) in long-term and short-term debt	1,570,054	2,309,553	(468,797)
Increase (decrease) in bank overdrafts and other short-term debt	628,152	471,386	(384,442)
Decrease (increase) in marketable securities	79,416	16,492	71,021
Cash flows from financing activities	**2,131,564**	**2,722,663**	**(1,009,992)**
(Decrease) increase in cash and cash equivalents	**135,017**	**997,204**	**(680,409)**
Cash and cash equivalents at beginning of year	1,554,444	1,689,461	2,686,665
Cash and cash equivalents at end of year	1,689,461	2,686,665	2,006,256

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The financial statements of Compagnie de Saint-Gobain have been presented in euros since 1999.
The financial statements cover the twelve month period from January 1 to December 31, 2001.
The following notes form an integral part of the annual financial statements.

The financial statements were approved by the Board of Directors on March 28, 2002.

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 three years, except for an initial allocation of funds to the *Centre Saint-Gobain pour la Recherche en Economie* foundation, which is amortized over five years.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost (purchase price plus related costs except for expenses incurred on acquisition) except for assets acquired prior to December 31, 1976, which have been revalued.

Depreciation is based on the estimated useful life of the related asset using the straight-line or reducing-balance method. The most commonly used useful lives are as follows:

- Buildings	40 years	Straight-line
- Improvements and additions	12 years	Straight-line
- Installations and fittings	5 or 12 years	Straight-line
- 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 - TRADE AND OTHER

The gross value represents cost excluding expenses.
The book value of investments in holding companies is assessed based on revalued net assets. Allowances 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 allowances on investments are included in exceptional items.

MARKETABLE SECURITIES

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

RECEIVABLES

Receivables are carried at their nominal value. An allowance for impairment in value is recorded when their estimated value falls below nominal value.

FOREIGN CURRENCY TRANSACTIONS

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

FINANCIAL INSTRUMENTS

Compagnie de Saint-Gobain manages, mainly on behalf of its subsidiaries, the hedging of foreign exchange and interest rate risks which result from the international activities of the Group.

Liquidity risk is also managed by Compagnie de Saint-Gobain. This risk is not material.

Market risk concerns only investments held for strategic purposes.

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, 2001 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, interest-rate swaptions, caps, floors and forward rate agreements to hedge its exposure to increases in interest rates.
Income and expenses related to interest-rate swaps are recognized on a symmetrical basis with the income and expenses on the hedged items.

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 *Code Général des Impôts* and it also applies the integrated tax (*Intégration Fiscale*) system as provided for under Articles 223 A *et seq.* of the *Code Général des Impôts*. The 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 reserve 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 reserve are recorded under exceptional items.

NOTE 2 - NET FINANCIAL INCOME

Net financial income increased by €473 million due to the following:
- a €501 million increase in income from investments in subsidiaries and affiliates, including €215 million corresponding to a stock dividend distributed in the form of Saint-Gobain shares by the Switzerland-based International Saint-Gobain;
- a €26 million increase in interest income net of interest expense;
- a €2 million decrease in net gains on sales of marketable securities.

NOTE 3 - EXCEPTIONAL ITEMS

Exceptional income mainly includes income from revenue transactions of €7 million, proceeds from asset disposals or contributions of €3,064 million and write-backs of reserves for contingencies and charges and of allowances for impairment in value of €15 million.

Exceptional expenses mainly correspond to expenses on revenue transactions of €6 million, assets sold or contributed representing a net book value of €2,558 million and depreciation, amortization and provision charges of €45 million, of which €26.4 million in charges to reserves for potential tax liabilities.

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 €15 million for the year ended December 31, 2001 as follows:
- €6 million tax charge for 2001 for Compagnie de Saint-Gobain;
- €38 million tax benefit due to an adjustment to the provision booked at December 31, 2000 for the fiscal year 2000;
- €17 million tax charge representing the tax collection notices expected further to the tax audit relating to fiscal years 1996 and 1997.

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 €237 million will be added to the reserve in 2002, in respect of 2001 income.

NOTE 5 : INTANGIBLE ASSETS

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

(in thousands of euros)

	Non-current assets				Amortization			
	Gross at beginning of the year	Increase	Decrease	Gross at the end of the year	Accumulated at the beginning of the year	Increase	Decrease	Accumulated at the end of the year
Goodwill	567	-	-	567	386	22	-	408
Other intangible assets	21,513	9,808	-	31,321	11,805	3,905	-	15,710
In progress	6,958	-	(6,166)	792	-	-	-	-
	29,038	**9,808**	**(6,166)**	**32,680**	**12,191**	**3,927**	**-**	**16,118**

NOTE 6 - PROPERTY AND EQUIPMENT

(in thousands of euros)

	Non-current assets				Depreciation			
	Gross at beginning of the year	Increase	Decrease	Gross at the end of the year	Accumulated at the beginning of the year	Increase	Decrease	Accumulated at the end of the year
Land	620	-	-	620	-	-	-	-
Buildings	487	-	-	487	214	11	-	225
Other assets	11,024	864	(418)	11,470	7,619	1,209	(383)	8,445
In progress	-	4	-	4	-	-	-	-
	12,131	**868**	**(418)**	**12,581**	**7,833**	**1,220**	**(383)**	**8,670**

NOTE 7 - FINANCIAL INVESTMENTS

(in thousands of euros)

	Non-current assets			
	Gross at beginning of the year	Increase	Decrease	Gross at the end of the year
Investments in subsidiaries and affiliates	7,344,758	3,014,621	(2,548,301)	7,811,078
Investment-related receivables	6,298,655	3,940,471	(3,857,919)	6,381,207
Other investment securities	112,478	252,924	(158,088)	207,314
Loans	771,043	892,517	(771,050)	892,510
Other financial investments	1,062	250	(146)	1,166
	14,527,996	**8,100,783**	**(7,335,504)**	**15,293,275**

CHANGES IN INVESTMENTS IN SUBSIDIARIES AND AFFILIATES

(in thousands of euros)

	Increase	Decrease
Poliet split-up – Partidis shares	1,971,919	
Poliet split-up – Saint-Gobain Matériaux de Construction shares	738,712	
Tender offer for Saint-Gobain Cristalería	208,846	
Tender offer for Saint-Gobain Vidros SA	77,512	
Purchase of Poliet SA shares on exercise of stock options	10,908	
Capital stock increase of Saint-Gobain Isover Argentina	6,715	
Purchase of Raab Karcher GmbH shares	9	
Poliet split-up - Disposal of Poliet SA shares		(2,416,620)
Disposal of BNP Paribas shares		(131,681)
Total	**3,014,621**	**(2,548,301)**

MOVEMENTS IN OTHER INVESTMENT SECURITIES

(in thousands of euros)

	Increase	Decrease
Treasury stock distributed by International Saint-Gobain	215,387	
Purchase of treasury stock on the market	37,537	
Cancellation of treasury stock		(148,756)
Sales of treasury stock		(9,147)
Other sales of shares		(185)
Total	**252,924**	**(158,088)**

OTHER FINANCIAL INVESTMENTS

(in thousands of euros)

	Gross	Maturity	
		Under 1 year	Over 1 year
Investment-related receivables	6,381,207	2,590,214	3,790,993
Loans(1)	892,510	892,510	-
Other	1,166	-	1,166
Total	**7,274,883**	**3,482,724**	**3,792,159**

(1) Loans granted in the year	*892,517*
Loans repaid in the year	*771,050*

NOTE 8 - CURRENT ASSETS

Current assets (€2,066 million) contracted by €871 million. This movement is mainly due to decreases in cash and cash equivalents (€680 million), other receivables (€110 million), prepayments (€10 million) and marketable securities (€71 million).

MATURITY OF RECEIVABLES:

(in thousands of euros)

	Gross	Maturity	
		Under 1 year	Over 1 year
Other receivables	49,376	49,376	-
Prepayments	8,059	6,947	1,112
Total	**57,435**	**56,323**	**1,112**

NOTE 9 - SHAREHOLDERS' EQUITY

CHANGES IN SHAREHOLDERS' EQUITY:

(in thousands of euros)

	Amounts
Shareholders' equity before appropriation of net income for 2000	**6,859,598**
Distribution in 2001 of the dividend relating to 2000	(356,860)
Capital increase reserved for employees (capital and premiums)	129,086
Reduction in capital stock by cancellation of 979,563 shares (capital and premiums)	(148,756)
Other movements – revaluation surplus and untaxed provisions	57
Net income for 2001	1,092,872
Shareholders' equity before appropriation of net income for 2001	**7,575,997**

MOVEMENTS IN CAPITAL STOCK:

Par value at January 1, 2001: €16 **Par value at December 31, 2001: €16**	Number of shares	Amount in thousands of euros
Capital at the beginning of the year	**85,213,263**	**1,363,412**
Shares issued under the Group savings plan	903,150	14,450
Shares issued as a result of the exercise of stock subscription options granted in 1993, 1994, 1995 and 1996	121,778	1,949
Cancellation of shares	(979,563)	(15,673)
Capital at the end of the year	**85,258,628**	**1,364,138**

Share premiums decreased by €20 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 revaluation of assets remained unchanged at €56 million.

Following the adoption of the resolutions at the Shareholders' Meeting of June 28, 2001 concerning the appropriation of 2000 net income and the adjustment of the dividend paid for that year, retained earnings decreased by €15 million and the long-term capital gains reserve increased by €672 million. Lastly, 2001 net income increased by €78 million compared with 2000.

STOCK OPTION PLANS

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

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

Options vest over a period of two, three, 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 Saint-Gobain Group.

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

Transactions during 1999, 2000 and 2001 relating to stock options granted by Compagnie de Saint-Gobain are listed below:

	Shares	Average exercise price (in euros)
Options outstanding at January 1, 1999	**1,340,935**	**95.81**
Options granted	437,725	162.53
Options exercised	(287,216)	77.22
Options outstanding at December 31, 1999	**1,491,444**	**118.97**
Options granted	679,125	150.75
Options exercised	(92,504)	79.07
Options forfeited	(3,459)	62.10
Options outstanding at December 31, 2000	**2,074,606**	**131.24**
Options granted	943,700	160.87
Options exercised	(175,398)	89.00
Options forfeited	(20,773)	146.52
Options outstanding at December 31, 2001	**2,822,135**	**143.66**

At December 31, 1999, 2000 and 2001, 618,279, 522,316 and 532,640 options were exercisable at exercise prices ranging from €89.49 to €101.73. At December 31, 2001, 1,614,059 options were available for grant under the authorization given by the Shareholders' Meeting of June 28, 2001.

The following table summarizes information about stock options outstanding at December 31, 2001:

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	
1994	81.56	24,445	09			24,445	Subscription
1995	70.13	50,800	23			50,800	Subscription
1996	85.68	150,150	35			150,150	Subscription
1997	113.88	125,200	47	113.88	113,445	238,645	Purchase
1998	118.15	182,045	59	118.15	135,200	317,245	Purchase
1999	162.53	0	95	162.53	437,725	437,725	Purchase
2000	150.75	0	107	150.75	659,425	659,425	Purchase
2001	160.87	0	119	160.87	943,700	943,700	Purchase
Total	**-**	**532,640**	**-**	**-**	**2,289,495**	**2 822,135**	

GROUP SAVINGS PLAN (PEG) OF COMPAGNIE DE SAINT-GOBAIN

The PEG employee stock purchase plan is open to all employees in France and in most European countries who have completed a minimum of three months' service with the Group. The plan offers shares to eligible employees at a 20% discount from average fair market value of the shares for the 20-day period preceding the date of the meeting of the Board of Directors at which the Plan is set. Employees can invest for a five or ten-year term. Over this period, employees may not sell their shares, barring exceptional circumstances.

Under the PEG, the Group sold 903,150, 1,956,224 and 1,174,234 shares to employees in 2001, 2000, and 1999, respectively, at an average price per share of €133.00 in 2001, €106.00 in 2000, and €97.11 in 1999.

NOTE 10 - OTHER EQUITY

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

NOTE 11 - PROVISIONS (RESERVES AND ALLOWANCES)

PROVISIONS (RESERVES AND ALLOWANCES):

(in thousands of euros)

	Opening balance	Increase	Decrease	At year end
Untaxed provisions				
Reinvested capital gains	6,427			6,427
Other	141	79	(22)	198
	6,568	**79**	**(22)**	**6,625**
Reserves for contingencies				
For potential tax liabilities[1]	424,883	26,405	(5,455)	445,833
For exchange losses	0			0
Other	6,479		(6,098)	381
	431,362	**26,405**	**(11,553)**	**446,214**
Reserves for charges				
Other	9,061	614	(87)	9,588
	9,061	**614**	**(87)**	**9,588**
Allowances for impairment in value				
Financial investments	18,853	18,558	(3,752)	33,659
Marketable securities	0			0
	18,853	**18,558**	**(3,752)**	**33,659**

[1] *In connection with the integrated tax system and consolidated tax regime, €26.4 million were allocated to the reserve for potential tax liabilities to cover amounts that will be repayable to loss-making subsidiaries if they return to profit.*

NOTE 12 - DEBT AND PAYABLES

Total debt and payables decreased by €854 million to €8,925 million, mainly due to a €853 million reduction in debt. The decrease in taxes and social charges payable was offset by a €82 million increase in other liabilities and a €2 million contraction in deferred income.

MATURITY OF DEBT AND PAYABLES:

(in thousands of euros)

	Gross amount	Maturity	
		Under 1 year	Over 1 year
Bonds[1]	309,099	6,837	302,262
Bank borrowings[1] and[2]	760,266	316,604	443,662
Other long-term and short-term debt[1]-[3]	7,544,234	3,371,704	4,172,530
Taxes and social charges payable	37,582	37,582	-
Other payables [3]	274,041	274,041	-
Deferred income	-	-	-
Total debt and payables [4]	**8,925,222**	**4,006,768**	**4,918,454**

[1] Issued during the year	*2,345,491*
Repaid during the year	*3,198,730*
[2] of which:	
- two years or less at inception	*282,363*
- over two years at inception	*477,903*
[3] Of which due to partners	*-*
[4] Of which debt due in over 5 years	*2,162,288*

LONG-TERM AND SHORT-TERM DEBT

(in thousands of euros)

	1999	2000	2001
Long-term portion of long-term debt Due between January 1 and December 31			
2001	345,469	-	-
2002	423,303	615,040	-
2003	240,783	210,293	279,789
2004	357,480	372,861	381,498
2005	129,582	1,300,082	1,318,486
2006	-	98,252	776,394
2007	-	-	279,469
Due between 6 and 10 years	1,889,589	1,881,035	1,848,185
Due beyond 10 years	-	-	-
Unspecified	103,155	34,706	34,634
Total long-term debt	3,489,361	4,512,269	4,918,455
Short-term portion of long-term debt	**365,971**	**1,652,616**	**847,633**
TOTAL LONG-TERM DEBT (INCLUDING SHORT-TERM PORTION)	**3,855,332**	**6,164,885**	**5,766,088**
OTHER SHORT-TERM DEBT Treasury notes (in euros)	519,500	92,000	971,000
Euro Commercial Paper (in pounds sterling)	-	152,860	172,555
Euro Commercial Paper (in US dollars)	251,344	161,204	347,782
US Commercial Paper (in US dollars)	512,642	516,926	-
Borrowings from Group entities	1,032,704	1,998,615	1,053,198
Bank overdrafts and other short-term borrowings	497,231	357,882	282,363
Other	17,146	22,466	20,613
Total other short-term debt	**2,830,567**	**3,301,953**	**2,847,511**
TOTAL LONG-TERM AND SHORT-TERM DEBT	**6,685,899**	**9,466,838**	**8,613,599**

Total long-term and short-term debt can be analyzed as follows by currency:

(in thousands of euros)

	1999	2000	2001
Euro	2,988,520	4,380,145	2,997,675
US dollars	602,680	770,961	1,472,092
Swiss francs	264,132	269,061	276,373
Pounds sterling	-	744,718	1,019,948
Total	**3,855,332**	**6,164,885**	**5,766,088**

NOTE 13 - INFORMATION CONCERNING RELATED COMPANIES AND INVESTMENTS

(in thousands of euros)

	Net amount concerning			Net amount in the balance sheet
	Related companies	Companies in which the company has a direct holding	Other	
Investments in subsidiaries and affiliates	7,627,031	178,035		7,805,066
Investment-related receivables	6,378,479	2,728		6,381,207
Other investment securities	179,181		486	179,667
Loans	552,365	259,383	80,762	892,510
Other receivables	26,244	389	22,743	49,376
Cash and cash equivalents	1,755,508	38,370	212,378	2,006,256
Bonds			309,099	309,099
Bank borrowings			760,266	760,266
Other borrowings	5,178,657	308,698	2,056,879	7,544,234
Other payables	15,885	494	257,662	274,041

NOTE 14 - INVESTMENT PORTFOLIO

(in thousands of euros)

	Country	Net book value	% of capital held	Number of shares
Spafi	France	2,726,540	100.00	116,289,805
Partidis	France	1,971,919	100.00	72,098,956
Saint-Gobain Matériaux de Construction	France	738,712	100.00	21,325,936
Saint-Gobain Cristalería	Spain	209,936	23.77	3,638,109
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	179,181	1.41	1,204,588
Vivendi Universal	France	168,004	1.13	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	152,967	99.00	44,550,000
Saint-Gobain Vidros SA	Brazil	118,069	54.29	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
Saint-Gobain Isover Argentina	Argentina	6,715	25.56	6,000,000
Various property companies		3,428		
Various French companies		3,887		
Various non-French companies		4,516		
		7,984,733		
Analysis				
Investments in subsidiaries and affiliates		7,805,066		
Other investment securities		179,667		
		7,984,733		

NOTE 15 - STOCK MARKET VALUE OF INVESTMENTS HELD IN FRENCH COMPANIES

(in thousands of euros)

	(based on the stock market price at December 28, 2001)
Vivendi Universal	757,368

NOTE 16 - INFORMATION ON DIRECT HOLDINGS OF THE PARENT COMPANY WHERE BOOK VALUE IS OVER 1% OF CAPITAL

In thousands of euros or other currency Company	Capital	Reserves	% of capital held	Book value of capital held		Loans or advances made by the Company	Guarantees given by the Company	2001 sales	2001 Net income (loss)	Dividends received by the Company in 2001
				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 1,339,346	100.00	2,726,540	2,726,540	46,031		-	EUR 120,669	
Partidis 18, avenue d'Alsace F-92400 Courbevoie	EUR 1,099,509	EUR 0	100.00	1,971,919	1,971,919	1,224,989		EUR 1,720	EUR (13,143)	
Saint-Gobain Matériaux de construction 18, avenue d'Alsace F-92400 Courbevoie	EUR 325,221	EUR 0	100.00	738,712	738,712	1,236		EUR 6,581	EUR 64,364	29,856
Vertec 18, avenue d'Alsace F-92400 Courbevoie	EUR 128,144	EUR 372,080	100.00	491,039	491,039			-	EUR 169,138	136,153
Raab Karcher Gmbh Viktoria - Allee 3-5 D-52066 Aachen	EUR 100,000	EUR 94,600	100.00	194,609	194,609	179,511		EUR 186,100	EUR (38,383)	
Saint-Gobain Glass Benelux SA Rue des Glaces Nationales B-5060 Sambreville	EUR 70,900	EUR 92,433	88.69	160,880	160,880	440,772		EUR 130,763	EUR 11,633	2,401
Saint-Gobain Isover G+H AG 1 Burgermeister-Grunzweig Strasse D-67059 Ludwigshafen	EUR 82,000	EUR 11,291	99.88	153,669	153,669			EUR 328,838	EUR 22,881	
International Saint-Gobain 10, rue Saint-Pierre CH-1700 Fribourg	CHF 230,000	CHF 118,527	96.50	153,409	153,409			-	CHF 42,637	247,455
Saint-Gobain Vetrotex Deurschland Gmbh Bicheroux Strasse 61 D-52134 Herzogenrath	EUR 23,008	EUR 132,936	99.00	152,967	152,967			EUR 93,103	EUR 18,128	
Saint-Gobain Vidros SA 482, avenida Santa Marina - Agua Branca 05036-903 São Paulo-SP (Brésil)	BRL 420,000	BRL 251,422	54.29	118,069	118,069			BRL 646,752	BRL 81,401	6,855
São Lourenço Administradora 482, avenida Santa Marina - Agua Branca 05036-903 São Paulo-SP (Brésil)	BRL 175,654	BRL 107,356	99.91	109,559	109,559			-	BRL 37,802	6,496
Saint-Gobain Glass Deutschland Gmbh Viktoria - Allee 3-5 D-52066 Aachen	EUR 102,258	EUR 82,899	60.00	86,660	86,660	312,154		EUR 354,900	EUR 88,200	
Saint-Gobain Autoglas Gmbh Viktoria - Allee 3-5 D-52066 Aachen	EUR 102,258	EUR 19,130	60.00	72,833	72,833			-	EUR 8,515	
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 (1,946)	
Société Financière des Miroirs 18, avenue d'Alsace F-92400 Courbevoie	EUR 45,750	EUR 1,328	100.00	45,735	45,735		5	-	EUR 1,338	1,110
2- INVESTMENTS HELD 10 to 50% of share capital held by Compagnie de Saint-Gobain										
Saint-Gobain Cristalería Edificio Ederra Centro Azca - Paseo de la Castellana 77 - 28046 Madrid	EUR 91,988	EUR 400,877	23.77	209,936	209,936	170,903		EUR 458,005	EUR 73,575	274
Saint-Gobain Emballage 18, avenue d'Alsace F-92400 Courbevoie	EUR 42,069	EUR 328,700	20.52	61,553	61,553	46,099		EUR 588,460	EUR 118,489	20,633
SEPR 18, avenue d'Alsace F-92400 Courbevoie	EUR 76,033	EUR 13,424	25.73	56,571	56,571	108,041		EUR 251,076	EUR 31,701	7,859
OTHERS **Subsidiaries at least 50% owned** Total French companies Total foreign companies				6,938 27,313	6,938 25,874	258,516 101,378	4,266,259			772 2,400
Holdings of between 10 and 50% Total French companies Total foreign companies				0 11,841	0 7,268					
OTHER				406,489	378,842	31,325				16,449
Total				**8,018,392**	**7,984,733**	**2,920,955**	**4,266,264**			**478,713**

NOTE 17 - FINANCIAL COMMITMENTS EXCLUDING LEASES

COMMITMENTS GIVEN

(in thousands of euros)

	Amount
Guarantees[1]	4,346,867
Pensions [2]	33,788
Other commitments: With joint ventures	4,563
Total	**4,385,218**

[1] Including: Consolidated companies 4,012,672
[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 of euros)

	Montant
Other commitments received: Debt waivers with a clawback clause	3,720
Total	**3,720**

Including: Other investments 3,720

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

(in thousands)

	Amount	
Equivalent in euros of forward purchases and sales of foreign exchange	EUR	77,223
Purchase options	USD	70,000
	EUR	141,000
	GBP	144,000
Sale options	USD	70,000
	EUR	141,000
	GBP	144,000
Foreign exchange swaps	EUR	276,161

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

Concerning interest rate risk

in thousands of euros	Amount	
Swaps –borrowers at fixed rates/variable rate	EUR	466,209
Swaps –lenders at fixed rates/variable rate	EUR	1,041,972
Swaps –variable rate/variable rate	EUR	15,245
Swaps – fixed rate/fixed rate	EUR	-
Cross-currency swaps – borrowers at fixed rates/variable rate	EUR	525,421
Cross-currency swaps – lenders at variable rates/fixed rate	EUR	332,887
Variable rate/variable rate cross-currency swaps	EUR	14,316
Fixed rate/fixed rate cross-currency swaps	EUR	567,344
Caps purchased/sold, net	EUR	262,154
Swaps on raw materials - Borrowers	EUR	17,645
Swaps on raw materials - Lenders	EUR	17,645

The face value amount of commitments given and received in the form of interest-rate swaptions and early repayments of borrowings amounted to €237 million and €208 million.

NOTE 18 - LEASE COMMITMENTS

(in thousands of euros)

	Head Office
Cost	**80,798**
Depreciation: Accumulated at the beginning of the year Charge for the year	 5,735 1,464
Total	**7,199**
Installments paid: Accumulated at the beginning of the year Paid during the year	 35,229 9,055
Total	**44,284**
Installments to be paid: Under 1 year Between 1 and 5 years Over 5 years	 8,975 35,902 18,724
Total	**63,601**
Residual values: Under 1 year Between 1 and 5 years Over 5 years	 - - 12,120
Total	**12,120**

NOTE 19 - EMPLOYEES

WEIGHTED AVERAGE NUMBER OF EMPLOYEES:

Excluding the German branch	1999	2000	2001
Managers	152	165	167
Supervisors	73	73	71
Other employees	14	11	11
Total	**239**	**249**	**249**
of which fixed-term contracts	*6*	*8*	*7*

REMUNERATION OF DIRECTORS AND CORPORATE OFFICERS

The total direct and indirect gross remuneration received in 2001 from Group companies by Corporate Officers amounts to €12.9 million against €12.6 million in 2000 and €11.7 million in 1999. The gross variable portion included in these remuneration amounts came to €4.7 million in 2001, €5.2 million in 2000 and €4.3 million in 1999.

Attendance fees paid to Directors for 2001 amounted to €0.5 million (2000: €0.3 million, 1999: €0.3 million).

NOTE 20 - LITIGATION

In 2001, new legal proceedings were initiated by former employees of the fiber-cement operations of Everite and Pont-à-Mousson ("the employers") in France or their beneficiaries, for asbestos-related occupational diseases, adding to those undertaken since 1997. At December 31, 2001, 316 lawsuits had been filed against the two companies, with the aim of obtaining supplementary compensation over and above the payment of medical bills related to these occupational diseases by Social Security funds. At that date, 28 complaints were undergoing an administrative review by Social Security authorities, 59 lawsuits were awaiting trial before the Social Security Affairs Court and 125 before the Appeals Court, while 104 cases had been heard by an Appeals court. The 104 Appeals Court rulings all held the employer liable on the grounds of inexcusable fault, but the company concerned lodged a further appeal before the Supreme Court of Appeal. On January 17, 2002, 15 of these appeals, lodged by Everite, were heard by the Supreme Court of Appeal. The Court then issued an order dismissing the appeals on February 28, 2002. In addition, in 80 of the 104 Appeals 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). In the remaining 24 cases, the employer has been ordered to pay compensation. At December 31, 2001 in 11 of these cases, the amount of compensation has not yet been set. In the other 13, the total compensation payable by Everite or Pont-à-Mousson amounted to €2.43 million.

In addition, at December 31, 2001, 44 similar suits had been filed by employees of seven French companies in the Group other than those previously cited who had used asbestos heat-protection equipment. At that date, 13 cases were undergoing an administrative review by the Social Security authorities, 18 lawsuits were awaiting hearings before the Social Security Affairs Courts and 2 before the Appeals Court. 11 cases have been heard on appeal and in all of the cases the employees' claims were dismissed. A final ruling has been handed down in 2 of these cases and 9 others have been appealed to the Supreme Court of Appeal by the employees concerned and have not yet been heard.

Finally, the decree of October 23, 2001 in relation to the 2001 Social Security funding law dated December 23, 2000, sets out the conditions for the operation of a fund created under article 53 of the said law to pay compensation to victims of asbestos-related diseases, for the compensation procedure for said victims, for claims issued against the fund before the Appeals Court, and for any subrogatory claims issued by the fund itself. The fund is intended to fully compensate the loss of persons deemed to be suffering from occupational diseases caused by asbestos, as well as all persons harmed by exposure to asbestos on French soil. Any person who claims and receives compensation from the fund will be barred from taking legal action to obtain other compensation on the same grounds. However, once the applicant has accepted an offer of compensation, the fund must take action against any employer considered as responsible for the loss concerned.

In the United States, three Group companies that once manufactured fiber-cement and specialized insulation products which contained asbestos 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 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 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 respondents facing the same type of claims and organized their court defense. Damages awards, negotiated out-of-court settlements and defense costs were allocated between the organization members in a mutually-agreed manner. Since February 1, 2001, as the organization no longer represents its members in this way, CertainTeed has undertaken its own defense of the claims filed against the company, which increased significantly in 2001 with a total of 60,000 new cases.

The related costs and compensation payments are settled by the insurers of the three US subsidiaries or directly by the companies concerned in cases where they are not adequately covered or where any excess is due. Liabilities for costs and compensation in connection with lawsuits either settled or in progress at December 31, 2001, and not covered by their insurance companies, totaled $17.6 million for the three subsidiaries concerned (2000: $11.9 million) including $13.4 million for CertainTeed. Based on the subsidiaries' experience in defending these claims and in view of the insurance cover available, the Group considers that the cases outstanding at year-end 2001 should not result in significant risks for its US subsidiaries. However, the Group cannot totally rule out the possibility of an additional financial impact in the future for its US subsidiaries, as the cases are extremely complex and it is impossible to foresee all related developments in the United States.

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, 2001, which do not give rise to any significant risks for the subsidiaries concerned.

Even though the Group cannot pre-judge the full impact of current lawsuits and appeals regarding claims stemming from the use of asbestos by these Group companies, bearing in mind the diversity of the various cases and of the rulings of different courts, the Group considers that it is not exposed to significant risks on these grounds.

NOTE 21 - SUBSEQUENT EVENTS

On February 7, 2002, Compagnie de Saint-Gobain filed a simplified public buyback offer for the shares in Lapeyre that it did not already hold either directly or indirectly, at a price of €62 per share. The offer concerned approximately 25.3% of Lapeyre's capital.

At the close of the offer period, Compagnie de Saint-Gobain had acquired 4,759,897 Lapeyre shares. At March 28, 2002, taking into account purchases carried out after the offer period, the Saint-Gobain Group held directly or indirectly 21,874,252 Lapeyre shares, representing 99.12 % of the company's capital and voting rights.

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 €920,000,130. The annual interest rate for these "OCEANE" bonds is 2.625% and they are listed on the *Premier Marché* of Euronext Paris.

The bonds will be redeemed in full on January 1, 2007 in cash at nominal value, 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 one Compagnie de Saint-Gobain share. This ratio may, however, be adjusted if the Company carries out certain financial operations.

NOTE 22 - RECOMMENDED APPROPRIATION OF INCOME

(in thousands of euros)

Sources		
Unappropriated retained earnings at Dec. 31, 2001[1]		426,673
Net income for the year		1 092,872
Appropriations		
Appropriations to reserves:		
Untaxed reserves		
Long-term capital gains reserve	275,300	
Dividends[2]	378,246	
Unappropriated retained earnings	865,999	
Totaux	**1,519,545**	**1,519,545**

[1] Includes the €451 thousand adjustment of the 2000 dividend corresponding to dividends on the 104,854 treasury shares purchased between March 29, 2001, date of the Meeting of the Board of Directors to approve the financial statements, and July 2, 2001, when payment of the dividend began.

[2] Calculated on the basis of 84,054,740 shares, corresponding to the 85,258,628 shares outstanding, less 1,203,888 treasury shares which are stripped of dividend rights.

FIVE-YEAR FINANCIAL SUMMARY

(in thousands of euros)

	1997	1998	1999	2000	2001
1-CAPITAL STOCK AT YEAR-END					
Capital stock	1,360,254	1,376,550	1,395,788	1,363,412	1,364,138
Number of common shares issued	89,226,813	90,295,788	87,236,750	85,213,263	85,258,628
2-OPERATIONS AND RESULTS FOR THE YEAR					
Sales excluding taxes [(1)]	98,932	106,618	113,942	138,313	149,431
Net income before tax, depreciation, amortization and provisions	355,896	706,362	600,175	1,087,460	1,115,028
Income tax	(22,867)	(85,228)	(36,209)	(46,464)	15,020
Net income after tax, depreciation, amortization and provisions	449,593	593,887	573,860	1,014,611	1,092,872
Dividend distribution	251,647	268,403 [(5)]	300,916 [(4)]	356,860 [(3)]	378,246 [(2)]
3-EARNINGS PER SHARE (in euros)					
Earnings per share before tax, depreciation, amortization, allowances and reserves	3.99	7.82	6.88	12.76	13.08
Earnings per share after tax, depreciation, amortization and provisions	5.04	6.58	6.58	11.91	12.82
Net dividend per share	2.82	3.20	3.60	4.30	4.50
4-EMPLOYEES[(6)]					
Average number of employees during the year	232	234	239	249	249
Total payroll cost for the year	19,652	18,769	19,066	20,525	24,389
Social charges	8,313	8,338	9,139	11,330	12,956

[(1)] *Represents royalties and other services*
[(2)] *Calculated on the basis of 84,054,740 shares, corresponding to the 85,258,628 shares outstanding, less 1,203,888 treasury shares held on March 28, 2002 which are stripped of dividend rights.*
[(3)] *Includes a €451 thousand adjustment for the 104,854 treasury shares acquired between March 29, 2001, date of the Meeting of the Board of Directors to approve the financial statements, and July 2, 2001, when payment of the dividend began.*
[(4)] *Includes a €3,889 thousand adjustment for the 1,080,200 treasury shares acquired between March 30, 2000, date of the Meeting of the Board of Directors to approve the financial statements, and July 3, 2000, when payment of the dividend began.*
[(5)] *Includes a €13,184 thousand adjustment for the 4,120,000 treasury shares acquired between March 25, 1999, date of the Meeting of the Board of Directors to approve the financial statements, and June 29, 1999, when payment of the dividend began.*
[(6)] *Employee figures exclude the German branch.*

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.
2001 sales: €230.8 million.
This figure includes Eurofloat, a float glass plant serving the European market, in Salaise-sur-Sanne (Isère, southeastern France).
Employees: 1,027.

Subsidiaries and holdings

- Saint-Gobain Sekurit France – France, Saint-Gobain Exprover – Belgium. See company profiles.
- Saint-Gobain Produits Industriels, M.O. Pays de Loire, Comptoir des Glaces et Produits Verriers, M.O. Atlantique (holds 100% of Atlantique Miroiterie Service), 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, Charles André, Soprover, Société Verrière de l'Atlantique, Le Vitrage du Midi, Glassver, Gobba Vitrage, Auvergne Isolation, Vitrages Isolants d'Auvergne, Alp'Verre, Courbu, Verreries d'Aurys (100%), Pierre Pradel, Financière Wehr Group – France (100%), which holds: 100% of Wehr Miroiteries, 100% of Emaillerie Alsacienne, 100% of Technifen, 66.3% of Techniverre Industrie (33.7% held by Technifen) – France. Distribution and processing of flat glass products for the building industry. Sales of the processing subsidiaries: €437.2 million. Employees: 3,318.
- 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%), Saint-Gobain Euroveder Italia (100%), Borgna Veder (70%) – Italy. Tempered glass for home appliances. Sales: €112.9 million. Employees: 488.
- 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: €23.5 million. Employees: 215.
- Verreries de Saint-Just – France (100%). Decorative glass. Plant at Saint-Just-Saint-Rambert (Loire, central France). Employees: 99.
- Saint-Gobain Autover – France (100%). Distribution and processing of flat glass for the automobile industry. Sales: €19.3 million. Employees: 82.
- Saint-Gobain Sully Produits Spéciaux – France (100%). Flat glass for trains and the aeronautics industry. Plant in Sully-sur-Loire (Loiret, central France). Employees: 464.
- Samin (29.4%). See Saint-Gobain Emballage.
- Delegrange et Messager – 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.
2001 sales: €237.3 million.
Employees: 1,258.
These figures include those of Saint-Gobain Sekurit France and Société Verrière d'Encapsulation.
Holds: Société Verrière d'Encapsulation – France (100%). Encapsulation of glass for the auto industry. Saint-Gobain Sekurit Glass India (85.8%) – India.

SAINT-GOBAIN ISOVER

100%-owned by Spafi
Production and processing of glass wool and rock wool insulation products.
Plants in Orange (Vaucluse, southeastern France), Chalon-sur-Saône (Saône-et-Loire, eastern France), Saint-Étienne-du-Rouvray (Seine-Maritime, northwest, France), Rantigny (Oise, northern France).
2001 sales: €227.3 million.
Employees: 965.

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: €30.4 million. Employees: 153.
- Saint-Gobain Ecophon SA – France (50%). Acoustic ceilings.
- Saint-Gobain Recherche – France (32.7%).
- Samin – France (19.6%). See Saint-Gobain Emballage.
- Saint-Gobain Beijing Isover Glasswool – China (29.5%). Employees: 159.
- CSR Guandong Glasswool – China (15%).

SAINT-GOBAIN VETROTEX FRANCE

Owned 94.1% by Spafi and 5.9% by Saint-Gobain Isover.
Manufactures and sells fiberglass for reinforcements.
Plant in Chambéry (Savoie, southeastern France).
2001 sales: €104.6 million.
Employees: 613.

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 (99.8%); Saint-Gobain Vetrotex Glasmat – France (99.8%); 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 Bohemia – Czech Republic (100%). Distribution companies. Saint-Gobain Vetrotex Korea Ltd – South Korea (98.6%). See company profile. Saint-Gobain Vetrotex Thailand – Thailand (100%).

- Saint-Gobain Recherche (8.2%)– France (see under Saint-Gobain Glass France). Hangzhou Saint-Gobain Vetrotex – China (80%). Saint-Gobain Vetrotex India – India (100%). RF Services – Australia (85.7%).
- Saint-Gobain Lorcet – France (98.2%). Manufactures glass cloths for reinforcements.

PARTIDIS

100%-owned by Compagnie de Saint-Gobain.
Distribution of building materials.
2001 sales: €5.3 billion.
Employees (including subsidiaries): 26,820.
Holds:

- Saint-Gobain Plc - United Kingdom (72.2%). See company profile.
- Point.P – France (100%). Distribution of building materials through 11 regional companies under the POINT.P banner and three national companies specialized in heating and plumbing (CEDEO), insulation (SFIC) and roofing (Asturienne). 1,230 retail outlets (of which 96 opened in 2001). 2001 sales: €3,853.8 million. Employees: 17,567.
- Lapeyre – France (74.7%). Company listed on the Paris Bourse. Manufacturing and distribution of industrial carpentry and kitchen and bathroom equipment under the following banners: Menuiseries Lapeyre, GME, SGM, OXXO, Les Zelles and K par K, Erg Okfens (Poland) and Construmega Megacenter (Brazil). 2001 sales: €1,458.1 million. Employees: 9,108.
- La Plateforme Polska – Poland (100%) and La Plataforma Para La Construcción – Mexico (100%).

SAINT-GOBAIN MATÉRIAUX DE CONSTRUCTION

100%-owned by Compagnie de Saint-Gobain.
Holding company. Holds:

- Saint-Gobain Weber – France (99.9%). Produces industrial mortars in 20 countries. Holds 100% of Weber & Broutin France; 100% of Saint-Gobain Weber Cemarska (Spain); 50% of Saint-Gobain Quartzolit – Brazil. Produces tile glues. Plants in Jandira (São Paulo), Santa Luzia (Minas Gerais), Abreu and Lima (Pernambuco) and Viamao (Rio Grande do Sul). Sales (including subsidiaries): €730.4 million. Employees (including subsidiaries): 3,392.
- Saint-Gobain Terreal – France (99.9%). Produces terracotta tiles. Nineteen plants and subsidiaries in France, Italy, Spain and Malaysia. Sales (including subsidiaries): €312.6 million. Employees (including subsidiaries): 2,041.
- Saint-Gobain Stradal – France (99.9%). Produces industrial cements through twenty-five production plants in France. Sales: €147.1 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: €7.9 million. Employees: 73.

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).
2001 sales: €710.4 million.
Employees: 3,007.

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: €57.7 million. Employees: 383.
- 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: 123 million yuan. Employees: 436.
  Saint-Gobain Canalización Argentina – Argentina (99.9%)

SAINT-GOBAIN EMBALLAGE

Owned 20.5% by Compagnie de Saint-Gobain and 79.5% by Vertec.
Manufactures glass containers (industrial bottles and jars).
Plants in Chalon-sur-Saône (Saône-et-Loire), Cognac (Charente), Lagnieu (Ain), Oiry (Marne), Saint-Romain-le-Puy (Loire), Vauxrot (Aisne).
2001 sales: €574.2 million.
Employees: 2,190.

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%).
- VOA Verrerie d'Albi – France (98.7%). Glass containers (bottles). Plant in Albi (Tarn). Sales: €67.6 million. Employees: 338.
- Samin – France (51%). Operates quarries. Employees: 170.
- Saga Decor – France (51%). Decoration of bottles and jars. Sales: €9.5 million. Employees: 264.
- Établissements René Salomon – France (100%). Distribution of bottles.
- Vetreria Etrusca Srl – Italy (24%). Glass containers.
- Saint-Gobain Finanziaria – Italy (100%). Holding company. Holds: Saint-Gobain Vetri – Italy. See company profile.

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).
2001 sales: €410.5 million.
Employees: 1,840.

Subsidiaries

- SGD Kipfenberg GmbH – Germany (100%). Small glass bottles. Plant in Kipfenberg. Sales: €44.6 million. Employees: 204. 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: €32.2 million. Employees: 76.
- Verreries de l'Orne – France (100%). Decoration of glass containers. Employees: 292. Holds Verreries de la Somme (99.8%). Employees: 208.
- Saint-Gobain Desjonquères Manufacturing – USA (100%). Perfume flasks. Plant in Covington. Sales: $44 million. Employees: 129.
- Saint-Gobain Desjonquères Inc. – USA (100%), SGD UK – United Kingdom (100%), SGD Italia – Italy (95%). Distribution companies.

SEPR - SOCIÉTÉ EUROPÉENNE DES PRODUITS RÉFRACTAIRES

Owned 25.7% by Compagnie de Saint-Gobain, 62.7% by Vertec, 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).
2001 sales: €225.8 million.
Employees: 1,382.

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: 241.
- 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: €49.2 million. Employees: 488.
- Saint-Gobain Cristaux & Détecteurs – France (100%). Manufactures optical crystals, detectors of nuclear radiation and synthetic monocrystals for chemical analysis. Plants in Saint-Pierre-lès-Nemours (Seine-et-Marne, Paris area) and Gières (Isère, southeastern France). Sales: €34.9 million. Employees: 164.
- Saint-Gobain Matériaux Céramiques – France (100%). Produces seeded gel. Plant in Courtenay (Loiret, south of Paris area). Employees: 28.
- Saint-Gobain Ceramicas Industriales – Spain (100%). Manufactures technical ceramics and distributes high-performance plastics. Plant in Castellbisball. Employees: 83.
- Beijing SEPR – China (65.9%). Manufactures fused-cast refractory products. Plant in Beijing. Employees: 157.
- SEPR Australia – Australia (100%). Manufactures ceramic materials. Plant in Brisbane.
- Nihon Saint-Gobain KK – Japan (5.1%). See Saint-Gobain Quartz.
- Saint-Gobain Centre de Recherche et d'Etudes Européennes – France (35%), the remainder being held by other companies of the Ceramics and Plastics division. Center in Cavaillon (Vaucluse, southeastern France).

SAINT-GOBAIN PERFORMANCE PLASTICS EUROPE (FRANCE)

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; 99.9% 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: €84.7 million. Employees of subsidiaries: 669.

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).
2001 sales: €20.3 million.
Employees: 220.

Subsidiaries and holdings

- Saint-Gobain Quartz Pte – Singapore (100%). Manufactures tubes for the semi-conductor industry.
- Saint-Gobain Quartz SA (Suisse) – Switzerland (100%). Processing of quartz parts.
- Saint-Gobain KK – Japan (11.5%). Distribution company.

SAINT-GOBAIN ABRASIFS SA

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).
2001 sales: €187.3 million.
Employees: 1,174.

Subsidiaries and holdings

- SG Abrasivos SA – Spain, SG Diamond Products 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: 15 million Colombian pesos. Employees: 91.
- Saint-Gobain Abrasivos – Venezuela (100%). Manufactures coated abrasives and grinding wheels. Plants in Maracay and Los Teques. Sales: 3 billion bolivars. Employees: 75.
- Saint-Gobain Abrasives AB – Sweden (100%). Abrasives. Sales: SKR 154 million. Employees: 27.
- 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: €86.8 million. Employees: 371.
- Saint-Gobain Abrasives NV – Belgium (100%). Employees: 22.
- Saint-Gobain Abrasives Shanghai (90%) – China. Produces abrasive grinding wheels. Plant in Shanghai. Employees: 425.
- Saint-Gobain Abrasives Australia (100%) – Australia. Produces abrasive grinding wheels and coated abrasives. Plants in Lidcombe and Campbellifield.
- PT Norton Hamplas Industries (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 BTI UK Ltd – United Kingdom, Chemfab Holdings – Ireland, Saint-Gobain Corporation – USA, Saint-Gobain Technical Fabrics Canada Ltd, Saint-Gobain Abrasivos – Brazil, Saint-Gobain Crystals & Detectors KK - Japan.
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: 393.
- Verinvest Oy – Finland (17.3%). See Saint-Gobain Glass Nordic A/S.

VERTEC

100 % – owned by Compagnie de Saint-Gobain.
Holding. Holds: Saint-Gobain Glass France, Saint-Gobain Emballage, SEPR - France; Saint-Gobain Glass Italia – Italy. See company profiles.

GERMANY - CENTRAL AND EASTERN EUROPE

€1 = DEM 1.96

SAINT-GOBAIN DEUTSCHLAND

100%-owned by Compagnie de Saint-Gobain.
Holding company. Holds:

- Saint-Gobain Glass Deutschland GmbH, Saint-Gobain Isover G+H AG, Saint-Gobain Vetrotex Deutschland GmbH, SGT Schleifmittel GmbH, Raab Karcher GmbH – Germany. See company profiles. Saint-Gobain Abrasives GmbH. See SG Schleifmittel GmbH.
- 60% of Saint-Gobain Autoglas GmbH – Germany. Holds 100% of Saint-Gobain Sekurit Deutschland GmbH and Saint-Gobain Sekurit Deutschland Verw/Beteil – Germany.

SAINT-GOBAIN GLASS DEUTSCHLAND GMBH

Owned 60% by Saint-Gobain Deutschland and 40% by 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).
2001 sales: €362.5 million.
Employees: 1,316.
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 Glass Deutsche GmbH, Saint-Gobain Sekurit Deutschland KG – Germany, Saint-Gobain Exprover – Belgium, Saint-Gobain Glass Polska – Poland, Saint-Gobain Glass Nordic A/S – Denmark. See company profiles.
- Nitrasklo (40%), Venisklo (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 (95.5%). Flat glass processing. Sales: €58.9 million. Employees: 349.
- Saint-Gobain Glass India Ltd (66.3%) – India. Employees: 258.

SAINT-GOBAIN GLASS DEUTSCHE GMBH

99%-owned by Saint-Gobain Glass Deutschland GmbH.
A holding company controlling various subsidiaries in distribution and processing of flat glass for the building industry.
Consolidated sales for 2001 of the VGG group amounted to €243.3 million.
The group employs 2,238 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: 129. Holds: Renz Sonnenschutz (100%), AGH Rheinmain (100%), Freudenberger (100%) – Germany (100%); Autover Bilglas A/S – Norway (100%), Autover Oy – Finland (100%); Direkglas – 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 CRS pol SRO. – Czech Republic (100%). Produces laminated glass for the auto industry. Employees: 331.
- Saint-Gobain Euroveder Polska – Poland (100%), Saint-Gobain Sekurit Hanglas Polska – Poland (74.8%). Produces automobile glass. Employees: 553.
- Saint-Gobain Sekurit (Shanghai) – China (100%), Saint-Gobain Sekurit Japan – Japan (100%)

SAINT-GOBAIN SEKURIT DEUTSCHLAND KG

Owned 99% by SG Sekurit Deutschl. 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).
2001 sales: €366.6 million.
Employees: 2,235.
These figures include those of SSG Modulartechnik and FABA Autoglas Technik.

Subsidiaries and holdings

- Saint-Gobain Sekurit Nutzfahrzeugglas GmbH (SSGN KG) – Germany (100%). Manufactures flat glass for utility vehicules. Plant in Cologne-Porz. Sales: €42.1 million. Employees: 339.
- 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).
2001 sales: €328.8 million.
Employees: 1,404.

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: €57.6 million. Employees: 250. Holds: 74.3% of Saint-Gobain Orsil (+ 25.7% held by Saint-Gobain Isover G+H AG) – Czech Republic. Manufactures rock wool insulating materials. Plant in Castolovice. Sales: 847 million Czech korunas. Employees: 247.
- G + H Fursorge GmbH + Superglass Dammstoffe GmbH – Germany (100%). Distribution of insulating materials.

SAINT-GOBAIN VETROTEX DEUTSCHLAND GMBH

99%-owned by Saint-Gobain Deutschland.
Manufactures and sells fiberglass for reinforcements.
Plant in Herzogenrath.
2001 sales: €93.4 million.
Employees: 584.
Holds:

- 99.7% of Vertex – Czech Republic. Sales: 6.3 billion Czech korunas. Employees: 1,343.
- 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.
- SG Rohrsystem (100%) – Germany. Distribution of public works supplies. Sales: €252.1 million. Employees: 619.

- Saint-Gobain GussRohr KG – Germany (100%). Ductile cast-iron pipes. Plants in Saarbrücken-Brebach (Saar) and Gelsenkirchen (Ruhr). Sales: € 147.4 million. Employees: 700.
- SG HES GmbH – Germany (100%). Sale of piping systems for the building industry. Sales: €51.9 million. Employees: 52.

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).
2001 sales: €324.1 million.
Employees: 1,759.

Subsidiaries and holdings

- Ruhrglas – Germany (100%). Holds 100% of GPS Glas Produktions Service. Produces machines for the glass containers industry. Sales: €16.1 million. Employees: 71.
- Westerwald – Germany (100%). Holding company.
- GGA Gesellschaft fur Glasrecycling – Germany (26.4%). Collection and redistribution of glass container cullet.
- Zhanjiang Saint-Hua-Glass – China (35%). Glass containers (bottles). Sales: 78 million yuan. Employees: 457.

SAINT-GOBAIN CALMAR GMBH

Owned 99% by SGD Kipfenberg +1% by Saint-Gobain Calmar Inc.
Manufactures plastic pumps.
Plant in Hemer.
2001 sales: €59.7 million.
Employees: 553.
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: €48 million. Employees: 345. Holds Saint-Gobain Advanced Ceramics Lauf GmbH – Germany (100%). Manufactures and sells advanced ceramics. Plant in Lauf. Sales: €17.1 million. Employees: 208.
- Saint-Gobain Industriekeramik Düsseldor – Germany (100%). Produces refractory products. Plant in Düsseldorf. Sales: €20.8 million. Employees: 100.
- Saint-Gobain Advanced Ceramics Mönchengladbach – Germany (100%) Manufactures and sells advanced ceramics. Plant in Mönchengladbach. Sales: €10.3 million. Employees: 83.
- Saint-Gobain Quartz GmbH (99.9%) – Germany. Plant in Wiesbaden.
- Saint-Gobain Industriekeramik Roedental – Germany (100%) . Produces high-performance refractory products. Plant in Roedental. Sales: €54.8 million. Employees: 500.

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: 555.
- 99.3% (+ 0.3% held by Saint-Gobain Deutschland) of Saint-Gobain Abrasives GmbH. Manufactures and sells grinding wheels and super-abrasives. Plants in Gerolzhofen and Wesseling. Employees: 478.
- 100% of Saint-Gobain Diamant Winter Epe – Greece. Employees: 141.
- 100% of Diamant Winter Italia – Italy. Employees: 49.
- 100% of Diamant Winter South Africa – South Africa.

Sales units:

- 100% of Diamantes Winter – Spain.
- 100% of Saint-Gobain Winter BV – Netherlands.
- 90% of Saint-Gobain Diamant Winter Ltd – India. Employees: 181.

RAAB KARCHER GMBH

100%-owned by Saint-Gobain Deutschland.
Distribution of building materials in Germany through 192 outlets owned by the holding company and through 27 outlets held by subsidiaries, in the Netherlands through 49 outlets and in Central Europe (Poland, Czech Republic, Hungary) through a network of 80 outlets.
2001 sales: €2.1 billion (including subsidiaries)
Employees: 7,314 (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).
2001 sales: €137.6 million.
Employees: 615.

Subsidiaries and holdings

- Saint-Gobain Exprover – Belgium, Saint-Gobain Plc – United Kingdom, Sas Van Gent – 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 Group (99.9%), Burniat SA (100%), Glorieux SA (100%), Hanin SA (22.3%), Techniver SA (100%), Wagener Group (100%), Climaglass NV (99.9%), Conforglass (99.9%), Mirover NV (99.2%), Romato (99.9%) – Belgium. Consolidated sales (including subsidiaries): €106.6 million. Employees: 728.
- Koninklijke Saint-Gobain Glass NV – Netherlands (100%). Holding company for subsidiaries selling and processing glass products for the building industry.

SAINT-GOBAIN EXPROVER

Owned 39% by Saint-Gobain Glass Deutschland GmbH + 27% by Saint-Gobain Glass Benelux + 18% by Saint-Gobain Glass France + 8% by Saint-Gobain 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 KK – Japan (6.4%). See Saint-Gobain Quartz.

SAINT-GOBAIN SEKURIT BENELUX SA

100%-owned by Saint-Gobain Sekurit Deutschland Beteiligung GmbH.
Flat glass processing for the auto industry.
Plant in Sambreville.
2001 sales: €108.7 million.
Employees: 497.
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).
2001 sales: €23.6 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).
2001 sales: €84.9 million.
Employees: 369.

Subsidiaries and holdings

- Saint-Gobain Isover Benelux NV – Belgium (99.8%). Distribution.
- Cultilène BV – Netherlands (100%). Processes and sells glass wool and rock wool products for hydroponic (soil-less) cultivation. Sales: €17.1 million. Employees: 64.
- 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).
2001 sales: €42.8 million.
Employees: 137.
Holds: 99.9% of Saint-Gobain Diamond Products – Belgium. Produces diamond-tipped tools. Plant in Mechelen. Sales: €4 million. Employees: 38.

SAINT-GOBAIN NEDERLAND

100%-owned by Compagnie de Saint-Gobain.
Finance company.

SPAIN - PORTUGAL

€1 = ESP 166.39
€1 = PTE 200.48

SAINT-GOBAIN CRISTALERIA SA

Owned 23.8% 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 2001 : €454.7 million
Employees: 2,048.

Subsidiaries and holdings

- Saint-Gobain Vicasa, La Veneciana, Saint-Gobain Canalizacion, Saint-Gobain Vetrotex España – Spain; Saint-Gobain Glass Portugal – Portugal; Saint-Gobain Exprover – Belgium; Saint-Gobain Sekurit Mexico, Saint-Gobain Glass Mexico, Saint-Gobain Vetrotex America Xicoh – Mexico; Saint-Gobain de Colombia, Pam Colombia – Colombia. See company profiles.
- Autover Iberica – Spain (100%). Distribution of replacement automobile flat glass. Employees: 32.
- Wanner y Vinyas (100%) – Spain. Thermal and acoustic insulation. Sales: €44.6 million. Employees: 485.
- Industrias del Cuarzo (100%). Sand quarry. Employees: 42.
- Vislam (5%), Inmobiliaria Cristalvex (99.9%).
- La Veneciana Norte (5%), La Veneciana Levante (5%), La Veneciana Bética (5%), La Veneciana Canarias (5%).
- Procustic – Spain (100%). Processing and distribution of acoustic insulation products.
- Iberisol – Portugal (65.1% + 22% by Wanner y Vinyas). Distribution of insulating products.
- Vidrieria Argentina (VASA) – Argentina (49%). Manufactures flat glass for the building industry.
- Cristalería Andina – Panama (100%).
- Holding Concorde SA – Colombia (51%)
- SG Performance Plastics España – Spain (100%). Employees: 59.

LA VENECIANA

100% owned by Saint-Gobain Cristaleria.
Sale, processing and installation of flat glass products and mirrors.
2001 consolidated sales: €126.1 million .
Employees (including subsidiaries): 914.

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.
2001 sales: €75.3 million.
Employees: 372.
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: 103.

SAINT-GOBAIN CANALIZACION

Owned 80% by Saint-Gobain PAM and 20% by Saint-Gobain Cristalería.
Ductile cast-iron pipes.
Plant in Santander.
2001 sales: €165.8 million.
Employees: 267.
Holds: Pam Colombia SA – Colombia (95%). See company profile.
Saniplast (70%) – Spain. Distribution of pipes and accessories. Sales: €31.7 million. Employees: 78.

SAINT-GOBAIN VICASA SA

99.9% owned by Saint-Gobain Cristaleria.
Manufactures glass containers (bottles, industrial jars and flasks).
Plants in Azuqueca de Henares (Guadalajara), Burgos, Dos Hermanas (Sevilla); Jerez de la Frontera (Cadiz); Saragossa.
2001 sales: €225.6 million.
Employees: 1,232.
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: €59 million. Employees: 339. Holds 100% of Saint-Gobain Calmar SA – Spain. Produces plastic pumps. Plant in Barcelona. Sales: €41.2 million. Employees: 372.
- Vidrieras Canarias (41%). Glass containers. Sales: €16.1 million. Employees: 109.
- Rayen Cura Saic – Argentina (59.5%). Manufactures glass containers (bottles). Plant in Mendoza. Sales: 34 million Argentine pesos. Employees: 250.
- Gijon Fabril – Spain (100%). Production and distribution of machines and molds for the glass industry.

SG ABRASIVOS (SPAIN)

100%-owned by Saint-Gobain Abrasifs (France).
Produces abrasive grinding wheels.
Plants in Pamplona and Montmelo.
2001 Sales: €38.5 million.
Employees: 277.
Holds: 100% of Lima – Portugal. Distributes abrasive products. Plant in Porto.

SAINT-GOBAIN GLASS PORTUGAL

100% owned by Saint-Gobain Cristaleria.
Manufactures and processes flat glass for buildings and home appliances.
Plant (float line) in Santa Iria de Azoia (Portugal).
2001 sales: €54.1 million.
Employees: 173.
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: 106.

SSGP VIDRO AUTOMOVEL

100%-owned by Saint-Gobain Glass Portugal.
Flat glass processing for the auto industry.
Plant in Santa Iria de Azoia (Portugal).
2001 sales: €59.4 million.
Employees: 305.
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).
2001 sales: €46.2 million.
Employees: 254.

UNITED KINGDOM

€1 = £ 0.61

SAINT-GOBAIN PLC

Owned 72.2% by Partidis, 12.1% by Saint-Gobain Glass Benelux, 6.2% by Spafi, 4.1% by Saint-Gobain PAM, 4.1% by Halbergerhütte and 1.3% 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. Plant (float) in Egborough. Sales: £49.9 million. Employees: 129.
- Saint-Gobain Pipe Systems Plc – United Kingdom (100%). Distribution of pipe products for the building and public works sector. Sales: £129 million. Employees: 710.
- Saint-Gobain Technical Fabrics UK Ltd (100%). Sales: £6 million. Employees: 52.
- Saint-Gobain Insulation UK (100%). Holds 50% of British Gypsum Isover – United Kingdom. Production and sale of insulation products. Sales: £10 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 74 sites including 11 processing facilities throughout the UK.
2001 sales (including subsidiaries): £177 million.
Employees (including subsidiaries): 2,343.
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 through 540 warehouses and specialized distribution subsidiaries (timber, tiles, equipment rental etc.).
2001 sales: €2.7 billion.
Employees: 11,627.
Holds: Jewson Limited, Graham Group, Hire Point, International Timber, World's End Tiles – United Kingdom (100%), PDM – Ireland (100%), International Decorative Surfaces – USA (100%).

SAINT-GOBAIN PIPELINES PLC

100%-owned by Saint-Gobain Ltd.
Ductile cast-iron pipes and hydraulic connectors for water-supply and wastewater networks. Hydraulic valves. Cast-iron and steel supplies for roadworks, cast-iron supplies for the building industry. Plants in Stanton, Staveley, Holwell, Risca, West Bromwich and Telford.
2001 sales: £139 million.
Employees: 1,361.
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: 103 million rand. Employees: 497.

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%). See company profile.
- Saint-Gobain Crystals & Detectors UK – United Kingdom (100%). Manufactures crystals and detectors. Employees: 117.
- 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: £11 million. Employees: 79.

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.
Plant in Wallsend.
2001 sales: £22.5 million.
Employees: 255.

Subsidiaries

- 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 Spafi
Processing of coated fabrics (PTFE, silicone) and adhesive tapes.
2001 sales: €26.7 million.
Employees: 121.
Holds 100% of Tygaflor Holdings – Ireland, which holds:

- 100% of Chemfab Holding UK Ltd – United Kingdom. Sales: £4.3 million. Employees: 26.
- 100% of Chemfab Luxembourg SARL. Holds Saint-Gobain Performance Plastics Cologne – Germany (100%). Sales: €13.9 million. Employees: 40.

ABRASIVES PLC

100%-owned by Saint-Gobain Plc.
2001 sales: £41 million.
Employees: 576.
Holds: 100% of Unicorn Abrasives Ltd and of Saint-Gobain Abrasives Ltd – United Kingdom. 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 Unicorn Abrasives Inc. – USA. Plants in Bristol and Romulus. Sales: $59 million. Employees: 90.

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).
2001 sales: €161.6 million.
Employees: 338.

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: €71.3 million. Employees: 74.
- Vetreira Industriale Saint-Gobain SRL (100%). Employees: 63.

SAINT-GOBAIN SEKURIT ITALIA

100%-owned by Saint-Gobain Glass Italia.
Flat glass processing for the auto industry.
Plant in Savigliano.
2001 sales: €72 million.
Employees: 325.
Holds: 100% of Autover Italia SRL, 50% of Borgna Sicurglass SRL and of Vetro Sud SRL – Italy.

SAINT-GOBAIN ISOVER ITALIA

91.9%-owned by International Saint-Gobain.
Manufactures insulating materials and sealing products (roofing materials, bonded fiberglass sidings).
Plants in Vidalengo and Chieti.
2001 sales: €57.5 million.
Employees: 262.
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.
2001 sales: €170.9 million.
Employees: 549.
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

Owned 90% by Saint-Gobain PAM and 10% by Halbergerhütte.
Ductile cast-iron pipes.
Plants in Cogoleto, Lavis and Pesaro.
2001 sales: €83.4 million.
Employees: 230.

SAINT-GOBAIN VETRI

Owned 72.8% by Saint-Gobain Finanziaria and 26.8% by Saint-Gobain Emballage.
Manufactures glass containers (industrial bottles and jars).
Plants in Dego, Lonigo, Villa Poma, Pescia, Gazzo Veronese, Carcare.
2001 sales: €335.4 million.
Employees: 1,200.

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

100%-owned by Saint-Gobain Abrasifs (France).
Produces abrasive grinding wheels.
Plants in Corsico (Milan), Caronno (Varese), Turin and Salerno.
2001 sales: €81.1 million.
Employees: 438.
Holds: Ral-Flex SpA – Italy (93.3%). Produces bonded abrasives. CIA Italiana (100%) – Italy. Abrasives. Manufacturing of thin grinding wheels. FEA SRL (100%).

SEPR ITALIA

100%-owned by SEPR.
Manufactures fused-cast refractory products.
Plant in Mezzocorona.
2001 sales: €33.9 million.
Employees: 228.
Holds: 84.6% of Valoref – France. Recycling.

POLAND *€1 = 3.50 zloty*

SAINT-GOBAIN GLASS POLSKA

100%-owned by Saint-Gobain Glass Deutschland GmbH.
Manufacturing and processing of flat glass.
Float line in Strzemieszyce.
2001 sales: 319.5 million zloty.
Employees: 260.
Holds 100% of Glaspol – Poland. Processing and distribution of flat glass for the building industry. Sales: 144 million zloty. Employees: 393.

SAINT-GOBAIN ISOVER POLSKA

100%-owned by Saint-Gobain Isover AB.
Production and distribution of insulating products.
2001 sales: 178 million zloty.
Employees: 234.

VELIMAT SP ZOO

100%-owned by Vertex.
Production and distribution of bonded fiberglass.
2001 sales: 15.5 million zloty.
Employees: 91.

SAINT-GOBAIN ABRASIVES SA

99.9%-owned by Saint-Gobain Abrasifs SA (France).
Production and distribution of abrasive grinding wheels.
Plant in Kolo.
2001 sales: 54 million zloty.
Employees: 481.

SWITZERLAND

€1 = CHF 1.48

SAINT-GOBAIN ISOVER SA

Owned 46.7% by Saint-Gobain Isover G, 34.1% by International Saint-Gobain + H AG and 17.9% by Saint-Gobain Isover Italia.
Production and sale of insulating products. Distribution of fiber reinforcements.
Plant in Lucens.
2001 sales: CHF 46 million.
Employees: 162.
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 – Netherlands. The geographical breakdown of these investments is as follows: Spain 35.5%, Italy 10%, Sweden 50.2%, Switzerland 3%, other countries 1.4%.

SCANDINAVIA

€1 = DDK 7.44
€1 = SEK 9.30
€1 = NOK 7.95
€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: SKR 282 million. Employees: 292. Holds 100% of Glashuset I Sverige – Sweden. Glass distribution.
- Scanglas A/S – Denmark. Produces insulating and tempered glass. Plants in Korsør and Kjellerup. Sales: DKK 232 million. Employees: 230. 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 334 million. Employees: 259.
- Scandi-Glass A/S – Norway. Produces insulating glass. Plant in Sem. Sales: NOK 97 million. Employees: 51.
- SI-Glass A/S – Norway. Produces laminated and tempered glass. Plant in Sauda. Sales: NOK 98 million. Employees: 80.
- 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.
2001 sales: SEK 485 million.
Employees: 341.
Holds: 100% of Saint-Gobain Sekurit Eesti A/S – Estonia; 100% of Glasex – 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.
2001 sales: SEK 868 million.
Employees: 540.
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.
2001 sales: SEK 1,190 million.
Employees: 858.
Holds: 100% of Saint-Gobain Ecophon Production A/S – Denmark. Produces 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.
2001 sales: €83.6 million.
Employees: 300.
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.
2001 sales: DKK 365 million.
Employees: 221.
Holds: 1.3% 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.
2001 sales: NOK 530 million.
Employees: 349.
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: €14 million. Employees: 25.
- Saint-Gobain Materiales Ceramicos (100%) – Venezuela. Produces silicon carbide.
- Norton Lianyung Grains Industry (50%) – China.

NORTH AMERICA

€1 = USD 0.88
€1 = CAD 1.41

SAINT-GOBAIN CORPORATION

100%-owned by Spafi
Holds: 100% of Saint-Gobain Delaware Corporation – USA – Holding company which controls CertainTeed, Saint-Gobain Containers, Saint-Gobain Calmar Inc and Saint-Gobain Abrasives Inc – USA. See company profiles.

CERTAINTEED CORPORATION

100%-owned by Saint-Gobain Delaware Corporation.
2001 sales: $2,564 million.
Employees: 7,836.
The sales and the employees of CertainTeed include those of Saint-Gobain Vetrotex America Inc., Saint-Gobain Technical Fabrics America Inc., Saint-Gobain Bayform America Inc., CerBay BTI 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 Hagerstown (Maryland), McPherson (Kansas), Jackson (Michigan), Grinnell (Iowa), 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 (Georgia), Shreveport (Louisiana), Norwood (Massachussets), Shakopee (Minnesota), Gads Hills (Missouri), Milan and Avery (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 sidings. Plant in White City (Oregon), Roaring River (North Carolina).

Subsidiaries and holdings

- Saint-Gobain Abrasives Inc. - USA. See company profile.
- Saint-Gobain Vetrotex America Inc., Norton – USA (100%). Manufactures and sells fiberglass for reinforcements. Plants in Wichita Falls (Texas), Charleston Heights (South Carolina) and Russelville (Alabama). Holds: 100% of Saint-Gobain BTI – USA, 50% of CerBay Company – USA.
- 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 50% of CerBay Company – USA. Plant in Wichita Falls (Texas). Weaving. 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.

SAINT-GOBAIN ABRASIVES INC.

Owned 82% by Saint-Gobain Delaware Corporation and 18% by CertainTeed Corporation.
2001 sales: $607 million.
Employees: 4,750.
Manufactures bonded abrasives, coated abrasives and superabrasives.
Main plants: Worcester (Massachusetts); Gainesville (Georgia); Littleton (New Hampshire); Troy and Wheatfield (New York); Aberdeen and Arden (North Carolina), Brownsville and Stephensville (Texas) and Fullerton (Florida).
Main subsidiaries in the U.S., Canada, Mexico, New Zealand.
Also holds: Saint-Gobain Ceramics & Plastics. – USA, Grindwell Norton – India; Saint-Gobain Norton KK – Japan (through Norton Foreign Affiliates). See company profiles.
Also holds Saint-Gobain Abrasivos – Mexico (100%). Manufactures non-woven abrasives and grinding wheels. Plant in Reynosa.

SAINT-GOBAIN CERAMICS & PLASTICS

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, silicon carbide products, crystals, detectors and electronic equipment for the detection of nuclear radiation.
Main plants in Worcester, Northboro, Northampton and Taunton (Massachusetts), Wayne, Bridgewater, Sparta and Mickelton (New Jersey), Amherst, Niagara Falls, Sanborn, Granville, Hoosick Falls, Poestenkill, Wheatfield (New York), Akron, Aurora, Stow, Ravena, Newbury, Mantua, Springboro, Solon and Tallmade (Ohio), Louisville (Kentucky),

Buckhannon (Virginia), Olyphant, Latrobe, Malvern, Allentown and Reading (Pennsylvania), Boca Raton (Florida), Bristol (Rhode Island), Austin, Bryan, Irving and Houston (Texas), Bryant, Phoenix and Fort Smith (Arizona), Colorado Springs (Colorado), Daisy (Tennessee), East Cranby 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 Jordon (Utah), Scarborough (Maine), Beaverton (Minnesota), Paris, Brantford and Niagara Falls (Ontario, Canada), Thomastown (Australia).
2001 sales: $1,360 million.
Employees: 6,841.
These figures include those of consolidated subsidiaries.

SAINT-GOBAIN CONTAINERS

100%-owned by Saint-Gobain Delaware Corporation.
Manufactures glass containers (industrial bottles and jars).
Plants in El Monte, Maywood and Madera (California), Henderson and Wilson (North Carolina), Dolton and Lincoln (Illinois), Dunkirk (Indiana), Ruston (Louisiana), Milford (Massachusetts), Pevely (Missouri), Carteret (New Jersey), Sapulpa (Oklahoma), Port Allegany (Pennsylvania), Waxahachie (Texas), Seattle (Washington), Burlington (Wisconsin).
2001 sales: $1,350 million.
Employees: 5,296.
Sales and headcount figures include those of Madera Glass.

Subsidiaries and holdings

- Tropicana Industrial Glass – USA (50%). Manufactures glass containers (bottles). Plant in Bradenton (Florida).
- Heye America L. P. – USA (49%). Produces molds for the manufacture of glass containers.

SAINT-GOBAIN CALMAR INC.

100%-owned by Saint-Gobain Delaware Corporation.
Manufactures plastic pumps.
Plants in City of Industry (California), Lee Summit (Missouri), Washington Courthouse (Ohio) and Winfield (Kansas).
2001 sales: $175 million.
Employees: 1,341.

Subsidiaries and holdings

- Calmar Wuxi Dispensing Systems Ltd.- China (100%). Assembly of plastic pumps. Plant in Wuxi.
- Saint-Gobain Calmar Brazil – Brazil (99%). Assembly of plastic pumps.
- Saint-Gobain Calmar Argentina – Argentina (99%), Calmar Plastics – Canada (100%). Distribution companies.
- Saint-Gobain Calmar GmbH – Germany (1%). See company profile.

SAINT-GOBAIN TECHNICAL FABRICS CANADA

100%-owned by Spafi
Plants in Sainte Catharines, and Midland.
2001 sales: CAD 92 million.
Employees: 265.
Holds:

- 100% of Saint-Gobain Bayform Canada. Production and sale of industrial products and parts for door and window manufacturing. Plant in Toronto. Sales: CAD 39.5 million. Employees: 152.
- 100% of Saint-Gobain Technical Fabrics Mexico – Mexico. Produces insect screens. Plant in Tlaxcala. Sales: 86 million Mexican pesos. Employees: 164.

BRAZIL *€1 = BRL 2.04*

SÃO LOURENÇO

99.9%-owned by Compagnie de Saint-Gobain.
Holding company. Holds: 44.4% of Saint-Gobain Vidros SA, 1.2 of Brasilit and 0.7% of Saint-Gobain Canalização – Brazil. See company profiles.

SAINT-GOBAIN VIDROS SA

Owned 54.3% by Compagnie de Saint-Gobain and 44.4% by São Lourenço.
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, Santo Amaro, São Paulo, São Vincente, Porto Ferreira and Capivari (State of São Paulo), Agus Branca, Campo Bom and Canoas.
2001 sales: BRL 647 million.
Employees: 2,893.

Subsidiaries and holdings

- Cebrace – Brazil. See company profile.
- Saint-Gobain Isover Argentina – Argentina (74.4% + 25.6% by Compagnie de Saint-Gobain). Produces fiberglass for insulation and reinforcements. Plant in Llavallol. Sales: 8 million Argentine pesos. Employees: 84.
- Santa Marina Vitrage Ltda – Brazil (100%). Sales: BRL 32 million. Employees: 176.

CEBRACE

50%-owned by Saint-Gobain Vidros SA.
Manufacturing and processing of flat glass.
Float-glass plants in Jacarei and Caçapava.
2001 sales: BRL 381 million.
Employees: 623.

BRASILIT

Owned 98.5% by SGPPI and 1.2% by São Laurenço.
Manufactures Fiber-cement sheets and holdings.
Plants in Esteio (Rio Grande do Sul) and Caxanga (Pernambuco), Belém (Para).
2001 sales: BRL 102 million.
Employees: 585.

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 90.5 million. Employees: 382.
  Also holds 100% of Jundu – Brazil. Operates quarries. Employees: 245.
- São Juliano (25%, plus 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 65 million. Employees: 324.
- Saint-Gobain Quartzolit (35%, plus 15% held by Santa Veronica and 15% 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).
2001 sales: BRL 161 million.
Employees: 770.

SAINT-GOBAIN CANALIZAÇÃO

Owned 82.8% by Saint-Gobain PAM, 2.5% by Santa Claudia Adm., 6.2% by Santa Claudia Part., 6.4% by Brasilit and 0.7% by São Lourenço.
Manufactures ductile cast-iron pipes and connectors.
Plant in Barra Mansa (Rio de Janeiro).
2001 sales: BRL 145 million.
Employees: 781.
Holds: A Rural Mineira (100%) – Brazil Fundicao Aldebara (51.6%, plus 48.4% held by Saint-Gobain Pipelines Plc.) – Brazil.
Ductile cast iron connectors. Employees: 387.

SAINT-GOBAIN ABRASIVOS LTDA

100%-owned by Spafi.
Manufactures bonded and coated abrasives.
Plants in Caieiras, Caldas, Guarulhos, Lorena, Igarassu, Paulista, Vinhedo and Jundiai.
2001 sales: BRL 246 million.
Employees: 1,332.
Holds: 100% of Saint-Gobain Abrasivos Argentina - Argentina.
Production and distribution of bonded abrasives. Plant in Campana.
Employees: 50.

MEXICO - COLOMBIA

€1 = 8.12 Mexican pesos
€1 = 2,015.5 Colombian pesos

SAINT-GOBAIN GLASS MEXICO

100% owned by Saint-Gobain Cristalería.
Plant (float) in Cuautlà.
2001 sales: 817 million Mexican pesos.
Employees: 322.

SAINT-GOBAIN SEKURIT MEXICO

55.7% owned: by Saint-Gobain Cristalería and 44.3% by Saint-Gobain Glass Mexico.
Manufactures flat glass products for the auto industry.
Plant in Cuautlá.
2001 sales: 722 million Mexican pesos.
Employees: 931.

SAINT-GOBAIN VETROTEX AMERICA XICOH

75% owned by Saint-Gobain Cristalería and 25% by Saint-Gobain Vetrotex España.
Manufactures and fiberglass reinforcements.
Plant in Xicotencati.
2001 sales: 253 million Mexican pesos.
Employees: 206.

SAINT-GOBAIN DE COLOMBIA

Owned 28.5% by Compagnie de Saint-Gobain, 49.4% by Saint-Gobain and +17% by Cristaleria Andina.
Manufactures flat glass for the automobile and building industries.
Plants in Barranquilla and Usinme.
2001 sales: 45.9 billion Colombian pesos.
Employees: 402.

PAM COLOMBIA SA

Owned 95% by Saint-Gobain Canalización and 5% by Saint-Gobain Cristaleria.
Manufactures water supply pipes.
2001 sales: 28.3 billion Colombian pesos.
Employees: 110.

OTHER COUNTRIES

€1 = 1,155 Korean won
€1 = 108.7 Japanese yen
€1 = 42.3 Indian rupees
€1 = 7.7 South Africa rands

HANKUK GLASS INDUSTRIES INC. (SOUTH KOREA)

37.7%-owned by Sofiag.
Float-glass line producing flat glass.
Headquarters in Seoul.
2001 sales: 123 billion won.
Employees: 401.

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: 173 billion won. Employees: 911.
- Hankuk Processed Glass Inc. (100%), Hankuk Lighting Glass (100%), Hankuk Haniso (100%), Hankuk Specialty Glass (60%) – South Korea, Namwoo Glass Industries Co Inc (36.8%, and 36.8% held by Sofiag) – China. Total sales: 47 billion won. Employees: 636.

SAINT-GOBAIN VETROTEX KOREA LTD

98.6%-owned by Saint-Gobain Vetrotex International.
Manufactures and sells fiberglass for reinforcements.
Plant in Kunsan (South Korea).
2001 sales: 86.4 billion won.
Employees: 468.

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).
2001 sales: 1.8 billion Indian rupees.
Employees: 1,361.

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).
2001 sales: 7.7 billion yen.
Employees: 185.

SAINT-GOBAIN CRYSTALS & DETECTORS KK (JAPAN)

100%-owned by Spafi.
Sales unit of the Crystals and Detectors Division.
Holds 65.7% of Saint-Gobain Ceramic Materials KK – Japan. Produces ceramic pellets and powders. Plant in Osaka. Employees: 107.

SAINT-GOBAIN ABRASIVES PTY (SOUTH AFRICA)

100%-owned by Saint-Gobain Abrasifs (France).
Manufactures coated abrasives, superabrasives and grinding wheels.
Plants in Isando and Port Elisabeth (South Africa)
2001 sales: 112 billion rands
Employees: 170.

PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT
STATUTORY AUDITORS

DECLARATION BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

To the best of my knowledge, the information contained in this reference document is correct and includes all the information required by investors to form an opinion on the assets, operations, financial position, results and outlook of Compagnie de Saint-Gobain and the Saint-Gobain Group. No information has been omitted that would be likely to alter an investor's opinion.

March 28, 2002

Chairman and Chief Executive Officer
Jean-Louis BEFFA

DECLARATION BY THE AUDITORS OF THE FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP

In our capacity as statutory auditors of Compagnie de Saint-Gobain (the Company) and as required by Commission des Opérations de Bourse regulation COB 98-01, we have examined in accordance with French professional standards the information about the financial position and the historical accounts included in this "Reference Document".

This "Reference Document" is the responsibility of the Chairman of the Board of Directors of Compagnie de Saint-Gobain. Our responsibility is to express an opinion on the fairness of the information about the financial position and the accounts contained in this "Reference Document".

Our procedures, which were performed in accordance with French professional standards, consisted of assessing the fairness of the information about the financial position and the accounts and verifying that this information agrees with the audited financial statements, reading the other information contained in the "Reference Document" in order to identify any material inconsistencies with the information about the financial position and the accounts, and reporting any manifestly incorrect information that came to our attention, based on our overall knowledge of the Company, as acquired during our audit. When reading the forward looking information determined according to a structured process, we took into account the assumptions used by management and the amounts obtained by applying these assumptions.

We also audited the consolidated financial statements for the years ended December 31, 2001, 2000 and 1999, as approved by the Board of Directors. Our audits were performed in accordance with auditing standards generally accepted in France. Our reports on these consolidated financial statements were free of qualifications. Our report on the consolidated financial statements for the year ended December 31, 2000 contained the following observation: "Without qualifying the opinion expressed above, we draw your attention to note 1 to the consolidated financial statements which describes a change in the method of accounting for pensions and other post-retirement benefits."

In addition, we audited the financial statements of the Company for the years ended December 31, 2001, 2000 and 1999, as approved by the Board of Directors. Our audits were performed in accordance with auditing standards generally accepted in France. Our reports on these financial statements were free of qualifications. Our report on the financial statements for the year ended December 31, 1999 contained the following observation: "Without qualifying the opinion expressed above, we draw your attention to notes 1, 7 and 9 which describe a change in accounting method for the financial statements of the Company's German branch."

Based on the procedures described above and taking into account the observations made in our audit reports, as mentioned above, we have nothing to report with respect to the fairness of the information about the financial position and the historical financial statements contained in this "Reference Document".

Paris, March 28, 2002

The Statutory Auditors

Befec - Price Waterhouse
Member of PricewaterhouseCoopers

Mike MORALEE

Christian MARCELLIN

S.E.C.E.F.

Jacques TENETTE

REPORT TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETING OF JUNE 6, 2002

Of the resolutions submitted for your approval, resolutions 1 to 6 belong to the Ordinary Shareholders' Meeting and resolutions 7 to 10 belong to the Extraordinary Shareholders' Meeting.

I - ANNUAL FINANCIAL STATEMENTS AND DIVIDEND

The Company's annual financial statements and the Group's consolidated financial statements are shown in the 2001 Annual Report.

We ask that you approve the financial statements of Compagnie de Saint-Gobain **(1st resolution)** and the Group's consolidated financial statements **(2nd resolution)** for the year ended December 31, 2001.

The description of the Company's and Group' financial position at December 31, 2001, 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 2001 Annual Report, to which we draw your attention.

APPROPRIATION OF NET INCOME

The Company had **net income** for the year 2001 of €1,092,872, up from €1,014,611 in 2000.

In light of pre-existing retained earnings of €426,673 thousand, taking into account the €451 thousand adjustment of the dividend paid in respect of 2000 following the purchase of treasury stock between March 29, 2001, date of the Meeting of the Board of Directors to approve the financial statements, and July 2, 2001, when payment of the dividend began, distributable earnings amount to €1,519,545 thousand.

We propose **(3rd resolution)** that the General Meeting:

- appropriate €275,300 thousand to the regulated long-term capital gains reserve;
- carry forward €865,999 thousand as retained earnings;
- and **distribute €378,246,330 to the shareholders**, representing a **net dividend of €4.50** per share, which, after taking into account the tax credit of €2.25, represents a **gross dividend of €6.75 per share**.

The net dividend of €4.50 will be paid on each of the shares outstanding on the date at which payment of the dividend will begin, June 24, 2002. It will be paid wholly in cash.

II - REGULATED AGREEMENTS

No new regulated agreements governed by articles L-225-38 *et seq.* of the French Commercial Code were entered into in 2001. As a result, the statutory auditors' special report only mentions the agreements entered into in prior years which remained in force in 2001 **(4th resolution)**.

III - AUTHORIZATION TO REPURCHASE AND RESELL SAINT-GOBAIN STOCK

The purpose of the **5th resolution** is to authorize the Board of Directors to buy back and possibly re-sell the Company's own shares. The maximum purchase price and minimum selling price have been set at €215 and €130 respectively.

The authorization being sought is intended to enable the Company to benefit from the flexibility allowed by legal provisions governing the repurchase and resale of shares: to grant stock purchase options, to award shares to employees, to stabilize the share price according to market trends, to cancel these shares (subject to authorization by an Extraordinary Meeting), to hold the shares or dispose of them in any way, including in exchange for shares in other companies, or to manage the Company's cash position or equity, up to a limit of 10% of capital stock.

The authorization to repurchase shares granted last year was implemented. Information on this point may be found on page 47 of the 2001 Annual Report.

IV - CONFIRMATION OF THE APPOINTMENT OF A DIRECTOR

Acting upon a recommendation from the Appointments Committee at its meeting of June 28, 2001, the Board of Directors appointed Sylvia Jay to replace Jacques-Louis Lions following the latter's death on May 17, 2001. We propose that you approve Sylvia Jay's appointment for the remainder of her predecessor's term of office, up to the close of the General Meeting called to approve the financial statements for the year ended December 31, 2003 **(6th resolution)**.

Sylvia Jay, 55, is a British citizen. She is Director General of the British Food and Drink Federation. She is also a lay member of the Procedures and Disciplinary Committee of the General Council to the Bar, and a trustee of the Pilgrim Trust and the *Entente Cordiale* Scholarships Scheme. She has previously held several positions as a senior British civil servant, in the Overseas Development Agency (ODA) and in secondment to the French Ministry of International Cooperation, the French Treasury and the European Bank for Reconstruction and Development (EBRD).

V – RENEWAL OF THE AUTHORIZATION TO THE BOARD OF DIRECTORS TO ISSUE SHARES RESERVED, IF REQUIRED, TO A COMPANY SELECTED FOR THE NEEDS OF THE SAVINGS PLAN OF THE EMPLOYEES OF THE GROUP'S NORTH AMERICAN SUBSIDIARIES

The purpose of the **7th resolution** is to renew the authorization granted by the twelfth resolution of the Extraordinary Meeting of June 28, 2001, as this authorization has not been used. This authorization will make it possible, if appropriate, to extend the Group Savings Plan to the employees of Saint-Gobain subsidiaries in North America.

VI – APPROVAL OF A FOUR-FOR-ONE STOCK SPLIT, AFTER DIVIDEND DISTRIBUTION

In the **8th resolution**, we ask that you authorize a four-for-one stock split that will increase the liquidity of Saint-Gobain stock, reducing its par value from €16 currently to €4. If you approve it, this measure will take the form of an exchange, at no charge, of four new shares for each existing share.
It will be implemented after the payment of the dividend relating to 2001, which will begin on June 24, 2002.

VII – CHANGES IN THE BYLAWS

The purpose of the **9th resolution** is to update the bylaws to reflect the provisions of the French Law of May 15, 2001 ("NRE law"). As a result of this decision, articles 9, 11, 13, 14, 15, 16 and 18 of the Company's bylaws need to be amended. Both the current texts of these articles and the amended versions are listed side by side in the resolution. The main feature of the "NRE Law" is that it gives the Board of Directors the choice between, on the one hand keeping the current structure in which one person is both Chairman and Chief Executive Officer, and on the other segregating those two functions.

The **10th resolution** gives the necessary powers to complete the legal formalities related to the General Meeting.

Please find hereafter additional information required by law:

CROSSING OF DISCLOSURE THRESHOLDS

In 2001, Compagnie de Saint-Gobain did not cross any disclosure thresholds in terms of ownership interest or voting rights.

EMPLOYEE STOCK OWNERSHIP

The portion of capital stock and voting rights in the Company held by Group employees as a whole amounted to 6.5% and 9.4% respectively at December 31, 2001. Saint-Gobain employee shareholders are represented on the Board of Directors by a Director, Jean-Maurice Malot (see page 49).

REMUNERATION OF CORPORATE OFFICERS

Information required by article L-225-102-1 of the French Commercial Code is provided in page 51 of the 2001 Annual Report.

TERMS OF OFFICE AND FUNCTIONS OF DIRECTORS

Information required by article L-225-102-1 of the French Commercial Code is provided in pages 48 to 50 of the 2001 Annual Report.

AGENDA

I - ORDINARY MEETING

1 - Approval of the parent company financial statements for the year ended December 31, 2001,
2 - Approval of the consolidated financial statements for the year ended December 31, 2001,
3 - Approval of the appropriation of net income and the proposed dividend,
4 - Report on regulated agreements,
5 - Authorization to the Board of the Directors to buy back and re-sell the Company's shares,
6 - Confirmation of the appointment of a Director,

II - EXTRAORDINARY MEETING

7 - Renewal of the authorization to the Board of Directors to issue shares reserved, if required, to a company selected for the needs of the Savings Plan of the employees of the Group's North American subsidiaries,
8 - Approval of a four-for-one stock split,
9 - Amendments of the bylaws to reflect the provisions of the French Law of May 15, 2001 ("NRE law"),
10 - Powers to implement the decisions of the Meeting and carry out formalities.

RESOLUTIONS

ORDINARY MEETING

FIRST RESOLUTION

Approval of the parent company financial statements for the year ended December 31, 2001

The General Meeting, after communication of 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, 2001 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, 2001

The General Meeting, after communication of 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, 2001 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 the proposed dividend

The General Meeting, noting that net income for the year amounts to €1,092,872,241.75 and retained earnings to €426,673,509.13, giving a total of €1,519,545,750.88, approves the proposals made by the Board of Directors with respect to the appropriation of net income and decides:

• to appropriate €275,300,052.29 to the special long-term capital gains reserve,
• to carry forward €865,999,368.59 as retained earnings,
• to appropriate for distribution to the shareholders:
- a first dividend of €67,243,792,
- an additional dividend of €311,002,538,
- giving a total amount of €378,246,330.

The net dividend per share carrying dividend rights will therefore amount to €4.50 which, after taking into account the tax credit (at the rate of 50%) of €2.25, represents a gross dividend of €6.75.

In accordance with legal requirements, dividends paid in the past three years are presented in the following table (in euros):

Year	Number of shares for which a dividend was paid	Net Dividend	Tax credit	total income
1998	83,875,788	3.20	1.60	4.80
1999	83,587,844	3.60	1.80	5.40
2000	82,990,762	4.30	2.15	6.45

FOURTH RESOLUTION

Report on regulated agreements

The General Meeting notes the terms of the Auditors' special report on regulated agreements, drawn up in accordance with legal requirements.

FIFTH RESOLUTION

Authorization to the Board of the Directors to buy back and re-sell 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 by private agreement, in the form of block sales, through option transactions or by means of derivative financial instruments. The purpose of such transactions may be to grant stock purchase options, to award shares to employees, to stabilize the share price according to market trends (including while public offers are in force), to cancel these shares subject to authorization by an Extraordinary Meeting, to hold the shares or dispose of them in any way, including through sales or 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: €215
- minimum sale price: €130
- maximum number of shares: 10% of the total number of shares outstanding at the date on which the action hereby authorized is taken.

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 this day; it supersedes, for the unexpired period, the unused portion of the authorization granted in the fourth resolution of the Ordinary General Meeting of June 28, 2001.

The Meeting gives full powers to the Board of Directors, with power of delegation, to enter into all agreements, complete all formalities, make the required returns to public bodies and, generally take all necessary steps to implement this authorization.

SIXTH RESOLUTION

Confirmation of the appointment of a Director

The General Meeting confirms the appointment of Sylvia Jay as Director, which was made on a provisional basis by the Board of Directors at its meeting of June 28, 2001, to replace Jacques-Louis Lions following his death and for the remainder of the latter's term of office, up to the General Meeting called to approve the financial statements for the year ended December 31, 2003.

EXTRAORDINARY MEETING

SEVENTH RESOLUTION

Renewal of the authorization to the Board of Directors to issue shares reserved, if required, to a company selected for the needs of the Savings Plan of the employees of the Group's North American subsidiaries.

The Extraordinary Meeting, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, and noting, in accordance with article L-225-138-III of the Commercial Code, that the Board of Directors has not made use of the authorization granted by the twelfth resolution of the Extraordinary Meeting of June 28, 2001:

1/ Grants full powers to the Board of Directors to increase capital stock, on one or more occasions, at its discretion, by issuing common stock reserved for the company Saint-Gobain Savings Plan.

2/ Decides as a result to cancel shareholders' preemptive subscription rights and to reserve subscription of all shares to be issued to Saint-Gobain Savings Plan, a French simplified corporation (*société par actions simplifiée*) registered with the Nanterre Companies Register under reference B 434 565 057.

3/ Determines that this authorization shall be valid for a period of twenty-four months from the date of this General Meeting.

4/ Decides that the maximum aggregate par value of stock to be issued under this resolution will be €16 million. This amount will be deducted from the total aggregate par value of shares that may be issued in accordance with the eleventh resolution of the General Meeting of June 28, 2001, €64 million.

5/ Decides that the issue price of the new shares subscribed by the beneficiary described above, in application of this authorization, must not be more than 20% lower than the average of the opening market prices quoted for existing shares on the first market of Euronext Paris over the twenty trading days preceding the date of the decision of the Board setting the terms of the share issue.

6/ Decides, in accordance with the provisions of article L.225-206-1 of the Commercial Code, that the Board of Directors may use this authorization only for the purposes of one or more employee savings operations organized for the employees of the Saint-Gobain Group's North American subsidiaries.

7/ Gives the necessary powers to the Board of Directors to execute this authorization, or delegate its execution in accordance with applicable legislation, subject to the limits and conditions defined above, and:
- determine the terms and conditions of issue,
- decide on the amount of the share issues , the issue price, the dates and other terms and conditions of each issue,
- set the time limit for the beneficiaries to pay up their shares,
- determine the date, even retroactively, from which the new shares will carry dividend and voting rights,
- record the increase in capital stock for the amount of the shares actually subscribed, or decide to raise the amount of the issue in order that all subscription requests received may be served, within the limits set by this authorization,
- at its sole discretion, charge the share issue costs to the related premiums and to credit all or part of the remaining premiums to the legal reserve as needed in order to raise this reserve to one-tenth of the new capital stock after each increase,
- take all the necessary steps and carry out all the necessary formalities related to the increases in capital stock, including amending the company bylaws.

8/ Notes that this resolution supersedes the twelfth resolution of the General Meeting of June 28, 2001, as the authorization granted to the Board of Directors by the latter was never used.

EIGHTH RESOLUTION

Approval of a four-for-one stock split; this decision will be effective after payment of the dividend

The Extraordinary General Meeting, having reviewed the report of the Board of Directors:
- Decides to carry out a four-for-one stock split,
- Sets as a result the par value of each Compagnie de Saint-Gobain share at €4,
- Decides that the 85,258,628 shares with a par value of €16 currently making up Compagnie de Saint-Gobain capital stock will be exchanged, after payment of the dividend for 2001, on the basis of four new shares for one old share. The company's capital stock will therefore be made up of 341,034,512 shares with a par value of €4. The new shares will carry the same rights as the old shares, including any entitlement to double voting rights.
- Amends article 6 of the bylaws to read as follows:

  Article 6, Paragraph 2:

  The Company's capital stock is currently set at €1,364,138,048 euros (ONE BILLION, THREE HUNDRED AND SIXTY-FOUR MILLION, ONE HUNDRED AND THIRTY-EIGHT THOUSAND AND FORTY-EIGHT EUROS) represented by 341,034,512 shares with a par value of €4 each, all fully paid up and all in the same class.
- The Meeting gives full powers to the Board of Directors, with power of delegation, to perform all adjustments made necessary by this stock split, take all required steps, complete all formalities and make the mandatory returns to public bodies as a result of this decision.

NINTH RESOLUTION

Amendments of the bylaws to reflect the provisions of the French Law of May 15, 2001 ("NRE law")

The Extraordinary General Meeting, having reviewed the report of the Board of Directors, decides:
• to amend articles 9, 11, 13, 14, 15, 16 and 18 of the bylaws, as follows:

(Changes appear in italics)

Current text

ARTICLE 9

Membership of the Board of Directors
The Company has a Board of Directors made up of at least three members and not more than fifteen, except in the event of a merger when this limit is waived in accordance with applicable regulations.

Paragraph 2
Each Director must own at least two hundred Company shares.

Paragraph 3
The General Meeting of Shareholders elects and re-elects the Directors, and may remove them from office.

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.

Paragraph 5
A Director's term of office expires at the close of the Ordinary General Meeting called to approve the financial statements for the year preceding the year of expiry.

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.

New text

ARTICLE 9

Membership of the Board of Directors
The Company has a Board of Directors made up of at least three members and not more than fifteen, except in the event of a merger when this limit is waived in accordance with applicable regulations.

Paragraph 2
Each Director must own at least two hundred Company shares.

Paragraph 3
The General Meeting of Shareholders elects and re-elects the Directors, and may remove them from office. *One of the Directors is elected, upon a recommendation from the Board of Directors, from among the members of the Supervisory Board or Boards of the mutual fund or funds representing employee shareholders; this Director is subject to the same legal conditions as other Directors, and enjoys the same status.*

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.

Paragraph 5
A Director's term of office expires at the close of the Ordinary General Meeting called to approve the financial statements for the year preceding the year of expiry.

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.

Paragraph 7
Should one or several seats on the Board become vacant due to the death or resignation of one or more directors, the Board of Directors may appoint directors to serve on a provisional basis in the period to the next Ordinary General Meeting. Such appointments are subject to approval by the next Ordinary General Meeting.

Paragraph 8
Should the appointed Director or Directors not be approved by the General Meeting, the decisions and action of the Board in the preceding period would nonetheless remain valid.

Paragraph 9
A director appointed as a replacement for another remains on the Board only for the remainder of his or her predecessor's term.

ARTICLE 10

Canceled by the Ordinary and Extraordinary General Meeting of June 24, 1999

ARTICLE 11

Meetings of the Board of Directors
Board meetings are called by the Chairman as often as deemed necessary to the Company's interest, and the agenda may be set either when the meeting is called or at the meeting itself.

Paragraph 2
However, a minimum of one third of the Directors may call a Board meeting, stipulating an agenda for the meeting.

Paragraph 3
Notices of Board meetings can be served by any means, including verbal notification.

Paragraph 4
Board meetings are held at Company headquarters or at any other venue indicated in the notice of meeting.

Paragraph 5
Under the conditions set out in applicable regulations, meetings may take place via any authorized means of telecommunication. Directors taking part in meetings via any authorized means of telecommunication will be deemed to be in attendance for the calculation of the quorum and for majority voting. The Chairman of the Board of Directors, or otherwise the author of the notice of meeting, will inform the persons invited of the means to be used for the meeting.

Paragraph 7
Should one or several seats on the Board become vacant due to the death or resignation of one or more directors, the Board of Directors may appoint directors to serve on a provisional basis in the period to the next Ordinary General Meeting. Such appointments are subject to approval by the next Ordinary General Meeting.

Paragraph 8
Should the appointed Director or Directors not be approved by the General Meeting, the decisions and action of the Board in the preceding period would nonetheless remain valid.

Paragraph 9
A director appointed as a replacement for another remains on the Board only for the remainder of his or her predecessor's term.

ARTICLE 10

Canceled by the Ordinary and Extraordinary General Meeting of June 24, 1999

ARTICLE 11

Meetings of the Board of Directors
Board meetings are called by the Chairman as often as deemed necessary to the Company's interest, and the agenda may be set either when the meeting is called or at the meeting itself.

Paragraph 2
The Chief Operating Officer may request that the Chairman call a Board meeting, stipulating an agenda for the meeting.

Paragraph 3
A minimum of one third of the Directors may *request that the Chairman* call a Board meeting, stipulating an agenda for the meeting.

Paragraph 4
Notices of Board meetings can be served by any means, including verbal notification.

Paragraph 5
Board meetings are held at Company headquarters or at any other venue indicated in the notice of meeting.

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Under the conditions set out in applicable regulations, meetings may take place via any authorized means of telecommunication. Directors taking part in meetings via any authorized means of telecommunication will be deemed to be in attendance for the calculation of the quorum and for majority voting. The Chairman of the Board of Directors, or otherwise the author of the notice of meeting, will inform the persons invited of the means to be used for the meeting.

ARTICLE 12

Content of Board Meetings
The Board of Directors shall select one person among its members to act as Chairman, and if it deems it appropriate appoint one or more individuals as Vice-Chairman, for a period to be decided by the Board, provided that it does not exceed the Chairman's or Vice-Chairman's term as Director.

Paragraph 2
Board meetings are chaired by the Chairman. If the Chairman is not present or unable to chair the meeting, a Vice-Chairman will perform this function. Failing this, the Board will designate a chairman for the meeting from among its members.

Paragraph 3
The Board appoints a secretary, who need not be a Director or shareholder.

Paragraph 4
At least half of the Board members must be present for decisions taken at Board meetings to be valid. Decisions are reached by a majority of Directors present or represented.

Paragraph 5
In the event of split decision, the chairman of the meeting has a casting vote.

Paragraph 6
Upon request from the Chairman, the Board may invite any person that it sees fit to take part in its meetings.

Paragraph 7
Any Director may be represented by a fellow Director. The proxy, which can be valid for only one meeting, may be given by letter or by any authorized means of telecommunication. The holder of the proxy may not have more than two votes, his or hers included.

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Paragraph 7
Any Director may be represented by a fellow Director. The proxy, which can be valid for only one meeting, may be given by letter or by any authorized means of telecommunication. The holder of the proxy may not have more than two votes, his or hers included.

Paragraph 8
Directors, as well all persons attending Board meetings, are required to preserve the confidentiality of any information presented during the meeting.

Paragraph 9
Minutes of Board meetings and copies or extracts of said minutes are prepared and certified copies are made in accordance with the applicable regulations.

ARTICLE 13

Powers of the Board of Directors
The Board of Directors shall have the widest powers to act in all circumstances in the name and on behalf of the Company, within the limits of the corporate purpose and except for those matters which, by law, can only be decided on by the shareholders in a General Meeting.

Paragraph 2
Any limitation in the powers of the Board of Directors is invalid against claims from third parties, in accordance with legal provisions.

Paragraph 3
The decisions of the Board of Directors shall be carried out either by the Chairman, a Chief Operating Officer, or any person specifically appointed by the Board for that purpose.

Paragraph 4
The Board of Directors may give special authority to one or several directors or to any other person, who may or may not be a shareholder, to fulfil one or several specific purposes, and may or may not authorize said person to delegate all or part of their authority to another person.

Paragraph 5
The Board of Directors may set up committees of the Board to examine matters submitted to them by the Board or the Chairman.

Paragraph 8
Directors, as well all persons attending Board meetings, are required to preserve the confidentiality of any information presented during the meeting.

Paragraph 9
Minutes of Board meetings and copies or extracts of said minutes are prepared and certified copies are made in accordance with the applicable regulations.

ARTICLE 13

Powers of the Board of Directors
The Board of Directors determines and monitors the implementation of the overall business strategy of the Company, examines any and all matters related to the efficient operation of the business and makes decisions about any and all issues concerning the Company, within the limits of the Company's corporate purpose and except for those issues which, by law, can only be decided on by the shareholders in a General Meeting. The Board also performs any and all controls and verifications that it considers appropriate; it makes any and all decisions and exercises any and all powers that fall within its remit under applicable regulations and these bylaws.

Paragraph 2
The Board of Directors shall be provided with all necessary information to accomplish its tasks and may receive any documents which it thinks fit.

Paragraph 3
The decisions of the Board of Directors shall be carried out either by the Chairman, the Chief Executive Officer, *the Chief Operating Officer(s)* or any person specifically appointed by the Board for that purpose.

Paragraph 4
The Board of Directors may give special authority to one or several Directors or to any other person, who may or may not be a shareholder, to fulfil one or several specific purposes, and may or may not authorize said person to delegate all or part of their authority to another person.

Paragraph 5
The Board of Directors may set up committees of the Board to examine matters submitted to them by the Board or the Chairman.

ARTICLE 14

Chairman and Chief Operating Officers

The Chairman of the Board of Directors is responsible for the general management of the Company and represents the Company in its dealings with third parties.

Paragraph 2

Except for those issues which, by law, can only be decided on by the shareholders in a general meeting or by the Board of Directors, the Chairman of the Board shall have the widest powers to act in all circumstances in the name and on behalf of the Company, within the limits of the corporate purpose. In particular, the Chairman is authorized to sign the compliance statement, in his or her own name as well as on behalf of the Directors and the Chief Operating Officer(s), whenever this document is required.

Paragraph 3

Any limitation in the powers of the Chairman of the Board is invalid against claims from third parties.

Paragraph 4

Upon a recommendation from the Chairman, the Board may decide to appoint one or two individuals, who need not be Directors, as Chief Operating Officers to assist the Chairman in the fulfillment of his or her duties. These Chief Operating Officers will have the same powers as the Chairman in relation to third parties.

Paragraph 5

Their functions may be terminated at any time by the Board of Directors, upon recommendation from the Chairman.

Paragraph 6

In the event of the Chairman's death, resignation or removal, unless the Board of Directors decides otherwise, the Chief Operating Officer(s) will retain their positions and responsibilities until a new Chairman is appointed.

Paragraph 7

The Board of Directors shall determine jointly with the Chairman the terms of office and the powers of the Chief Operating Officers; if the latter are Directors, their term of office as Chief Operating Officers may not exceed their term as Directors.

ARTICLE 14

Executive management of the Company

The Board of Directors decides how to organize the executive management of the company. The function of Chief Executive Officer, responsible for the general management of the Company, may either be held by the Chairman, in which case he or she shall hold the title of Chairman and Chief Executive Officer, or by another person appointed by the Board of Directors. The decision to combine or segregate the functions of Chairman of the Board and Chief Executive Officer shall be made at the first meeting of the Board of Directors following the adoption of these bylaws.

Paragraph 2

The Board of Directors may decide to limit the period during which said decision shall apply.

Paragraph 3

If the Board decides to combine the functions of Chairman of the Board and Chief Executive Officer, the provisions of these bylaws and of applicable legislation relating to the Chief Executive Officer shall also be applicable to the Chairman.

Paragraph 4

The Chairman of the Board and the Chief Executive Officer are authorized to sign the compliance statement whenever this document is required, in their own name as well as on behalf of the Directors and, if applicable, on behalf of the Chief Operating Officer(s).

Paragraph 8
The Board of Directors shall determine the compensation of the Chairman and of the Chief Operating Officer(s).

ARTICLE 15

Remuneration of Directors
Directors receive as remuneration for their work a fixed annual fee distributed in the form of attendance fees. The overall amount of this fee is set by the General meeting and remains in effect until it is altered.

Paragraph 2
The Board distributes the amount of these attendance fees among its members based on the rules and proportions that it has set.

ARTICLE 15

Chairman of the Board of Directors – Chief Executive Officer – Chief Operating Officers
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 thereon. The Chairman also ensures that the Company's corporate governance structures function effectively and, in particular, that the Directors are in a position to fulfil their responsibilities. The Chairman of the Board's term of office ends at the latest at the close of the Annual Shareholders' Meeting to approve the financial statements for the year in which he or she reaches the age of 65.

Paragraph 2
The Board of Directors appoints a Chief Executive Officer, who need not be one of its members, and sets his or her term of office, which may not exceed his or her term as Director, if applicable. The Chief Executive Officer attends Board meetings and has the widest powers to act in all circumstances in the name and on behalf of the Company, within the limits of the corporate purpose and except for those matters which, by law, can only be decided on by the shareholders in a General Meeting or by the Board of Directors. He or she represents the Company in its dealings with third parties. The Company shall be bound by the actions of the Chief Executive Officer even if such actions are beyond the scope of the corporate purpose, unless the Company can prove that a third party knew that the action concerned was beyond the scope of the corporate purpose or had constructive knowledge thereof in view of the circumstances. The publication of the bylaws alone may not be deemed to constitute evidence of such knowledge. The Board of Directors may limit the powers of the Chief Executive Officer, but such limits shall not be valid against claims by third parties. The Chief Executive Officer may delegate certain powers to other persons. The Chief Executive Officer may be removed from office by the Board of Directors at any time. Compensation may be payable to the Chief Executive Officer if he or she is unfairly removed from office, except where the Chief Executive Officer is also the Chairman of the Board of Directors. The Chief Executive Officer's term of office ends at the latest at the close of the Annual Shareholders' Meeting to approve the financial statements for the year in which he or she reaches the age of 65

Paragraph 3

Where recommended by the Chief Executive Officer, the Board of Directors may appoint one or more persons as Chief Operating Officer(s), up to the maximum number authorized by the law, to assist the Chief Executive Officer. The Board of Directors shall determine jointly with the Chief Executive Officer the terms of office and the powers of the Chief Operating Officers; if the latter are Directors, their term of office as Chief Operating Officers may not outlast their term as Directors. Chief Operating Officers have the same powers as the Chief Executive Officer in relation to third parties. Chief Operating Officers may be removed from office upon recommendation from the Chief Executive Officer, under the same conditions as those applicable to the latter. The Chief Operating Officers' terms of office end at the latest at the close of the Annual Shareholders' Meeting to approve the financial statements for the year in which they reach the age of 65.

ARTICLE 16

Remuneration

Directors receive as remuneration for their work a fixed annual fee distributed in the form of attendance fees. The overall amount of this fee is set by the General Meeting and remains in effect until it is altered.

Paragraph 2

The Board of Directors distributes the amount of these attendance fees among its members based on the rules and proportions that it has set.

Paragraph 3

The Board of Directors determines the remuneration of the Chairman of the Board, *of the Vice-Chairman or Vice-Chairmen, of the Chief Executive Officer and of the Chief Operating Officer(s).*

ARTICLE 18

Paragraph 13

To be valid, copies or extracts of the minutes of the General Meeting must be certified by the Chairman of the Board of Directors, by a Director holding the office of Chief Operating Officer or by the Secretary of the General Meeting.

ARTICLE 18

Paragraph 13

To be valid, copies or extracts of the minutes of the General Meeting must be certified by the Chairman of the Board of Directors, the Chief Executive Officer, *a Chief Operating Officer* or by the Secretary of the General Meeting.

TENTH RESOLUTION

Powers to implement the decisions of the Meeting and carry out formalities

The Extraordinary General Meeting gives full powers to the bearer of an original or duplicate copy of the minutes of the present Meeting, or of an extract thereof, to carry out all necessary formalities.

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS

For the year ended December 31, 2001

To the Shareholders of Compagnie de Saint-Gobain

As statutory 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 2001

We have not been advised of any new agreements governed by 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

Fiscal consolidation agreement

The fiscal consolidation agreement signed with Saint-Gobain PAM on July 24, 1998 remained in force during the year ended December 31, 2001.

General assistance contract

In application of the general assistance contract of September 18, 1991 and its additional clauses, your Company collected fees totaling €12,445,002 from Saint-Gobain PAM.

We conducted our review in accordance with the standards of our profession. Those standards require that we carry out the necessary procedures to verify the consistency of the information disclosed to us with the source documents.

Paris, March 28, 2002

The Statutory Auditors

Befec - Price Waterhouse
Member of PricewaterhouseCoopers

S.E.C.E.F.

Mike MORALEE

Christian MARCELLIN

Jacques TENETTE

SPECIAL REPORT OF THE STATUTORY AUDITORS TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETING

(Ordinary and Extraordinary General Meeting of May 10, 2002)

To the Shareholders of Compagnie de Saint-Gobain

As Statutory Auditors of your Company and in accordance with article L 225 - 135 of the French Commercial Code, we present below our report on the plan to issue shares reserved for employees of the Group's North American subsidiaries, via Saint-Gobain Savings Plan, a French simplified corporation (société par actions simplifiée) registered with the Nanterre Companies Register under reference B 434 565 057, selected for the needs of the Savings Plan of the employees of these North American subsidiaries.

The issue price of the new shares subscribed by Saint-Gobain Savings Plan may not be more than 20% lower than the average of the opening market prices quoted for existing shares on the first market of Euronext Paris over the twenty trading days preceding the date of the decision of the Board setting the terms of the share issue.
The maximum aggregate par value of stock to be issued will be €16 million. This amount will be deducted from the total aggregate par value of shares that may be issued in accordance with the eleventh resolution of the General Meeting of June 28, 2001, i.e. €64 million.

Your Board of Directors requests that you delegate to it responsibility for setting the terms of this issue and that you waive your preemptive subscription rights.

Pending our later review of the terms set for this recommended stock issue, we have no comments to make as to the conditions for setting the issue price as described in the report of the Board of Directors.

As the amount of the issue price has not been set, we do not express an opinion on the terms under which the stock issue will be carried out nor, as a result, on the recommendation that you waive your preemptive subscription rights. The latter is, however, consistent with the overall aim of the operation that is being submitted for your approval.

In accordance with article 155-2 of the decree of March 23, 1967, we will issue a supplementary report when your Board of Directors carries out this stock issue.

Paris, April 22, 2002

The Statutory Auditors

Befec - Price Waterhouse
Member of PricewaterhouseCoopers

Mike MORALEE

Christian MARCELLIN

S.E.C.E.F.

Jacques TENETTE

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