



**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE NINE MONTHS ENDED
30 SEPTEMBER 2006**

(in millions of euros)

7 December 2006

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Figures in millions of euros)

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- The consolidated financial statements of the Bouygues group are prepared using the principles and methods defined in International Financial Reporting Standards (IFRS) as adopted by the European Union (European Council Regulation 1606/2002 of 19 July 2002).

- They have been prepared in millions of euros, and comprise:
 - ✓ the balance sheet and income statement;
 - ✓ the statement of changes in shareholders' equity;
 - ✓ the cash flow statement;
 - ✓ the notes to the financial statements.

The comparatives presented are taken from the consolidated financial statements prepared at 31 December 2005 and 30 September 2005. In addition, nine-month comparatives are provided for the income statement, in accordance with the relevant recommendations.

1.1. SCOPE OF CONSOLIDATION AS AT 30 SEPTEMBER 2006

- **Main changes in scope of consolidation:**

1,005 companies consolidated as at 30 September 2006 (compared with 983 as at 31 December 2005). The net change during the first nine months of 2006 relates primarily to:

- a) Bouygues Construction: acquisitions of subsidiaries by ETDE (Thermal Transfer/UK, etc) and various construction project joint ventures set up or deconsolidated on project completion.
- b) Various acquisitions (net of divestments) by Colas.

- **Sale of Novasaur:**

At 31 December 2005, the Bouygues group held a 9.88% interest in Novasaur, the holding company of the Saur group. This entire interest (shares, and bonds redeemable for cash or shares) was sold for €41 million during the first quarter of 2006, generating a net gain of €27 million.

- **Sale of TPS:**

On 17 March 2006 Vivendi notified the DGCCRF (the French government department with responsibility for competition matters) of the agreement reached with TF1 and M6 on 6 January 2006 with a view to the merger of TPS and CanalSatellite, involving the acquisition by Vivendi of exclusive control over TPS. The parties were informed on 31 August 2006 that the French Ministry of the Economy and Finance had authorised the merger of TPS and the pay-TV content production and distribution activities of the Canal+ Group in France.

Under the agreements governing the transitional period until final completion of the merger, TF1 ceased to govern the operating and financial policies of TPS with effect from 1 September 2006, and hence ceased to exercise control over TPS.

Because some parameters used in determining the gain on disposal have not yet been finalised, no gain on disposal was recognised in the consolidated financial statements as at 30 September 2006.

As at this date, TPS is therefore reported as a held-for-sale operation, with its net profit recognised for the period to 31 August 2006 inclusive.

1.2. SUPPLEMENTARY BOND ISSUE OF €250 MILLION

On 31 January 2006, Bouygues carried out a bond issue of €250 million, supplementary to the initial July 2005 issue of €750 million. The issue matures in 2020, was priced at 97.203%, and bears interest at 4.25%.

This issue extends the average maturity of the Group's debt.

1.3. SALE OF BOUYGUES TELECOM CARAÏBE (BTC)

On 28 April 2006, following fulfilment of all the sale conditions, Bouygues Telecom sold its wholly-owned subsidiary BTC to Digicel Limited (Jamaica) for €155.4 million. The sale generated a gain of €110.2 million, reported in "Net profit of discontinued and held-for-sale operations" in the income statement.

1.4. ACQUISITION OF ALSTOM SHARES

On 26 April 2006, Alstom and Bouygues signed a cooperation agreement approved by the Board of Directors of the two groups.

On 26 June 2006, the European Commission authorised the acquisition by Bouygues of the interest held by the French government in Alstom (29,051,244 shares, representing 21.01% of the capital).

At 30 September 2006, after purchasing further shares in the market, Bouygues held 24.37% of the capital and voting rights of Alstom. The investment in Alstom is accounted for by the equity method, and is carried at net acquisition cost of €2,294 million under "Investments in associates". This amount includes Bouygues' share of Alstom's consolidated shareholders' equity, plus all identifiable assets and liabilities at fair value (in process of valuation at 30 September 2006) and goodwill.

- The valuation process ongoing at 30 September 2006 involves:
 - a) comparing the accounting policies of the two groups (in particular elective treatments under IFRS) so as to ensure consistency of treatment in the Alstom opening balance sheet as at 26 June 2006;
 - b) measuring the fair value of identifiable assets and liabilities (together with the related depreciation and amortisation), and determining the amount of goodwill.

This process is due to be finalised in time for the preparation of the 31 December 2006 consolidated financial statements.

- Because the valuation process is ongoing, Bouygues' share of the consolidated net profit of the Alstom Group for the three months to 30 September 2006 has not been recognised in the financial statements as of that date, because certain components of Alstom's profit contribution are incomplete at this stage.
- A figure for Alstom's net contribution to Bouygues' consolidated net profit, approved by the auditors, is due to be included in the consolidated income statement for the year ended 31 December 2006.

1.5. OTHER BOND ISSUES

- In order to secure long-term refinancing for part of the investment in Alstom, Bouygues carried out a euro-denominated bond issue in May 2006, in two tranches:
 - a) €1,150 million maturing 2013, priced at 99.812% and bearing interest at 4.50%.
 - b) €600 million maturing 2016, priced at 99.657% and bearing interest at 4.75%.

1.6. SIGNIFICANT EVENTS AND CHANGES IN SCOPE OF CONSOLIDATION SUBSEQUENT TO 30 SEPTEMBER 2006

In early October 2006, Bouygues carried out a £400 million 20-year bond issue on the sterling market, paying interest in sterling at 5.5%. Standard & Poors have confirmed that the issue has the same A- rating as the Bouygues group generally.

This issue is being used to refinance the euro-denominated acquisition of Alstom. Consequently, Bouygues has contracted a swap with the bankers who acted as lead managers on the issue. The swap has the same maturity as the bond issue, and converts the sterling debt into euro debt at a euro equivalent interest rate of 5.01%.

2.1. As required by European Council Regulation 1606/2002, adopted 19 July 2002, the Bouygues group has prepared its consolidated financial statements in accordance with the accounting standards issued by the International Accounting Standards Board (IASB) as adopted by the European Union.

These standards, collectively referred to as International Financial Reporting Standards (IFRS), also include International Accounting Standards (IAS) and interpretations issued by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

- The accounting policies applied in the interim consolidated financial statements are the same as those applied in the consolidated financial statements as at 31 December 2005 (except as indicated below), and consequently are not reproduced in detail in note 2.

Roadbuilding (Colas) is a seasonal business. The depreciation charge for this business recognised in the income statement for the nine months ended 30 September 2006 is proportional to monthly sales, as computed on the basis of annual forecasts.

Basis of preparation

- In accordance with IAS 34, "Interim Financial Reporting".
- Measurement at historical cost, except for certain items (in particular financial assets and financial liabilities) which are measured at fair value.

Preparing financial statements to comply with IFRS requires the use of estimates and assumptions which may have affected the amounts reported for assets, liabilities and contingent liabilities at the balance sheet date, and the amounts of income and expenses reported for the financial year.

These estimates and assumptions have been applied consistently on the basis of past experience and of various other factors regarded as reasonable forming the basis of assessments of the valuations of assets and liabilities for accounting purposes. Actual results may differ materially from these estimates if different assumptions or conditions apply.

Where no standard or interpretation applies to a specific transaction, Group management has exercised its judgement to define and apply accounting policies that will provide relevant and reliable financial information, such that the financial statements:

- give a true and fair view of the financial position, financial performance and cash flows of the Group;
- reflect the economic reality of the underlying transactions;
- are impartial, prudent, and complete in all material respects.

2.2. CONSOLIDATION METHODS

- Companies over which Bouygues exercises control are consolidated using the full consolidation method.
- Exclusive control over TF1:
 - Under French law (Article 39 of law no. 86-1067 of 30 September 1986), no single individual or corporation (acting alone or in concert) may directly or indirectly own more than 49% of the capital or voting rights of a company with a nationwide terrestrial television broadcasting licence.
 - Bouygues holds 42.89% of the capital and 42.94% of the voting rights of TF1.
 - Exclusive control by Bouygues over TF1 is demonstrated by the fact that:

Bouygues has consistently and regularly held a substantial majority of the voting rights exercised at TF1 shareholders' meetings, and no other shareholder directly or indirectly controls a higher share of voting rights than Bouygues.

Bouygues has clearly had exclusive power to determine decisions at TF1 shareholders' meetings during at least two consecutive financial years (article L233-16 II of the Commercial Code).

Other factors indicating the existence of exclusive control include:

- the large number of seats on the TF1 Board of Directors allocated to Bouygues;
- the role of Bouygues in appointing key executives of TF1.

All these factors clearly establish that Bouygues exercises exclusive control over TF1.

The relationship between Bouygues and TF1 also meets the criteria stipulated in articles L233-3 I & II of the Commercial Code relating to de facto control by one company over another.

- Companies under the joint control of more than one shareholder are consolidated by the proportionate consolidation method, based on the percentage of control held.

Companies over which Bouygues exercises significant influence (associates) are consolidated using the equity method → Alstom.

Cofiroute:

Although less than 20% owned (16.7%), Cofiroute is consolidated using the equity method, as Bouygues exercises significant influence through its seats on the Board of Directors.

In accordance with IAS 39 on financial instruments, investments in non-consolidated companies are recognised at fair value and are subject to impairment tests.

Changes in scope of consolidation:

| | 30 September 2006 | 31 December 2005 |
|------------------------------|--------------------------|-------------------------|
| Fully consolidated | 777 | 760 |
| Proportionately consolidated | 199 | 197 |
| Equity method | 29 | 26 |
| | 1,005 | 983 |

The main changes during the first nine months of 2006 are described in "Significant Events".

2.3. FINANCIAL INDICATORS

Definitions of key financial indicators:

2.3.1. EBITDA

Current operating profit plus net amortisation expense plus net charges to provisions and depreciation expense minus reversals of provisions no longer required minus investment grants released to income.

2.3.2. Free cash flow

Cash flow minus cost of net debt minus income tax expense for the period minus net capital expenditure for the period.

2.3.3. Net debt

This represents the aggregate of:

- cash and equivalents;
- overdrafts and short-term bank borrowings;
- non-current and current debt;
- financial instruments (used to hedge financial liabilities measured at fair value).

2.4. OTHER INFORMATION

Comparability of the financial statements for the nine months ended 30 September 2006:

- As explained in note 2.1, the accounting policies applied at 30 September 2006 do not impair comparability of balance sheet, income statement and cash flow statement items with 2005.
- In accordance with IFRS 5, TPS, which is in process of divestment, is shown on the separate lines used to report held-for-sale assets and operations in the consolidated balance sheet and income statement.

The gain arising on the disposal of Bouygues Telecom Caraïbe, sold in April 2006, is reported in "Net profit of discontinued and held-for-sale operations" in the consolidated income statement.

- The impact of changes in the scope of consolidation during the nine months ended 30 September 2006 does not affect the comparability of the financial statements with the restated 2005 figures.

3.1. PROPERTY, PLANT AND EQUIPMENT

| Carrying amount | Land and buildings | Industrial plant and equipment | Other property, plant and equipment | PP&E under construction and advance payments | Total |
|--------------------------|--------------------|--------------------------------|-------------------------------------|--|--------------|
| 31 December 2005 | 949 | 2,975 | 539 | 152 | 4,615 |
| of which finance leases | 20 | 29 | 48 | | 97 |
| 30 September 2006 | 1,050 | 2,865 | 591 | 294 | 4,800 |
| of which finance leases | 18 | 30 | 32 | | 80 |

Analyses of the carrying amount and net acquisitions of intangible assets and property, plant and equipment by business segment are provided in Note 13, "Segment information".

3.2. INTANGIBLE ASSETS

| Carrying amount | Concessions, patents and similar rights | Other intangible assets | Total |
|--------------------------|---|-------------------------|--------------|
| 31 December 2005 | 807 | 249 | 1,056 |
| 30 September 2006 | 770 | 258 | 1,028 |

3.3. OTHER NON-CURRENT FINANCIAL ASSETS AND NON-CURRENT TAX ASSETS

| Carrying amount | Associates | Investments in non-consolidated companies | Other non-current assets | Non-current tax assets ⁽³⁾ | Total |
|--------------------------|-------------------------------|---|--------------------------|---------------------------------------|--------------|
| 31 December 2005 | 497 | 114 | 169 | 375 | 1,155 |
| 30 September 2006 | 2,840⁽¹⁾⁽²⁾ | 106 | 179 | 262 | 3,387 |

⁽¹⁾ Acquisition of 24.37% of Alstom: effect +€2,294 million; see "Significant events".

⁽²⁾ Including goodwill on associates.

⁽³⁾ See Note 6 for details.

3.4. GOODWILL

3.4.1. Movement in the carrying amount of goodwill in the nine months to 30 September 2006

| | Gross value | Impairment | Carrying amount |
|----------------------------------|--------------------|-------------|-----------------|
| 1 January 2006 | 4,641 | (23) | 4,618 |
| Change in scope of consolidation | 125 ⁽¹⁾ | | 125 |
| Impairment losses | | | |
| Translation and other movements | 4 | | 4 |
| 30 September 2006 | 4,770 | (23) | 4,747 |

⁽¹⁾ The main movements in the first nine months of 2006 relate to acquisitions by Bouygues Construction (ETDE subsidiaries, etc) and Colas.

3.4.2. Split of goodwill by cash generating unit (CGU)

(excluding goodwill on associates)

| <u>Segment</u> (1) | 30 September 2006 | | 00/01/1900 31 December 2005 | |
|-----------------------|-------------------|-------------|--------------------------------|-------------|
| | Total | % of parent | Total | % of parent |
| Bouygues Construction | 213 | 99.97% | 106 | 99.97% |
| Colas | 829 | 96.49% | 805 | 96.42% |
| TF1 | 1,056 | 42.81% | 1,047 | 42.93% |
| Bouygues Telecom | 2,645 | 89.55% | 2,655 | 89.55% |
| Other activities | 4 | | 5 | |
| TOTAL | 4,747 | | 4,618 | |

⁽¹⁾ Includes segment level goodwill on subsidiaries.

3.5. CONSOLIDATED PURCHASE PRICE OF LISTED SHARES (TF1 AND COLAS)

| | Consolidated purchase price per share (1) | Average quoted share price 30 September 2006 (2) |
|-------|---|--|
| TF1 | 10.89 | 24.85 |
| Colas | 69.35 | 207.97 |

⁽¹⁾ Carrying amount per share in the consolidated financial statements.

⁽²⁾ Average of quoted share prices between 1 September 2006 and 30 September 2006.

4.1. SHARE CAPITAL OF BOUYGUES SA (IN EUROS)

€339,784,223

As at 30 September 2006, the share capital of Bouygues SA consisted of 339,784,223 shares.
Movements in the nine months ended 30 September 2006 were as follows:

| | 1 January 2006 | Movements during the period | | 30 September 2006 |
|--|--------------------|-----------------------------|------------------|--------------------|
| | | Reductions | Increases | |
| Shares | 336,289,029 | | 3,495,194 | 339,784,223 |
| Investment certificates | 473,867 | (473,867) | | |
| Number of shares and certificates | 336,762,896 | (473,867) | 3,495,194 | 339,784,223 |
| Par value | € 1 | - | - | € 1 |
| Share capital (in euros) | 336,762,896 | (473,867) | 3,495,194 | 339,784,223 |

4.2. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006 (AMOUNTS ATTRIBUTABLE TO THE GROUP AND MINORITY INTERESTS)

| Position at 30 September 2006 | Share capital and share premium | Reserves related to capital and retained earnings | Translation reserve | Consolidated reserves and profit for period | Treasury shares | Items recognised directly in equity | Total 30/09/06 |
|-----------------------------------|---------------------------------|---|---------------------|---|-----------------|-------------------------------------|----------------|
| Attributable to the Group | 2,305 | 1,040 | 15 | 1,911 | (167) | 64 | 5,168 |
| Minority interests | | | | 930 | | 53 | 983 |
| Total shareholders' equity | 2,305 | 1,040 | 15 | 2,841 | (167) | 117 | 6,151 |

4.2.1. Change in shareholders' equity attributable to the Group and minority interests

An analysis of movements during the period is presented in the 30 September 2006 consolidated financial statements.

4.3. ANALYSIS OF MOVEMENTS IN ITEMS RECOGNISED DIRECTLY IN EQUITY IN THE NINE MONTHS ENDED 30 SEPTEMBER 2006 (AMOUNTS ATTRIBUTABLE TO THE GROUP)

(included in "Share premium and reserves" or "Translation reserve" in the balance sheet)

| | Note | 9 months to 30/09/06 |
|---|--------|----------------------|
| Translation reserve | 4.3.1. | (29) |
| Financial instruments (changes in fair value) | | 66 |
| Share-based payment | | 8 |
| Other movements ⁽¹⁾ | | (37) |
| Total | | 8 |

⁽¹⁾ Includes network dismantling and depreciation: impact -€8.6 million (Bouygues Telecom: prior-year impact)

4.3.1. Translation reserve

Principal translation differences at 30 September 2006 on companies reporting in:

| | 31/12/05 | Movements in the period | 30/09/06 |
|-----------------|-----------|-------------------------|-----------|
| US dollar | 18 | (19) | (1) |
| Canadian dollar | 14 | (3) | 11 |
| Other | 12 | (7) | 5 |
| Total | 44 | (29) | 15 |

5.1. NON-CURRENT PROVISIONS = 1,286

| | Long-term employee benefits (1) | Litigation and claims (2) | Guarantees given (3) | Other non- current provisions (4) | TOTAL |
|-----------------------------------|--|---------------------------------|----------------------------|--|--------------|
| 1 January 2006 | 368 | 309 | 232 | 356 | 1,265 |
| Translation adjustments | | | (1) | (1) | (2) |
| Transfers between items and other | 2 | (6) | | 6 | 2 |
| Changes in scope of consolidation | (1) | | 4 | 18 | 21 |
| Charges to provisions | 32 | 52 | 44 | 40 | 168 |
| Provisions utilised | (8) | (19) | (25) | (48) | (100) |
| Provisions no longer required | (1) | (49) | (6) | (12) | (68) |
| 30 September 2006 | 392 | 287 | 248 | 359 | 1,286 |

(1) **Long-term employee benefits:**

- Lump-sum retirement benefits and long-service awards 369
- Other long-term employee benefits 23

NB: The Bouygues group makes only very limited use of defined-benefit pension plans in France and other countries (Colas/USA-UK, etc).

(2) **Litigation and claims:**

- Provisions for customer disputes and subcontractor claims 149
- Other litigation and claims 138

(3) **Guarantees given:**

- Provisions for additional building and civil works guarantees 41
- Provisions for other guarantees given 207

(4) **Other non-current provisions:**

- Risks related to tax and other official inspections 109
- Provisions for subsidiaries and associates 56
- Provisions for site remediation costs 83
- Other provisions for non-current risks 111

5.2. CURRENT PROVISIONS = 656

Provisions related to the operating cycle

| | Provisions for customer warranties | Provisions for project risks and project completion | Provisions for losses to completion | Provisions for customer loyalty programmes | Other current provisions | Total |
|-----------------------------------|------------------------------------|---|-------------------------------------|--|--------------------------|------------|
| 1 January 2006 | 31 | 153 | 132 | 174 | 186 | 676 |
| Translation adjustments | | (2) | (1) | | | (3) |
| Transfers between items and other | | | 2 | | 5 | 7 |
| Changes in scope of consolidation | (1) | (5) | 3 | (5) | (3) | (11) |
| Charges to provisions | 11 | 36 | 29 | 103 | 50 | 229 |
| Provisions utilised | (10) | (21) | (54) | (89) | (46) | (220) |
| Provisions no longer required | (1) | (11) | (5) | (1) | (4) | (22) |
| 30 September 2006 | 30 | 150⁽¹⁾ | 106⁽²⁾ | 182 | 188⁽³⁾ | 656 |

(1) including:

- provisions for project completion costs 73
- provisions for project risks (works/branches) 77

(2) Provisions relating to the construction business segment

(3) including:

- provisions for excess on insurance claims 46
- other provisions for current risks 142

6.1. NON-CURRENT TAX ASSETS = 262

| | 31/12/05 | Change | 30/09/06 |
|-------------------------------------|------------|--------------|------------|
| Deferred tax assets | 375 | (134) | 241 |
| - Bouygues Telecom | 203 | (155) | 48 |
| - Other business segments | 172 | 21 | 193 |
| Other non-current tax assets | 0 | 21 | 21 |
| Total non-current tax assets | 375 | (113) | 262 |

6.2. NON-CURRENT TAX LIABILITIES = 76

| | 31/12/05 | Change | 30/09/06 |
|--|-----------|-------------|-------------------------|
| Deferred tax liabilities | 89 | (13) | 76 |
| Other non-current tax liabilities | 0 | 0 | 0 |
| Total non-current tax liabilities | 89 | (13) | 76⁽¹⁾ |

(1) Relating primarily to Colas

7.1. DEBT BY MATURITY

| | Current debt <1 year | Non-current debt | | | | | | Other | Total non-current debt 30/09/06 | Total non-current debt 31/12/05 |
|---|-------------------------|------------------|--------------|-----------|--------------|-----------|-----------------|--------------|------------------------------------|------------------------------------|
| | | 1-2 years | 2-3 years | 3-4 years | 4-5 years | 5-6 years | 6 years or more | | | |
| - Bond issues | 118 | | 1,006 | | 1,247 | | 3,721 | 5,974 | 4,008 | |
| - Bank borrowings | 191 | 69 | 45 | 85 | 9 | 7 | 45 | 260 | 176 | |
| - Finance lease obligations | 26 | 16 | 12 | 10 | 5 | 4 | 4 | 51 | 57 | |
| - Other debt | 7 | 59 | 20 | 2 | 5 | 1 | 1 | 88 | 20 | |
| Total interest-bearing debt | 342 | 144 | 1,083 | 97 | 1,266 | 12 | 3,771 | 6,373 | 4,261 | |
| Call option over 6.5% of Bouygues Telecom | | 451 | | | | | | 451 | 460 | |
| Total incl. Bouygues Telecom call option | 342 | 595 | 1,083 | 97 | 1,266 | 12 | 3,771 | 6,824 | 4,721 | |
| <i>Comparative: 31 December 2005</i> | 694 | 549 | 35 | 1,036 | 526 | 782 | 1,793 | | 4,721 | |

7.2. COVENANTS AND TRIGGER EVENTS

The bank loans contracted by Bouygues and its subsidiaries do not include any covenants or trigger events.

The 10-year bond issue maturing May 2016 and the 7-year bond issue maturing 2013 include a change of control clause relating to Bouygues SA.

8.1. CHANGE IN NET DEBT

| | 31/12/05 | Movement in the period | 30/09/06 |
|---|----------------|----------------------------|----------------|
| Cash and equivalents | 3,215 | (277) | 2,938 |
| Overdrafts and short-term bank borrowings | (178) | (172) | (350) |
| Net cash and equivalents | 3,037 | (449)⁽¹⁾ | 2,588 |
| Non-current debt | (4,721) | (2,103) | (6,824) |
| Current debt | (694) | 352 | (342) |
| Financial instruments, net | 26 | (11) | 15 |
| Gross debt | (5,389) | (1,762) | (7,151) |
| Net debt | (2,352) | (2,211) | (4,563) |

⁽¹⁾ Cash and equivalents as analysed in the cash flow statement for the period (net cash flows + non-monetary movements)

8.2. PRINCIPAL TRANSACTIONS IN THE PERIOD

| | |
|--|----------------|
| Net debt at 31 December 2005 | (2,352) |
| Dividends paid | (437) |
| Capital increases (Bouygues Confiance 3, etc.) | 115 |
| Purchase of treasury shares | (165) |
| Sale of BTC | 121 |
| Principal acquisitions and disposals of investments involving third parties (excl. BTC and Alstom) | (143) |
| Operating and other items | 592 |
| Net debt at 30 September 2006 before acquisition of Alstom shares | (2,269) |
| Acquisition of Alstom shares, net | (2,294) |
| Net debt at 30 September 2006 | (4,563) |

9.1. ANALYSIS BY ACCOUNTING CLASSIFICATION

| | 9 months ended 30/09/06 | 9 months ended 30/09/05 |
|--------------------------------|-------------------------------|-------------------------------|
| Sales of goods | 1,802 | 1,617 |
| Sales of services | 7,350 | 7,255 |
| Construction contracts | 9,975 | 8,627 |
| Sales | 19,127 | 17,499 |
| Other revenues from operations | 125 | 107 |
| Total | 19,252 | 17,606 |

9.2. ANALYSIS BY BUSINESS SEGMENT

| BUSINESS SEGMENT | 2006 9-month sales | | | | 2005 9-month sales | | | |
|--------------------------------|--------------------|---------------|---------------|------------|--------------------|---------------|---------------|------------|
| | France | International | Total | % | France | International | Total | % |
| Construction | 2,957 | 1,844 | 4,801 | 25 | 2,377 | 1,827 | 4,204 | 24 |
| Property | 924 | 152 | 1,076 | 6 | 1,008 | 117 | 1,125 | 6 |
| Roads | 4,513 | 3,310 | 7,823 | 41 | 3,994 | 2,897 | 6,891 | 40 |
| Media | 1,669 | 206 | 1,875 | 10 | 1,588 | 180 | 1,768 | 10 |
| Telecoms | 3,349 | | 3,349 | 17 | 3,289 | | 3,289 | 19 |
| Bouygues SA & other activities | 3 | 200 | 203 | 1 | 19 | 203 | 222 | 1 |
| Consolidated sales | 13,415 | 5,712 | 19,127 | 100 | 12,275 | 5,224 | 17,499 | 100 |
| % year-on-year change | 9% | 9% | 9% | | | | | |

9.3. ANALYSIS BY GEOGRAPHICAL SEGMENT

| | 2006 9-month sales | | 2005 9-month sales | |
|---------------------------|--------------------|------------|--------------------|------------|
| | Total | % | Total | % |
| France | 13,415 | 70 | 12,275 | 70 |
| European Union | 1,981 | 10 | 1,930 | 11 |
| Rest of Europe | 718 | 4 | 553 | 3 |
| Africa | 759 | 4 | 788 | 5 |
| Middle East | 39 | | 15 | |
| United States and Canada | 1,600 | 8 | 1,313 | 7 |
| Central and South America | 112 | 1 | 88 | 1 |
| Asia-Pacific | 503 | 3 | 537 | 3 |
| Total | 19,127 | 100 | 17,499 | 100 |

| | Period ended: | |
|--|-------------------|---------------------|
| | 30/09/06 | 30/09/05 |
| Sales | 19,127 | 17,499 |
| Other revenues from operations | 125 | 107 |
| Purchases used in production and external charges | (13,002) | (11,490) |
| Taxes other than income tax | (437) | (390) |
| Personnel costs | (3,881) | (3,550) |
| Net depreciation, amortisation, provisions and impairment losses | | |
| - Depreciation and amortisation | (881) | (854) |
| - Provisions and impairment losses | (139) | (229) |
| Changes in production and property development inventories | 203 | 26 |
| Other income and expenses from operations | 341 | 271 |
| - Reversals of unused provisions and impairment losses | 136 | 122 |
| - Investment grants released to income in the period | 1 | |
| - Gains on disposals of non-current assets | 86 | 41 |
| - Other income and expenses | 118 | 108 |
| Current operating profit | 1,456 | 1,390 |
| Other operating income and expenses | 14 ⁽¹⁾ | (58) ⁽²⁾ |
| Operating profit | 1,470 | 1,332 |

No impairment losses were taken in the period ended 30 September 2006 against assets with indefinite useful lives, as there was no evidence of impairment.

(1) Net reversal of provisions for fines for anti-competitive practices (Ile-de-France building market/Drapo)

(2) Charge to provisions for fines for anti-competitive practices by telecom operators (Bouygues Telecom)

(See Note 13 for a split by business segment)

NOTE 11

COST OF NET DEBT

(144)

ANALYSIS OF COST OF NET DEBT

| | Period ended: | 30/09/06 | 30/09/05 |
|-------------------------|---------------|--------------|--------------|
| - Net debt | | (137) | (141) |
| - Finance leases | | (4) | (5) |
| - Financial instruments | | (3) | 4 |
| Total | | (144) | (142) |

ANALYSIS OF INCOME TAX EXPENSE

| | Period ended: 30/09/06 | | | 30/09/05 | | |
|--|------------------------|-----------------|--------------|--------------|-----------------|--------------|
| | France | Other countries | Total | France | Other countries | Total |
| Tax payable to the tax authorities | (196) | (103) | (299) | (169) | (87) | (256) |
| Deferred tax liabilities | 12 | 3 | 15 | 17 | (1) | 16 |
| Deferred tax assets ⁽¹⁾ | (151) | 1 | (150) | (201) | 4 | (197) |
| Total | (335) | (99) | (434) | (353) | (84) | (437) |
| (1) includes: Reversal of Bouygues Telecom deferred tax assets | (161) | | | (198) | | |

See Note 13 for a split by business segment.

Segment information is presented by business segment:

- . Construction (Bouygues Construction)
- . Property (Bouygues Immobilier)
- . Roads (Colas)
- . Media (TF1)
- . Telecoms (Bouygues Telecom)
- . Bouygues SA and other activities

Inter-segment sales are usually conducted on an arm's-length basis.

13.1. ANALYSIS BY BUSINESS SEGMENT: NINE MONTHS ENDED 30 SEPTEMBER 2006

| | Construction | Property | Roads | Media | Telecoms | Bouygues SA & other activities | TOTAL |
|--|--------------|--------------|--------------|--------------|--------------|--------------------------------------|----------------|
| Income statement for the nine months ended 30 September 2006 | | | | | | | |
| Total sales | 4,959 | 1,076 | 7,856 | 1,886 | 3,359 | 440 | 19,576 |
| Inter-segment sales | (158) | | (33) | (11) | (10) | (237) | (449) |
| Third-party sales | 4,801 | 1,076 | 7,823 | 1,875 | 3,349 | 203 | 19,127 |
| Operating profit | 222 | 110 | 386 | 195 | 497 | 60 | 1,470 |
| Cost of net debt | 34 | | (11) | (9) | (8) | (150) | (144) |
| Net profit attributable to the Group | 178 | 69 | 282 | 74 | 388 | (68) | 923 |
| Balance sheet as at 30 September 2006 | | | | | | | |
| Property, plant and equipment | 393 | 10 | 1,720 | 157 | 2,132 | 388 | 4,800 |
| Goodwill ⁽¹⁾ | 213 | | 829 | 1,056 | 2,645 | 4 | 4,747 |
| Investments in associates | 65 | | 431 | 50 | | 2,294 ⁽²⁾ | 2,840 |
| Cash and equivalents | 291 | 43 | 239 | 346 | 18 | 2,001 | 2,938 |
| Non-current debt | 38 | 68 | 189 | 546 | 20 | 5,963 | 6,824 |
| Non-current provisions | 544 | 80 | 463 | 45 | 57 | 97 | 1,286 |
| Current debt | 3 | 50 | 32 | 124 | 8 | 125 | 342 |
| Cash flow statement for the nine months ended 30 September 2006 | | | | | | | |
| Net acquisitions of property, plant and equipment and intangible assets | 153 | 1 | 305 | 74 | 326 | 161 | 1,020 |
| (after deducting investment grants) | | | | | | | |
| Net acquisitions of investments in consolidated companies and other investments | 151 | (11) | 45 | 19 | (121) | 2,234 ⁽³⁾ | 2,317 |
| Other indicators for the nine months ended 30 September 2006 | | | | | | | 09/2006 |
| EBITDA | 310 | 100 | 637 | 255 | 962 | 75 | 2,339 |

(1) See analysis in Note 3

(2) Including Alstom: €2,294 million

(3) Including acquisition of shares in Alstom: €2,294 million

| | TOTAL (1) | Construction | Property | Roads | Media | Telecoms | Bouygues SA & other activities | Maturity | | | |
|--|--------------|--------------|------------|------------|------------|--------------|--------------------------------------|-----------------|-----------------|-----------------|--------------|
| | | | | | | | | under 1 year | 1 to 5 years | over 5 years | Total |
| Total commitments given 30/09/06 | 3,211 | 167 | 685 | 262 | 707 | 1,341 | 49 | 1,266 | 1,404 | 541 | 3,211 |
| Comparative: 31/12/05 | 2,754 | 154 | 614 | 172 | 556 | 1,190 | 68 | 917 | 1,359 | 478 | 2,754 |
| Total commitments received 30/09/06 | 2,318 | 20 | 669 | 164 | 449 | 984 | 32 | 846 | 1,073 | 399 | 2,318 |
| Comparative: 31/12/05 | 2,132 | 20 | 579 | 93 | 515 | 901 | 24 | 675 | 1110 | 347 | 2,132 |

(1) comprising:

| | Commitments given | | Commitments received | |
|----------------------------------|-------------------|--------------|----------------------|--------------|
| | 30/09/06 | 31/12/05 | 30/09/06 | 31/12/05 |
| Image transmission | 273 | 387 | 273 | 387 |
| Operating leases | 1,218 | 1,040 | 1,218 | 1,040 |
| Irrevocable purchase obligations | 726 | 645 | 751 | 605 |
| Collateral | 17 | 34 | | |
| Other | 977 | 648 | 76 | 100 |
| Total | 3,211 | 2,754 | 2,318 | 2,132 |

Impact on the balance sheet and income statement

1. Assets and liabilities of discontinued and held-for-sale operations → TPS:

Note: Bouygues Telecom Caraïbe (BTC) was deconsolidated following its sale in April 2006.

| | 30/09/06 TPS | 31/12/05 TPS |
|---|-----------------|-----------------|
| Non-current assets | | |
| Property, plant and equipment and intangible assets | 65 | 53 |
| Goodwill | 420 | 420 |
| Other non-current assets | 4 | 4 |
| Current assets | | |
| Cash and equivalents | 3 | (57) |
| Other current assets | 152 | 144 |
| Total assets of discontinued and held-for-sale operations | 644 | 564 |
| Non-current liabilities | | |
| Non-current debt | 7 | 10 |
| Other non-current liabilities | 2 | 1 |
| Current liabilities | | |
| Current debt | 98 | 38 |
| Other current liabilities | 280 | 301 |
| Total liabilities of discontinued and held-for-sale operations | 387 | 350 |
| Net assets of discontinued and held-for-sale operations | 257 | 214 |

2. Income and expenses generated by discontinued and held-for-sale operations during the period, excluded from income statement items, comprised:

| | Period ended: | | | 30/09/05 | | (Proforma) Total |
|---|---------------|--------------------|-------|----------|------|---------------------|
| | TPS | 30/09/06 BTC | Total | TPS | BTC | |
| SALES | (235) | (32) | (267) | (274) | (67) | (341) |
| OPERATING PROFIT | (45) | (116) | (161) | (22) | (3) | (25) |
| COST OF NET DEBT | 1 | | 1 | 3 | 1 | 4 |
| Other financial income and expenses | 1 | | 1 | (2) | | (2) |
| Income tax expense | 1 | 6 | 7 | 6 | | 6 |
| NET PROFIT OF DISCONTINUED AND HELD-FOR-SALE OPERATIONS ⁽²⁾ | 42 | 110 ⁽¹⁾ | 152 | 15 | 2 | 17 |

⁽¹⁾ BTC: Net gain on disposal

⁽²⁾ Reported on a separate line in the income statement

Convention: 1 local currency unit = x euros

| Country | Currency | Closing rate | | Average rate for the period | |
|---------------------------------|--------------------|--------------|----------|-----------------------------|----------|
| | | 30/09/06 | 31/12/05 | 30/09/06 | 31/12/05 |
| <u>EUROPE</u> | | | | | |
| Denmark | Danish krone | 0.134091 | 0.134039 | 0.134040 | 0.134183 |
| United Kingdom | Pound sterling | 1.475579 | 1.459215 | 1.459002 | 1.464040 |
| Hungary | Hungarian forint | 0.003663 | 0.003955 | 0.003748 | 0.004023 |
| Poland | Polish zloty | 0.251807 | 0.259067 | 0.255107 | 0.248636 |
| Czech Republic | Czech koruna | 0.035303 | 0.034483 | 0.035223 | 0.033563 |
| Romania | Romanian leu | 0.282789 | 0.271724 | 0.282913 | 0.275932 |
| Switzerland | Swiss franc | 0.629683 | 0.643045 | 0.636767 | 0.646064 |
| <u>NORTH AMERICA</u> | | | | | |
| United States | US dollar | 0.789889 | 0.847673 | 0.800050 | 0.807765 |
| Canada | Canadian dollar | 0.707414 | 0.728597 | 0.711271 | 0.666800 |
| <u>REST OF THE WORLD</u> | | | | | |
| Morocco | Moroccan dirham | 0.090440 | 0.091672 | 0.090652 | 0.090819 |
| Thailand | Thai baht | 0.021021 | 0.020645 | 0.020950 | 0.020027 |
| Hong Kong | Hong Kong dollar | 0.101379 | 0.109321 | 0.103019 | 0.103872 |
| African Financial Community | CFA franc | 0.001524 | 0.001524 | 0.001524 | 0.001524 |
| South Africa | South African rand | 0.101753 | 0.133973 | 0.119287 | 0.126888 |