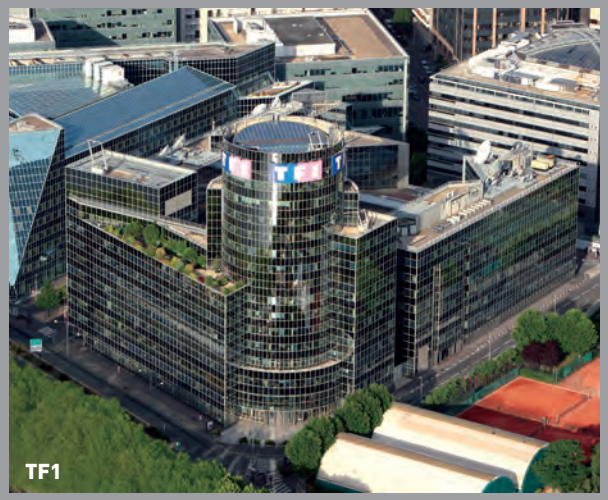
Registration Document

Business activities and sustainable development
Full-year financial review

BOUYGUES


Bouygues Construction


Bouygues Immobilier


TF1


Colas


Bouygues Telecom

2010

BOUYGUES

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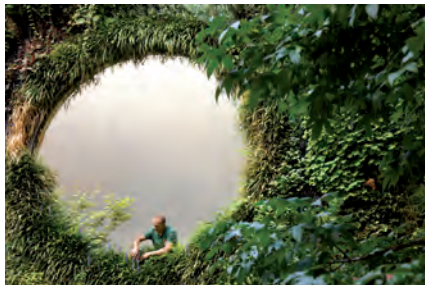
This Registration Document may be consulted on www.bouygues.com (Finance/Shareholders) and downloaded from the site. An interactive version is also available on the website, featuring a powerful search engine. More information about environmental choices in connection with the production of this document may be found in Additional information.



Interview with MARTIN BOUYGUES

A strong commercial performance, a very sound financial structure

Interview with Martin Bouygues, Chairman and CEO of the Bouygues group, in which he reviews the Group's business and financial performance in 2010 and looks at the major sustainable development challenges it faces.

How do you see 2010?

2010 was first and foremost a remarkable year for the Group as a whole in terms of business activity. The order intake in the Construction division was very good: Bouygues Construction's order book reached a record level of €14.2 billion at the end of December 2010 and Bouygues Immobilier strengthened its leading position on the French residential property market, taking a record 13,734 reservations. International orders represented 53% of the combined order books of Bouygues Construction and Colas, compared with 50% at the end of 2009.

Bouygues Telecom attracted over 1.2 million customers in 2010, including 494,000 in the fixed broadband business, just two years after it entered the market.

TF1 benefited from the pick-up in advertising spend and increased its sales by 11%.

Without a doubt, the Group's results reflect a capacity to adapt in all its business areas. Thanks to the diversity of its businesses, sales in 2010 stayed at the same level as in 2009, at €31.2 billion. Current operating profit amounted to €1.8 billion, 5% down, and net profit to €1.1 billion, a drop of 19%. The financial structure is very sound, with net gearing of 23% and a high level of free cash flow, at €1 billion.

What about the operating results of your businesses, and of Colas in particular?

The Group turned in a good operating performance in four out of its five business areas. Bouygues Construction maintained a stable operating margin and Bouygues Immobilier achieved a significant improvement in operating profitability after successfully restoring margins in its residential property business. TF1 bounced back in 2010 and doubled its current operating profit, reflecting the Group's strategy of adapting its business model and controlling costs. Bouygues Telecom is successfully continuing its growth strategy and has managed to offset the cut in call termination rate differentials and higher taxes, reporting a 2% rise in EBITDA.

Colas was operating in adverse economic and climatic conditions, compounded by fierce competitive pressure. Sales rose slightly nonetheless but the current operating margin was hit, mainly by the deterioration of business in Central Europe. Colas promptly introduced an action plan in order to gradually improve profitability from 2011. Its financial situation remains sound.

Are you satisfied with your stake in Alstom?

We are very happy with our stake in Alstom, whose businesses are known to be cyclical. Although Alstom made a lower contribution to Bouygues' net profit in 2010, business activity surged in the third quarter of FY2010/2011, with order intakes hitting their best level since the first quarter of FY2009/2010. Alstom has also confirmed an operating margin target of between 7 and 8% for FY2010/2011 and FY2011/2012.

Can Bouygues be said to have its own particular growth model?

Yes, absolutely. Return on investment and moderate debt are priorities for us and we rarely call on our shareholders in order to raise capital. Our average ROCE* over 5 years is 13%, we carry less debt than our main rivals in the construction industry and our gearing ratio is only 23%, a level which gives us an advantage for the future in the context of the Basel III banking reform.

What are the major sustainable development challenges you face?

Sustainable construction is a major differentiation and growth factor for the Group's construction businesses. We are incorporating our customers' most immediate expectations into our products and services, highlighting our know-how in eco-design and low-carbon solutions, for both new buildings and renovation projects. We have also rolled out a strategy to reduce greenhouse gas emissions throughout the entire Group. In labour relations, the Group has a policy founded on respect, trust and fairness.

On that point, we are proud that the TF1 group has been awarded the Afnor Diversity label, as evidence of its good practice in relation to diversity and non-discrimination.

"Our results reflect a capacity to adapt in all our business areas"

What is the outlook for the Group?

Relying on a diversified business portfolio, Bouygues will continue its strategy of long-term growth, sustained by good prospects in its construction businesses. Bouygues Telecom will successfully adapt to the challenges of its particular market and achieve a satisfactory level of free cash flow in the medium term. TF1 will continue to improve its profitability, having successfully adapted its business model. Alstom, which is well placed to take advantage of the recovery, will strengthen its positions and expand on fast-growing markets. We will continue to give priority to return on investment and a robust financial structure in a global environment where issuing debt is likely to become more difficult and more expensive.

In view of the order book for 2010 and our business prospects, we can set a sales target of €31.7 billion for 2011, up 2%, and hence return to a pattern of growth.

We know that we can count on the confidence of our shareholders and on the hard work commitment and mindset of all the Group's employees.

(*) Return on Capital Employed: current operating profit after standardised tax charge and share of companies accounted for by the equity method/average capital employed (average shareholders' equity + debt between start and end of period). The ratio shown is the average annual ROCE for the period from 2006 through 2010

The Seine Ouest business district, launched by Bouygues Immobilier on former industrial sites where Issy-les-Moulineaux and Paris meet, offers nearly 160,000 sq metres of new office space, all in buildings with NF Bâtiments Tertiaires and HQE® High Environmental Quality certification. They include Galeo, Bouygues Immobilier's headquarters, and Sequana (Bouygues Telecom), designed by leading architects. On the left of the picture, on the opposite bank of the Seine, is TF1's headquarters on quai du Point du Jour.

Photo: Philippe Guignard/Air Images - Architects: Bridot Willerval; Bernardo Fort-Brescia/ Arquitectonica; Christian de Portzamparc; Jean-Michel Wilmotte

The GROUP

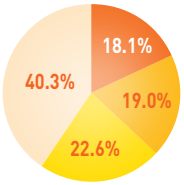
A glossary is available at the end of this Registration Document.

Group **PROFILE**

Created in 1952, the Bouygues group now has operations in over 80 countries. With a strong and distinctive corporate culture, it has solid foundations on which to pursue growth.

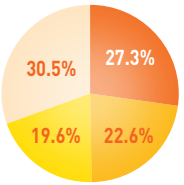
MAIN SHAREHOLDERS

Share ownership
at 31 December 2010



Number of shares:
365,862,523

Voting rights
at 31 December 2010



Number of voting rights:
482,996,796

SCDM* Employees
Other French shareholders
Foreign shareholders

(*) SCDM is a company controlled by Martin and Olivier Bouygues

See opposite "A stable shareholder structure"

Bouygues operates in construction (building, civil works, property development and roads), telecoms and media. It is the largest shareholder of Alstom.

Listed on the Paris stock exchange (CAC 40 index, Euronext Paris Compartment A), it had a stock market capitalisation of €11.8 billion at 31 December 2010.

HISTORY

Bouygues was created by Francis Bouygues in 1952. Originally a building firm, it diversified into property development in 1956.

The Group expanded during the 1960s, extending its building, civil engineering and public works activities nationwide.

Flotation on the Paris stock exchange in 1970 marked the start of the Group's international expansion. Bouygues Offshore, specialising in oil and gas contracting, was created in 1974. It was sold in 2002.

In 1984, the Group acquired Saur, France's third largest water company, and ETDE, an energy and services group. Saur was sold in 2005.

Bouygues became the world's largest construction firm in 1986 with the acquisition of Screg, France's leading roadbuilder. It also started to diversify into new business areas in the late 1980s.

In 1987, Bouygues became the largest shareholder of TF1, France's most-watched TV channel. It owned 43% of TF1 at 31 December 2010.

In 1994, Bouygues Telecom was awarded the third mobile phone licence in France.

In 2006, the Bouygues group acquired the French government's stake in Alstom, becoming its largest shareholder (it owned 30.77% at 31 December 2010). Alstom is a world leader in railway transport, power generation and transmission infrastructure.

STRATEGY

Bouygues is a diversified industrial group that gives priority to profitable growth and targets markets with long-term growth potential. In each of its business areas, Bouygues aims to add value to all its products and services through constant innovation while remaining competitive.

The Group takes an opportunistic approach to construction markets, especially outside France. International markets, particularly in Asia and the Middle East, are now an important source of growth.

THE GROUP'S ASSETS

▸ A stable shareholder structure

A stable shareholder structure means that Bouygues can take a long-term approach to strategy. Its two largest shareholders are SCDM, a holding company controlled by Martin and Olivier Bouygues (18.1% of the capital and 27.3% of the voting rights), and Group employees.

Over 60,000 employees owned shares in the company at 31 December 2010 (19.0% of the capital and 22.6% of the voting rights), confirming Bouygues as the CAC 40 company with the highest level of employee share ownership.

At 31 January 2011, after the success of Bouygues Confiance 5, a new employee savings scheme, SCDM owned 18.1% of the capital and 27.2% of the voting rights, while employees owned 19.1% of the capital and 22.9% of the voting rights.

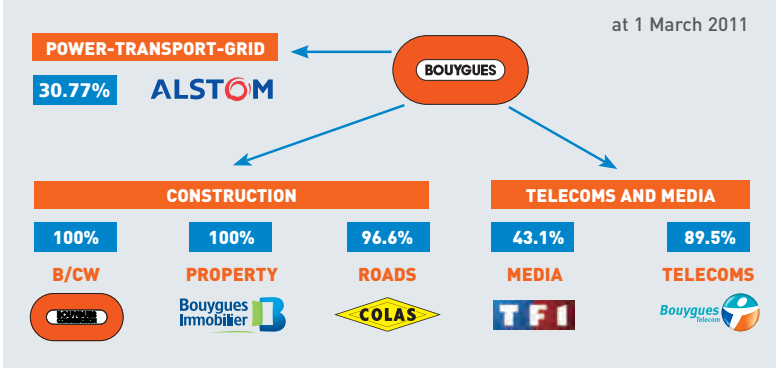
▸ A strong and distinctive corporate culture

The Group's corporate culture is distinguished by project management know-how and human resources management based on the three principles of its human resources charter: respect, trust and fairness.

These shared values are expressed in practical initiatives such as dialogue with social partners, a constant concern for health and safety, solidarity, training, and action to promote equal opportunity and integration. In most cases, measurable indicators are used to track progress.

SIMPLIFIED GROUP ORGANISATION CHART

at 1 March 2011



▸ A focus on markets sustained by robust demand

Bouygues operates on markets with potential for long-term growth. In construction, substantial infrastructure and housing needs exist in both developed and emerging countries. Telecoms and media markets are continuing to expand, with growth being driven by fast technological advances and changing usage.

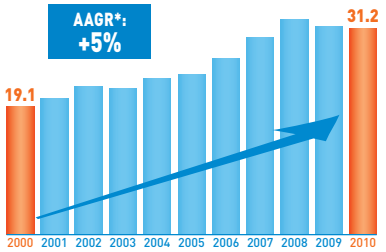
A leader in four of its five business areas, Bouygues is well-positioned in each of its markets and has integrated stakeholders' expectations relating to sustainable development into its products and services, giving them a competitive edge.

▸ A very sound financial structure

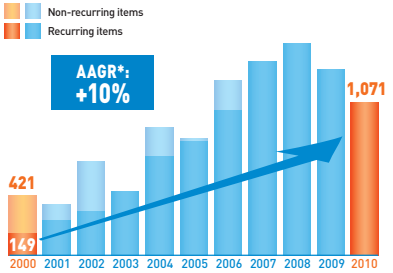
Bouygues has a sound financial profile. Keeping capital expenditure under control while generating a high level of cash flow, the Group carries little debt and has a very substantial cash surplus. The Group's credit rating with Standard & Poor's has been A- with stable outlook since 2001.

Drawing on those strengths, Bouygues has posted robust financial performances over the last ten years. Group sales have risen 5% a year on average over the period and net profit by 10% a year, enabling Bouygues to increase its dividend by a factor of 4.4 over ten years.

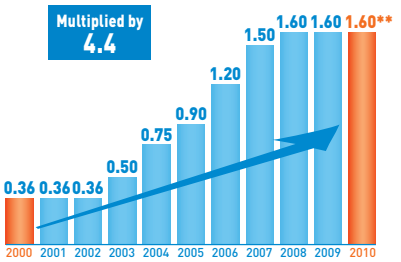
Sales
(€bn)



Net profit att. to the Group
(€m)



Ordinary dividend
(€ per share)



This financial information is presented as published, according to French GAAP from 2000 to 2004 and according to IFRS from 2005.

(*) Average annual growth rate

(**) To be proposed to the AGM on 21 April 2011

CONSTRUCTION

FLAGSHIP PROJECTS

Riyadh University (1). In 1984, Bouygues delivered Riyadh University in Saudi Arabia, which for four years had been the world's largest building project. 12,000 people from 14 different nationalities worked on the $2-billion project, which involved building a 1-million-sq metre campus and the computerised management of nearly 100,000 tasks.

A75 (2). In 2004, Colas built a 26-kilometre section of the A75 motorway in the south of France. More recently, since 2009 and until final delivery in 2011, its teams will have shown their capacity for innovation. Energy-efficient asphalt mixes (3E®LT) have been used on the entire 10.7-kilometre stretch between Pézenas and Béziers, reducing greenhouse gas emissions by around 20%.

Stade de France (3). Bouygues and its partners delivered the Stade de France, the last great millennium project in Paris, in 1997. The roof is as big as Place de la Concorde and heavier than the Eiffel Tower. The 4,000 employees who worked on the project included 190 young people from the Seine-Saint-Denis department on integration contracts with skills training and qualification.

Masan Bay Bridge (4). The outcome of Bouygues Construction's first public-private partnership in South Korea: the 1,700-metre long cable-stayed bridge with the highest ever built deck in the country (740 metres) and two viaducts. It was delivered in 2008 after 51 months' work.


1


2


3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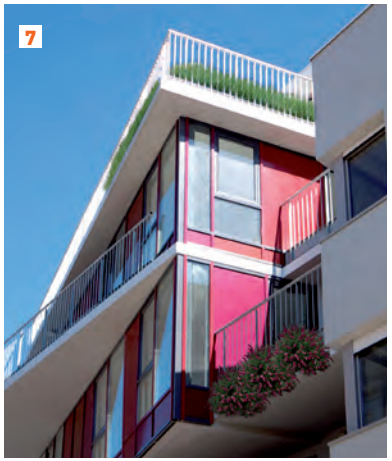


Route des Tamarins (5). On Reunion Island, a consortium including GTOI (Grands Travaux de l'Océan Indien) built 12 packages of the Route des Tamarins, a 34-kilometre highway linking Saint-Paul to Étang-Salé. 300 employees from GTOI, a Colas subsidiary, worked on the project between 2004 and 2008, building 65 engineering structures, more than half the total number.

Eastern High-Speed Rail Link (6). Colas Rail laid two-thirds of the track, including 650,000 sleepers, on the LGV Est high-speed rail line that links Paris and Strasbourg at a record commercial speed of 320 kph. At 1.13pm on 3 April 2007, Alstom's V150 trainset beat the world rail speed record on the line, reaching a speed of 574.8 kph.

Atria (7). Bouygues Immobilier commissioned the Pritzker Prize-winning architect Christian de Portzamparc to design the Atria residence in Bordeaux. Inaugurated in 2009, the Habitat & Environment-certified project is part of a wider scheme to upgrade the entire neighbourhood. Atria was awarded the regional sustainable development prize and the regional first prize at the 2008 Pyramides awards organised by the French Developers and Builders Federation.

Galeo (8). In June 2009, the French Developers and Builders Federation awarded the Pyramide d'Argent in the Corporate Property category to Bouygues Immobilier for Galeo (the company's HQE® High Environmental Quality headquarters), Dueo and Trieo, designed by Christian de Portzamparc. It won the award for its architectural quality, functionality and sustainable development performance (here, the Boardroom).

The BOARD OF DIRECTORS at 1 March 2011

The Board of Directors refers to the recommendations of the Afep-Medef Corporate Governance Code. It draws on the work of four committees. The proportion of women with seats on the Board increased considerably in 2010, from 11% to 28%. Further information on corporate governance and internal control can be found in the Chairman's report in the Legal and financial information section of this document.

CHAIRMAN AND CEO

Martin Bouygues

DIRECTOR AND DEPUTY CEO

Olivier Bouygues
Deputy CEO and standing representative of SCDM, director

DIRECTORS

Pierre Barberis*
Former deputy CEO, Oberthur

Patricia Barbizet*
CEO and director, Artémis

François Bertière
Chairman and CEO,
Bouygues Immobilier

Mrs Francis Bouygues

Georges Chodron de Courcel
COO, BNP Paribas

Lucien Douroux*
Former Chairman of the Supervisory Board,
Crédit Agricole Indosuez

Yves Gabriel
Chairman and CEO,
Bouygues Construction

Patrick Kron
Chairman and CEO, Alstom

(*) Independent director

Hervé Le Bouc
Chairman and CEO, Colas

Helman le Pas de Sécheval*
Managing Director,
Groupama Centre-Atlantique

Colette Lewiner*
Deputy Chairwoman, Capgemini

Sandra Nombret
Director representing
employee shareholders

Nonce Paolini
Chairman and CEO, TF1

Jean Peyrelevade*
Chairman of the Board of Directors,
Leonardo & Co

François-Henri Pinault*
Chairman and CEO, PPR

Michèle Vilain
Director representing
employee shareholders

NON-VOTING DIRECTOR

Alain Pouyat

BOARD COMMITTEES

Accounts Committee
Helman le Pas de Sécheval (Chairman)
Patricia Barbizet
Georges Chodron de Courcel

Selection Committee
Jean Peyrelevade (Chairman)
François-Henri Pinault

Remuneration Committee
Pierre Barberis (Chairman)
Patricia Barbizet

Ethics and Sponsorship Committee
Lucien Douroux (Chairman)
François-Henri Pinault

MANAGEMENT team at 1 March 2011

Bouygues parent company

Martin Bouygues
Chairman and CEO

Olivier Bouygues
Deputy CEO

Jean-François Guillemin
Corporate Secretary

Philippe Marien
Chief Financial Officer,
Chairman of
Bouygues Telecom

Alain Pouyat
Executive
Vice-President,
Information Systems
and New Technologies

Jean-Claude Tostivin
Senior Vice-President,
Human Resources
and Administration

Heads of the five business areas

Yves Gabriel
Chairman and CEO,
Bouygues Construction

François Bertière
Chairman and CEO,
Bouygues Immobilier

Hervé Le Bouc
Chairman and CEO,
Colas

Nonce Paolini
Chairman and CEO,
TF1

Olivier Roussat
CEO,
Bouygues Telecom

2010 KEY FIGURES

Results for 2010 confirmed the ability of all of the Bouygues group's business areas to adapt to the changing environment. Sales for the year were €31.2 billion, stable in relation to the 2009 figure. Bouygues will continue to implement its long-term growth strategy in 2011.

FINANCIAL HIGHLIGHTS

(€ million)	2009	2010	2010/2009
Sales	31,353	31,225	=
EBITDA[a]	3,616	3,330	-8%
Current operating profit	1,855	1,760	-5%
Operating profit	1,855	1,791[b]	-3%
Net profit attributable to the Group	1,319	1,071	-19%
Cash flow	3,430	3,244	-5%
Net capital expenditure	1,270	1,423	+12%
Free cash flow[c]	1,329	1,009	-24%
Shareholders' equity (period-end)	9,726	10,607	+€881m
Net debt (period-end)	2,704	2,473	-€231m
Net gearing (period-end)	28%	23%	-5 pts
Net dividend (€ per share)	1.6	1.6[d]	=
Number of employees	133,971	133,456	=

(a) Current operating profit excluding net depreciation and amortisation expense and changes in provisions, and impairment losses (after reversals of utilised and non-utilised provisions and impairment losses) (b) Includes €31 million of other operating income net of expenses (income of €83 million at TF1, expenses of €52 million at Colas) (c) Cash flow before changes in working capital requirements, minus (i) cost of net debt, (ii) income tax expense for the year and (iii) net capital expenditure (d) To be submitted for approval by the Annual General Meeting on 21 April 2011

Business remained buoyant during 2010 across the entire Bouygues group. Sales were stable on 2009 (down 3% on a like-for-like basis and at constant exchange rates), at €31.2 billion. Current operating profit was down 5% at €1.8 billion, with all of the businesses except Colas recording good operating results. Net profit of €1.1 billion, down 19%, included a €66-million provision (Bouygues' share) for the restructuring plan announced by Alstom in October 2010.

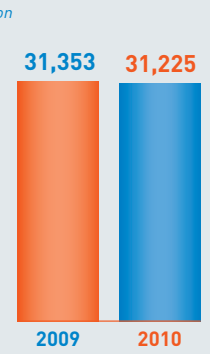
DIVIDEND

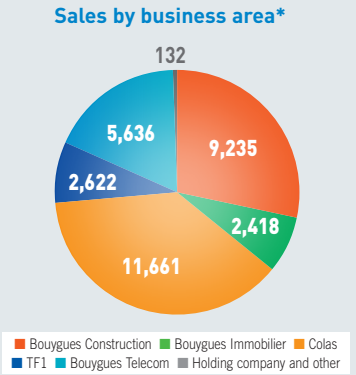
Bouygues maintained the shareholder return in 2010. Although net profit attributable to the Group fell by 19%, Bouygues is proposing to keep the dividend at the same level as in the previous year: on 21 April 2011, the Board will ask the Annual General Meeting to approve a dividend of €1.60 per share, unchanged from 2009.

VERY HEALTHY FINANCIAL STRUCTURE

Cash flow of €3.2 billion (down 5%) reflected the year-on-year change in current operating profit. As expected, net capital expenditure rose in 2010, reaching €1.4 billion (up 12%). Free cash flow remained high at €1 billion. Net debt stood at €2.5 billion, €231 million lower than at end-December 2009. Net gearing improved by 5 percentage points to 23%. Bouygues has a credit rating of A- with a stable outlook from Standard & Poor's: this rating has not changed since 2001. During 2010, Bouygues purchased 4.8 million of its own shares for a total of €155 million.

SALES €31.2 billion (=)





(*) Impact of intra-Group eliminations: -€479m

2010 sales for the **Bouygues group** were €31.2 billion, unchanged from 2009 and down 3% on a like-for-like basis and at constant exchange rates. Sales exceeded initial forecasts by €1.2 billion and were down 1% in France, but stable internationally.

Bouygues Construction reported sales of €9,235 million (down 3%). On a like-for-like basis and at constant exchange rates, sales fell by 5%. Sales in France were down 5% at €5,105 million, while international sales were down 1% at €4,130 million.

Sales at **Bouygues Immobilier** fell by 19% to €2,418 million, but exceeded the initial target set in March 2010 by €300 million due to the record level of housing reservations and notarised deeds of sale in 2010. Residential property sales for the year were €1,947 million (down 7%). Commercial property sales fell by 48% to €471 million, reflecting the completion of major office-building programmes.

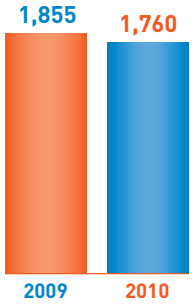
Colas reported a slight rise in sales (of 1%) to €11,661 million. Sales were down 1% in France at €6,661 million, while international sales were up 2% at €5,000 million. On a like-for-like basis and at constant exchange rates, sales were down 3%.

Sales at **TF1** were €2,622 million, up 11% (up 9% on a like-for-like basis and at constant exchange rates). Growth was driven by a pick-up in advertising spend on the TF1 channel (up 8% at €1,550 million) and by other activities (up 15% at €1,072 million).

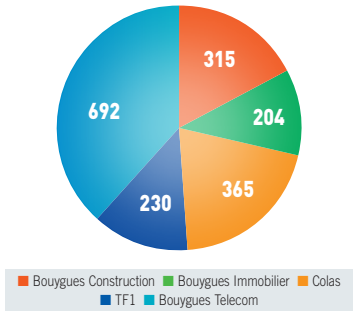
Bouygues Telecom recorded a 5% rise in sales to €5,636 million, with sales from the network up 4% at €5,060 million. Excluding the impact of the cuts in voice and SMS termination rates, sales from the network would have risen by 14%.

CURRENT OPERATING PROFIT €1,760 million (down 5%)

€ million



Contribution by business area*



(*) "Holding company and other" reported a current operating loss of €46m

Operating margin at **Bouygues Construction** was 3.4% in 2010, stable relative to 2009.

Bouygues Immobilier saw a marked improvement of 1.6 points in the operating margin to 8.4% as residential property margins recovered.

The operating margin at **Colas** was 3.1%, 1.6 points lower than in 2009, due mainly to deteriorating conditions in Central Europe.

TF1 continued to adapt its business models and keep tight control over costs, achieving €32 million of recurring savings in 2010. The current operating margin improved by 4.5 points to 8.8%.

Bouygues Telecom managed to offset the effects of cuts in call termination rate differentials and higher taxes and duties, as EBITDA rose 2% to €1,367 million. Operating profit was down 5% at €692 million, reflecting higher depreciation and amortisation expense.

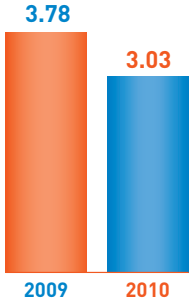
EARNINGS PER SHARE*

€3.03 (down 20%)

Earnings per share came to €3.03, 20% lower than the 2009 figure, as a result of the year-on-year reduction in net profit attributable to the Group plus a slight increase in the average number of shares outstanding in 2010 versus 2009.

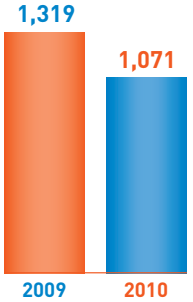
(*) Group share of continuing operations

€ per share

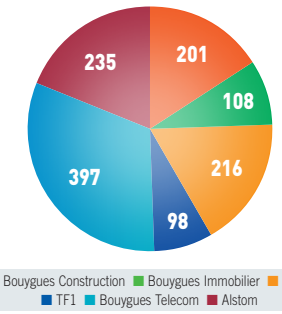


NET PROFIT ATTRIBUTABLE TO THE GROUP €1,071 million (down 19%)

€ million



Contribution by business area*

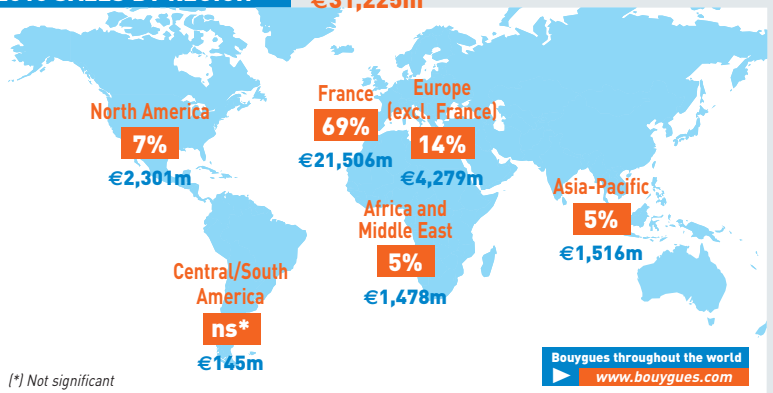


(*) "Holding company and other" reported a net loss of €184m

Net profit attributable to the Group was down 19% at €1,071 million. There were two reasons for this year-on-year fall. Firstly, the fall in profits at Colas affected the Bouygues group's overall performance, with a negative impact of €158 million on net profit.

Secondly, Alstom contributed €235 million in 2010, compared with €346 million in 2009; the 2010 figure includes a €66-million provision (Bouygues' share) for the restructuring plan announced by Alstom in October 2010.

2010 SALES BY REGION €31,225m

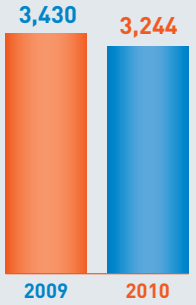


(*) Not significant

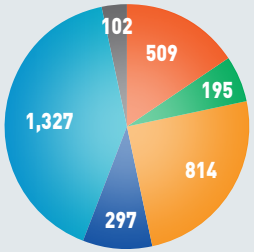
CASH FLOW

€3,244 million (down 5%)

€ million



Contribution by business area

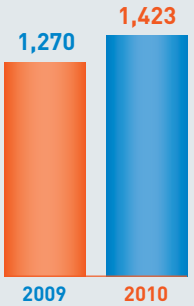


Cash flow generated by the Bouygues group remained high in 2010, at €3.2 billion. This represented a fall of 5% relative to 2009, consistent with the year-on-year change in current operating profit.

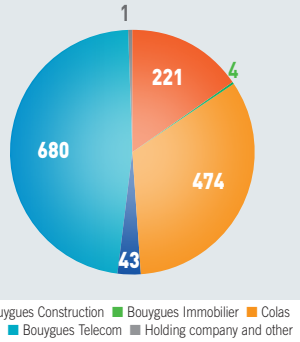
NET CAPITAL EXPENDITURE

€1,423 million (up 12%)

€ million



Contribution by business area



Net capital expenditure by the Bouygues group was €153 million higher than in 2009, at €1,423 million.

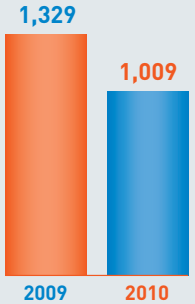
As expected, net capital expenditure rose, particularly at Bouygues Construction (up €79 million, due to the start of major projects) and at Colas (up €112 million, after a sharp fall in 2009).

Net capital expenditure at Bouygues Telecom, the main contributor to this item, was virtually unchanged at €680 million.

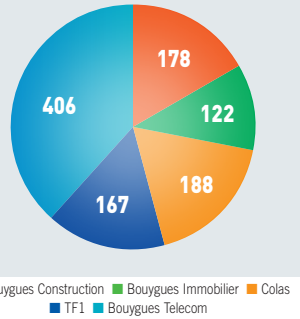
FREE CASH FLOW

€1,009 million (down 24%)

€ million



Contribution by business area*



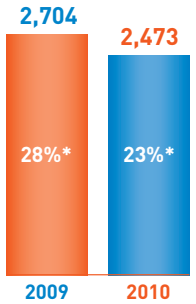
(*) "Holding company and other" reported negative free cash flow of €52m

Free cash flow represents the ability of the Group to generate surplus cash after financing the cost of debt, income taxes, and net capital expenditure. It is calculated before changes in working capital requirement.

In 2010, Bouygues generated cash flow of €3,244 million (down 5%). After deducting the cost of net debt (€330 million), income tax expense for the year (€482 million) and net capital expenditure (€1,423 million), free cash flow was a robust €1,009 million.

NET DEBT €2,473 million (down €231 million)

€ million



(*) Net gearing

The Bouygues group improved its financial position in 2010, reducing net debt by €231 million and improving net gearing by 5 points to 23%. Working capital requirements remained well under control overall.

Bouygues Construction: net cash of €2,856 million, down €429 million from the peak reached at the end of 2009.

Bouygues Immobilier: net cash of €376 million (up €230 million), a very good performance for a property developer, reflecting the high level of notarised residential property sales towards the end of the year.

Colas: net debt of €57 million (versus net cash of €116 million at end-2009, a deterioration of €173 million). The year-on-year change reflects lower profits and higher capital expenditure than in 2009.

TF1: net cash of €17 million, down €56 million year-on-year following the acquisition of additional interests in TMC and NT1.

Bouygues Telecom: net debt of €170 million, an improvement of €124 million.

"Holding company and other" had net debt of €5,495 million at end-2010, a year-on-year improvement of €535 million.

A €500-million eight-year bond issue was carried out on very favourable terms in February 2010, helping to refinance the bond issue that matured in February 2011.

In October 2010, Bouygues carried out a €1-billion bond issue maturing in 2019. This issue was mainly intended to swap part of the residual balances on the bond issues due to mature in 2013 and 2014.

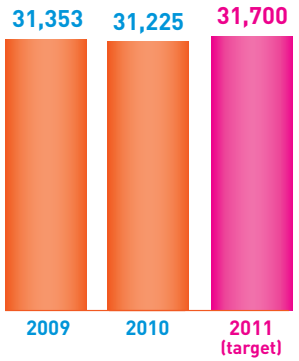
As of 31 December 2010, Bouygues had €10.8 billion of available cash, comprising €5.3 billion of cash and equivalents and €5.5 billion of undrawn credit facilities.

Overall, the Bouygues group is in robust financial health, combining a well-spread debt maturity schedule (mainly at fixed rates) with excellent liquidity.

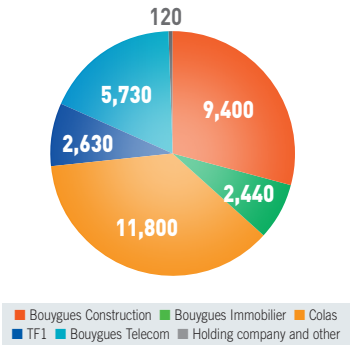
On 12 July 2010, Standard & Poor's reiterated Bouygues' credit rating of A- with a stable outlook. This rating has been unchanged since 2001.

2011 SALES TARGET €31.7 billion (up 2%)

€ million



2011 target by business area*



(*) Impact of intra-Group eliminations: -€420m

Following a year which confirmed the ability of all of the Group's business areas to adapt to the changing environment, Bouygues is forecasting a return to growth in 2011, with a sales target of €31.7 billion (2% growth) based on the 2010 order intake and on the trading outlook.

Bouygues is sticking with its long-term growth strategy:

- based on a **diversified business mix:** good growth prospects in construction, Bouygues Telecom's ability to adapt to market challenges and return to healthy levels of free cash flow in the medium term, and Alstom's policy of reinforcing and developing its activities in fast-growing markets;
- focusing on **return on capital employed** and **financial soundness,** in a global context where access to debt is becoming more difficult and expensive.

HIGHLIGHTS

Illustrated highlights of 2010 for Bouygues, its five business areas (Bouygues Construction, Bouygues Immobilier, Colas, TF1, Bouygues Telecom) and Alstom.
For more information, see Business activities and sustainable development.

JANUARY

University. In the context of a public-private partnership (PPP), Bouygues Bâtiment Ile-de-France built the first BBC* low-energy university building in France, the Medical Training and Research Unit of the University of Versailles - Saint-Quentin-en-Yvelines. ETDE has a 27-year maintenance contract for the building. Group share: €94 million.

Eco-community. Bouygues Immobilier is developing the Fort d'Issy project at Issy-les-Moulineaux, near Paris, which involves converting a former military fortress into a high-tech eco-community. The first inhabitants are due to arrive in 2013. (1)

Velodrome. Bouygues Bâtiment Ile-de-France and ETDE concluded an €88-million PPP contract to build and maintain a new velodrome at Saint-Quentin-en-Yvelines.

Recycling. Bouygues Telecom launched a mobile phone recycling service (any operator, any brand), available to all on the bouyguestelecom.fr website and at Clubs Bouygues Telecom stores.

Acquisition. Bouygues Immobilier acquired Urbiparc, a Grenoble-based property developer specialising in HQE® High Environmental Quality business parks.

Turkmenistan. Bouygues Bâtiment International concluded four contracts worth €175 million in Ashgabat, for the International Relations Institute, the Sports and Tourism Institute, the headquarters of the Halkbank savings bank and an extension of the Parliament building.

(*) Low-energy buildings

FEBRUARY

Zoo. A consortium whose members include Bouygues Bâtiment Ile-de-France and ETDE began to renovate Vincennes Zoo, with a commitment to meet several HQE® High Environmental Quality targets even though the benchmark does not apply to zoos.

MARCH

Innovation. Aximum (part of the Colas group) launched Elise, the first fully electric sit-on self-propelled road-marking machine. In comparison with conventional equipment, Elise emits no CO_2, consumes 90% less energy and costs two-thirds less to maintain.

APRIL

Tramway. Colas Rail concluded a €53-million contract to extend the Paris tramway from Porte d'Ivry to Porte de la Chapelle.

MAY

Canada. Bouygues Bâtiment International and ETDE won a €165-million, 32-month PPP contract to build the headquarters of a division of the Royal Canadian Mounted Police in British Columbia.

Sponsorship. Colas and the public authority responsible for the Château de Versailles concluded a sponsorship agreement to rehabilitate pathways in the *château's* grounds. (3)

Record. Bouygues Bâtiment Ile-de-France is to build the biggest residential property development in France in 2010, a pedestrian district in the Paris suburb of Suresnes comprising 596 apartments, schools, a *crèche* and 700 underground parking spaces.

JUNE

New sector. With the acquisition of Areva T&D's transmission business, Alstom added a new sector, Alstom Grid, specialising in high-voltage power transmission. (6)

Diversification. TF1 moved into online betting with its subsidiary EurosportBet (50% Eurosport, 50% TF1) and the eurosportbet.fr website.

Gabon. DTP Terrassement (Bouygues Construction) concluded a €70-million contract to rehabilitate a 47-km stretch of road between Ndjolé and Médoumane, including reinforcement, drainage and construction and renovation of civil engineering structures.

World first. Colas Switzerland inaugurated a solar-powered heating system for its asphalt mix plant near Geneva. A world first, the system can attain a maximum temperature of 400°C, a level never before reached with solar power.

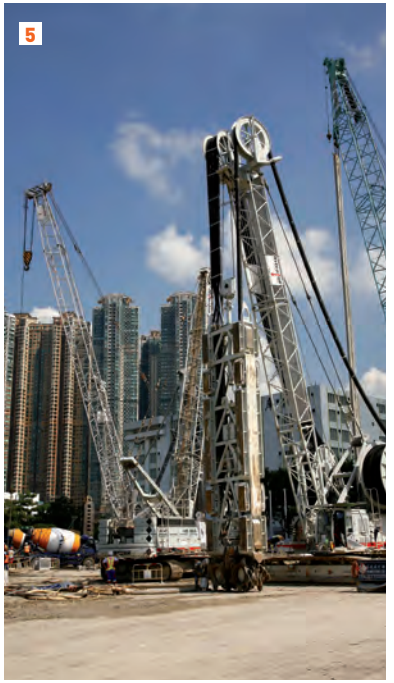
JULY

Cross-cutting. Bouygues Immobilier started to roll out a cross-cutting approach to eco-community projects, involving Bouygues Construction, Colas, Bouygues Telecom and Alstom.

Equatorial Guinea. Bouygues Bâtiment International concluded an €80-million contract to build the Equatorial Guinea branch of the Bank of Central African States in Malabo.

External growth. Colas acquired 100% of Société de la Raffinerie de Dunkerque (SRD), which has 250 employees and produces some 300,000 tonnes of bitumen a year. (4)

For further information
www.bouygues.com



2010 FACTS & FIGURES

€1.5bn The amount raised by Bouygues in February from a €0.5-billion eight-year bond issue and in October from a €1-billion nine-year bond issue, also involving a buyback and exchange of existing bonds.

CONSTRUCTION

40% The reduction in real energy consumption guaranteed in France's first energy performance contract in the social housing segment, signed by Bouygues Bâtiment Ile-de-France and ETDE.

€850m The record amount of two contracts won by Dragages Hong Kong (Bouygues Construction) in May, for the Kai Tak Cruise Terminal and a section of the new Hong Kong-Canton high-speed rail link. (5)

6,000 The number of homes with BBC-Effinergie® low-energy certification offered for sale by Bouygues Immobilier in 2010. Anticipating future thermal regulations by more than two years, the company is committed to seeking low-energy certification for all its new housing developments in France.

12,000 The number of photovoltaic panels that make the Orange-les-Vignes retail park in southern France, developed by Bouygues Immobilier, the biggest power plant of its type incorporated into a public building in Europe. This plant can produce the equivalent to the annual domestic electricity consumption of a town with 3,500 inhabitants. (2)

2010 FACTS & FIGURES (CONTINUED)

€30m The amount of the contract won by DTP Terrassement (Bouygues Construction group) in Côte d'Ivoire in March for extraction works at the Tongon gold mine. (7)

400,000 volts is the current on the 115-kilometre line that ETDE (Bouygues Construction) is to build in Finland under a €19-million contract signed in December.

MEDIA-TELECOMS

97 of the top 100 TV audience ratings in 2010 (source: Médiamat by Médiamétrie) achieved by TF1, which consolidated its leading position.

No. 1 in the TNS Sofres–BearingPoint customer relations league table for the mobile phone sector: Bouygues Telecom came top of the rankings for the fourth year running.

14.4 million viewers watched *Bienvenue chez les Ch'tis* (Welcome to the Sticks) on TF1 on 28 November. Attracting 51% of the audience, it was the best score by a film on any channel since 1992 and the largest audience of the year excluding the FIFA Football World Cup. (4)

2% The rise in the number of TF1's prime-time viewers (January-December 2010), a slot in which it was the only major TV channel to increase its audience (6.3 million viewers on average).

AUGUST

Singapore. Dragages Singapore (Bouygues Bâtiment International) concluded a €770-million PPP contract for the Singapore Sports Hub.

TV event. TF1 launched *MasterChef,* the biggest amateur cooking contest on television, with 18,000 candidates and a 12-week run. (6)

SEPTEMBER

Museum. Smac (Colas) won a €20-million waterproofing and cladding contract for the Confluence Museum in Lyon, the company's biggest contract in 2010.

India. Alstom signed its first rolling-stock contract in India, supplying 168 cars for the Chennai metro at a cost of €245 million. (3)

Rail. Colas Rail won a contract to renew 36 kilometres of track between Pau and Oloron in south-west France. The company is responsible not only for the works but also for the design and supply of equipment and safety.

Internet. TF1 created a free vehicle insurance comparison website: automotoCompare.fr

CO_2. Ecoprod, a platform initiated by TF1 and others in 2009, launched Carbon'Clap®, a free online tool for calculating the carbon footprint of audiovisual productions.

China. Alstom concluded a memorandum of understanding with China CNR Corporation Ltd and Shanghai Electric Group Ltd to develop mass transit products to be made by two local joint ventures.

Motorway. Colas Sud-Ouest, as the lead firm of a consortium, was named preferred concession operator of a 105-km section of the A63 motorway in south-west France. The work involves upgrading and widening the existing road in compliance with motorway and environmental standards (see also Highlights since 1 January 2011).

OCTOBER

Repositioning. Odyssée, one of TF1's pay theme channels, was renamed Stylía and given a new focus on lifestyle, luxury and fashion.

Data centre. ETDE (Bouygues Construction) started work on a €23-million design-build contract for a data centre at Enfield, north of London.

iPad packages. Bouygues Telecom started marketing prepaid plans for the iPad Wi-Fi 3G+, Apple's digital tablet, with two types of recharge: one day for €6, one month for €29.90.

Luxury. Bouygues Bâtiment International delivered the 5-star Oguzkent Hotel at Ashgabat in Turkmenistan. The €270-million project includes 330 rooms, a spa and a shopping mall.

Education. Bouygues Construction created a "Sustainable Construction and Innovation" chair with École Centrale Paris, Supélec, École des Ponts ParisTech and CSTB, the French building technology research centre.

NOVEMBER

Bbox Fibre. For €39.90 a month, Bouygues Telecom customers gained access to very-high-speed internet (up to 100 Mbit/s), high-definition TV and unlimited calls to fixed phones in over a hundred countries.

Transport. A joint company formed by Alstom, Transmashholding (TMH) and Kazakh Railways will supply 295 electric locomotives at a cost of €1.3 billion (Alstom share: €800 million).

Slogan. Bouygues Telecom launched a new advertising campaign under the slogan "Doing more for you". (5)

Stadium. GFC Construction (Bouygues Entreprises France-Europe) concluded a €200-million contract to renovate the Stade Vélodrome in Marseille. ETDE will be responsible for upkeep, heavy-duty maintenance and renewal of the equipment and facilities for 31 years. (1)

Employee savings. Bouygues launched Bouygues Confiance 5, a new capital increase reserved for employees of the Group's French companies. 30,109 people subscribed, representing 40% of eligible employees.

DECEMBER

A75. Colas Midi-Méditerranée, Perrier TP and Aximum (a member of the Colas group) signed a contract for a 10.7-kilometre section of the A75 motorway between Pézenas and Béziers in the south of France. The work, costing €95 million, includes thirty or so civil engineering structures. (2)

BREEAM®. Bouygues Immobilier became the world's first property developer to obtain BREEAM® International certification with an Outstanding rating for its Spring office building in Nanterre, near Paris.

TMC/NT1. On 30 December, the French *Conseil d'État* validated TF1's acquisition of NT1 and an 80% stake in TMC.

2010 FACTS & FIGURES (CONTINUED)

800,000 A milestone in the number of Bouygues Telecom's Bbox customers passed in December 2010.

24/7 The principle of the new ideo 24/24 plan launched in May, the first quadruple play package in France (unlimited calls from mobiles to all numbers 24/7, unlimited internet, fixed phone and TV).

27 The number of games (including five in 3D) in the FIFA Football World Cup shown on TF1 from 11 June to 11 July. Eurosport showed all 64 games in the competition.

634 The number of Clubs Bouygues Telecom stores in 2010. Through its subsidiary RCBT, Bouygues Telecom is one of France's top 50 retailers in terms of number of outlets.

ALSTOM

360 kph The speed reached by Speedelia, Alstom's new non-articulated high-speed train, capable of carrying over 600 passengers and operating at all voltage levels and taking account of ten different signalling systems.

200 The number of electric locomotives to be built by Alstom and its partner Transmashholding (TMH) for the Russian market. Alstom's share of the contract, concluded in June, is €450 million.

80% The group's objective for recycling waste produced at its facilities by 2015 (50% at present).

Highlights **SINCE 1 JANUARY 2011**

Paris Philharmonia concert hall: the biggest cultural project in Paris since the Quai Branly museum (architect: Ateliers Jean Nouvel)

BOUYGUES CONSTRUCTION

On 17 February, the Defence Ministry announced that it had chosen the consortium led by Bouygues as the preferred bidder for the Public-Private Partnership contract for the **Balard** project, which involves bringing the Ministry's central administration and the headquarters staff together on a single site in the south of Paris.

The ministry will pay an annual fee for almost 27 years as of delivery of the project in September 2014 that will cover capital expenditure, financing, interest, maintenance and repair of the buildings, IT networks and operating services such as catering, cleaning, security and gardening. The contract is due to be signed at the end of April 2011. Under the rules of procedure, the architectural and financial content of the bid cannot be disclosed until that date.

Bouygues Bâtiment Ile-de-France is a member of the consortium that has been awarded a contract to build the **Paris Philharmonia concert hall** in La Villette Park in the north of Paris and to operate and maintain it for a period of 15 years. The entire project is worth €219 million, of which Bouygues Bâtiment Ile-de-France's share will be €107 million. Work will start in March 2011 and last 36 months, with some 1,000 employees working on the site at peak periods.

On 1 March 2011, the European Commission authorised Bouygues Bâtiment International's acquisition of the UK group **Leadbitter.**

A consortium led by ETDE, a Bouygues Construction subsidiary, alongside Vinci Energies, Satelec (part of the Fayat group) and Colas, has been awarded a 10-year energy performance contract for the operation and maintenance of street lighting and traffic lights in **Paris.**

COLAS

The French government has signed a concession contract with Atlandes, a company of which several Colas subsidiaries are shareholders, for the financing, design, development, widening, maintenance and operation of a section of the **A63 motorway** between Salles and Saint-Geours-de-Maremne in southwest France. The 40-year contract came into effect on 24 January 2011.

Atlandes will have financing of €1.1 billion. The €500-million development phase will be carried out by a consortium including Colas subsidiaries, Spie Batignolles and NGE.

An open toll system will enable local traffic to use the motorway free of charge. Tolls for heavy vehicles will vary according to their emission levels, with those that generate the least pollution paying less. Atlandes will be the first concession company in France to implement a toll system linked to pollution levels.

Preliminary studies, especially relating to environmental requirements, were carried out well before the effective date of the contract, meaning that work can start in the autumn of 2011.

TF1

The TF1 group sold its entire holding in **1001 Listes,** a leader in online wedding-gift lists, to Galeries Lafayette on 4 February 2011.

BOUYGUES TELECOM

On 13 January 2011, Bouygues Telecom announced its decision not to increase the **price of its mobile service** plans despite a measure in the 2011 Budget Act to increase the rate of VAT on composite offers including television from 5.5% to 19.6%. SFR and Orange followed suit in February.

Bouygues Telecom, which introduced quadruple play service to France in 2009, announced the development of **its new Bbox fixed product line** in January 2011. The devices will be equipped with Intel Corporation's new multimedia processor. The power of the new processor, combined with the products and services developed by Bouygues Telecom, will bring fixed internet customers in France an unprecedented entertainment experience.

On 2 February 2011, Bouygues Telecom, Atos Origin, Orange and SFR announced the creation of a joint venture to launch **Buyster,** an innovative, simple, fast and secure remote payment solution for fixed and mobile internet purchases that will be available in France from mid-2011.

Wooby, Bouygues Telecom's intranet, was voted one of the world's best ten intranets in January 2011. Bouygues Telecom is the second French firm to achieve this distinction since Nielsen Norman Group created the ranking in 2001.

In February 2011, for the second year running, Bouygues Telecom obtained the renewal of **NF Service certification for its customer relations centres,** covering all its consumer activities including both fixed and mobile services. Bouygues Telecom was also awarded the **Top Employer label,** becoming one of 33 French firms acknowledged for the quality of their human resources policy.

ALSTOM

In the Transport sector in **France,** Alstom won a €125-million order from SNCF for 22 Coradia Polyvalent trains for the Auvergne and Poitou-Charentes regions and a €70-million order for a first phase of 19 trams for lines T7 and T8 in the Paris region.

Elsewhere, the company won a €140-million contract in the **United States** to modernise the metro transit fleet operated between Philadelphia and the south of New Jersey and contracts worth €140 million to supply traction and signalling systems for the Beijing metro in **China.**

Major deals closed by Alstom Power include a €950-million contract to build a fossil fuel power plant in **Estonia,** a €500-million contract to supply equipment for a hydropower plant at Belo Monte in **Brazil** and a €500-million contract to build a combined cycle gas power plant for Sembcorp in **Singapore.**

EDF Énergies Nouvelles and Alstom have signed an exclusive agreement to respond jointly to a call for tenders that the French government is planning to launch for offshore wind projects.

Alstom Grid and Chicago-based **S&C Electric Company** have signed a memorandum of understanding on the joint development of innovative solutions for smart grids. Alstom Grid has also acquired **Psymetrix,** a UK-based company, enhancing its capability in smart grid stability solutions.

BOUYGUES-ALSTOM COOPERATION

Alstom and Bouygues, the latter through Bouygues Immobilier and ETDE (a Bouygues Construction subsidiary), have decided to create an equally-owned joint venture called **Embix** that will develop and provide energy management services for eco-communities.

Embix will offer a wide range of high value-added services, from regulatory audits of eco-communities to energy performance optimisation based on information systems using the latest smart grid technologies.

The initiative marks another step forward in the fruitful cooperation between Bouygues and Alstom begun in 2006.

New order from SNCF for Alstom's Coradia Polyvalent trains

EFFECTS OF THE POLITICAL SITUATION IN TUNISIA, EGYPT, LIBYA AND CÔTE D'IVOIRE

The political events that took place in North Africa and the Middle East in the first few months of 2011 have no significant effects on the Group. Bouygues has no operations in Tunisia or Libya. In Egypt, Bouygues Construction is helping to build Line 3 of the Cairo metro. The Group has no operations in the Middle Eastern countries (Oman, Bahrain and Yemen) where there have been civil disturbances.

Alstom also does relatively little business in North Africa and the Middle East. It is involved in the transport sector in Tunisia with the Tunis tramway and is building a power plant in the south of the country. In Egypt, it is helping to build the Cairo metro. In Libya, it is involved in electricity transmission and provides services for power plants.

In Côte d'Ivoire, Bouygues now has only a 21.5% stake in Finagestion, the holding company that took over the water and power management activities previously carried on there by Saur, sold by Bouygues in 2004. Finagestion has been consolidated by the equity method since 2009.

Bouygues and its **SHAREHOLDERS**

Listed on the Paris Bourse since 1970, Bouygues is one of the market's flagship stocks, as demonstrated by its almost uninterrupted inclusion in the CAC 40 index. Throughout this period, the Group has been committed to involving its shareholders in its development, combining corporate responsibility with an entrepreneurial spirit.

REGISTERED SHARE SERVICE

Fully registered shares

Bouygues offers a **free account-keeping service** to holders of fully registered shares.

Fully registered shareholders are also guaranteed to **receive regular information** from Bouygues, and are **automatically sent notices** of general meetings.

All holders of registered shares enjoy **double voting rights** once their shares have been held in this form for more than two years.

Shareholders wishing to hold their shares as registered shares should **contact their financial intermediary.**

INVESTOR RELATIONS

2010 key figures

- **4 results releases:** Bouygues management presented the Group's full-year and half-year results in face-to-face meetings, and first-quarter and third-quarter results via conference calls.
- Between them, management and the Investor Relations team met **more than 300 investors.**
- **16 roadshow days** in 9 different countries.
- 2 lunches for **bond investors,** in Paris and London.
- Attendance at **5 sector-specific or general-interest conferences.**
- Meeting dedicated to **individual shareholders** in Lyon.
- **19 brokers in France and around the world** cover Bouygues shares.

WWW.BOUYGUES.COM

All the information you need

The www.bouygues.com website is an essential tool for communicating with shareholders, analysts and investors. The information available includes:

- **published financial documents:** press releases, full financial statements, results presentations, archive recordings of past presentations, etc.;
- **regulated information,** including all registration documents since 2000;
- **Bouygues *In Brief*** (brochure distributed to coincide with the full-year results presentation) since 2002;
- **a historical data file,** downloadable in Excel, showing key figures for Bouygues over the past 6 years;
- **the analysts' consensus** compiled by Bouygues ahead of each results release;
- **a special section for shareholders:** documents relating to the Annual General Meeting, FAQ, etc.;
- **detailed information about the Group's activities,** key performance indicators, management, etc.;
- an interactive **intraday share price tracker.**

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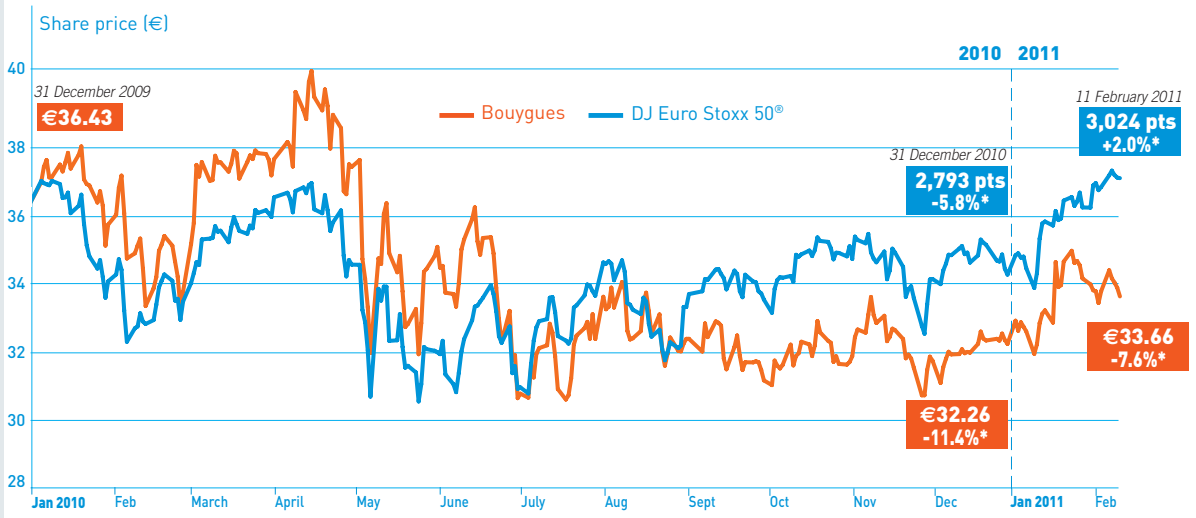
STOCK MARKET PERFORMANCE SINCE END-2009



(*) Compared with 31 December 2009

BOUYGUES SHARE FACTSHEET

Listing
Euronext Paris
(compartment A)

ISIN code
FR0000120503

Identification codes
- Bloomberg: EN:FP
- Reuters: BOUY.PA

Par value
€1

Average share price in 2010
€34.09
(average closing price – source: NYSE Euronext)

Average daily trading volume on Euronext
1.5 million shares
(Source: NYSE Euronext)

Market capitalisation
€11,801 million
(at 31 December 2010)

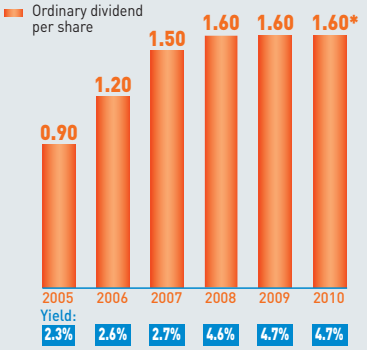
Stock market indices
CAC 40, FTSE Eurofirst 80, Dow Jones Stoxx 600

Sector classification
- MSCI/S&P indices: Construction and Engineering
- FTSE and Dow Jones indices: Construction & Materials

Other information
Eligible for deferred settlement service (SRD) and French equity savings plans (PEAs)

Trends in dividend per share

The ordinary dividend per share has been maintained or increased each year since 2005, and has multiplied by 1.8 over this period.



2005 to 2009: dividend per share relative to average share price between two successive dividend payment dates

2010: dividend per share relative to the average share price over a rolling 12-month period as at 24 February 2010

(*) To be proposed to the Annual General Meeting on 21 April 2011

2011 CALENDAR

Thursday 21 April
Bouygues Annual General Meeting at Challenger (Saint-Quentin-en-Yvelines)

Wednesday 4 May
Payment of dividend

Monday 16 May
First-quarter 2011 results

Tuesday 30 August
First-half 2011 results

Tuesday 15 November
Nine-month 2011 results

Monday 12 December
FFCI*/CLIFF** shareholder information meeting, Lille

(*) French federation of investment clubs
(**) French investor relations association

SUSTAINABLE development, research and INNOVATION, HUMAN resources

The Bouygues group implements a sustainable development policy as an integral part of its strategy, rooted in its corporate culture and values.

ISSUES AND STRATEGY

The Bouygues group faces a twin challenge in sustainable development: it must not only make progress on all Groupwide issues, such as energy efficiency and biodiversity, but also advance and innovate in areas specific to each line of business, such as sustainable construction in the Construction division (Bouygues Construction, Bouygues Immobilier, Colas) and, at TF1, the representation of diversity.

The key elements of the Group's CSR[1] policy (carbon strategy, Green IT, biodiversity, responsible purchasing, R&D, QSE and sustainability reporting) are overseen by the Group Sustainable Development Department headed by Deputy CEO Olivier Bouygues and implemented in all business areas. The department coordinates cross-cutting actions through the Sustainable Development Committee and Groupwide theme-based committees bringing together representatives from each business area. It also maintains an overall strategic direction and promotes resources to enhance best practice (see Organisation, steering committees and operating risks).

In 2010, the Group upgraded the sustainable development roadmaps for its business areas, taking account of developments in the issues they face.

Construction

Sustainable construction, a priority differentiation and growth factor for the Group's construction subsidiaries, is a key marketing element for new buildings and the renovation of existing buildings.

The Group's construction subsidiaries draw on the strictest French and international standards and reference systems, such as HQE®(2), LEED®(3) and BREEAM®(4), in order to apply their know-how in eco-design and building operation. In France, for example, Bouygues Immobilier decided in 2010 to seek BBC-Effinergie®(5) low-energy certification for all its new residential programmes, anticipating the requirements of new environmental regulations by over two years.

A number of initiatives involving all the Group's business areas and other partners have been launched to develop new products and services in areas such as eco-communities, smart grids and sustainable urban planning. Drawing on know-how derived from each participant's specific skills, they aim to make urban services more efficient while avoiding waste.

Sustainability does not apply only to the 300,000 homes and 14 million sq metres of office space newly built each year in France. Existing buildings will also have to be more energy-efficient. To achieve this goal, Bouygues has come up with a range of refurbishment offers for different types of building, including Energy Performance Contracts (EPCs).

The Group applies ambitious environmental standards to its own office buildings, as with the ongoing renovation of Challenger, the headquarters of Bouygues Construction, Bouygues Telecom's Sequana tower and Galeo, the headquarters of Bouygues Immobilier, in the Paris region.

When renovation work is complete in 2014 energy consumption at Challenger will have been cut by a factor of ten, since the building will produce energy from photovoltaic panels and geothermal sources. As well as becoming a benchmark for green renovation, it will be one of the few buildings to be certified under three schemes: HQE®, BREEAM® and LEED®.

Bouygues Telecom inaugurated the Sequana tower in September 2010. In environmental terms, it goes beyond the minimum requirements for certification. An HQE® building, Sequana offers 40% energy-saving in relation to target primary energy consumption under 2005 thermal regulations.

Bouygues Immobilier has moved into a new headquarters building, Galeo. Also with HQE® certification, it improves energy consumption by 25-32%.

(1) Corporate Social Responsibility (2) High Environmental Quality (3) Leadership in Energy and Environmental Design (4) Building Research Establishment Environmental Assessment Method (5) Low-energy buildings

The GLOSSARY can be found in
Additional information

In order to help spread best practice and train future engineers in sustainable construction, since 2008 Bouygues has partnered two engineering schools, Arts et Métiers and ESTP, in a specialist Master's in Sustainable Construction and Housing.

Colas also devotes a significant proportion of its R&D programmes to making increasingly eco-friendly products, such as plant-based products and warm asphalt mixes.

Media-Telecoms

The Group's media and telecoms subsidiaries are also taking action to address the issues specific to their particular businesses.

Bouygues Telecom has set up a system for recycling mobile phone handsets. The scheme aims to raise awareness of environmental issues among mobile phone users and encourage them to change their consumption habits. Bouygues Telecom customers (and others) can now take their mobile phones back to a store and get a reduction on a new handset, receive cash or donate the money to charity. They can also return handsets by post free of charge. The Bouygues Telecom website contains full information about what happens to the handsets after collection.

TF1 is deeply committed to representing diversity in its TV programmes and the group as a whole has recently been awarded the Diversity label by Afnor Certification. The TF1 channel shows many items relating to sustainable development and once a month its evening newscast includes an innovative indicator, ECO2climat, to underline the link between consumption habits and climate change. Ushuaïa TV is the only channel on French TV entirely devoted to sustainable development, while Eurosport has devised a programme about the links between sport and the environment called *Eurosport for the Planet.*

MAIN SUSTAINABLE DEVELOPMENT PRIORITIES

Environment

Aware of the challenges that global warming presents, Bouygues has taken action in many areas to limit its consumption of natural resources and energy, reduce waste and CO_2 emissions, evaluate and restrict its health and toxicology impacts and preserve biodiversity. The Group pays particular attention to energy efficiency, both in carrying out its activities and in operating its own businesses. It focuses on three main priorities when rolling out its policy: cutting energy use, applying R&D to reducing energy needs and making employees more aware of the need for energy efficiency. At Colas, for example, plant and vehicle operators are encouraged to take simple measures to reduce their diesel consumption.

Carbon strategy

Bouygues is committed to reducing its CO_2 emissions. The first element of its carbon strategy is to calculate the amount of greenhouse gas emitted by the Group's businesses. Two main types of carbon balance are conducted: for business-related and for regular operations (headquarters, branches, support services, etc.).

For 2012, the Group has set itself the target of consolidating the carbon balances of greenhouse gas emissions from the activities of all its business areas and defining and implementing action plans to reduce them.

Bouygues is also working to promote low-carbon alternatives to its customers, advising them of the reductions in CO_2 emissions and the savings generated by such solutions.

Subsidiaries have developed specific software tools adapted to the particular requirements of their businesses in order to help them roll out their eco-variants.

- **CarbonEco® for the construction sector** (Bouygues Construction and Bouygues Immobilier) is a software package developed by the Group with the consultancy Carbone 4. It is based on the Bilan Carbone® (carbon balance) method developed by Ademe (French environment and energy management agency), and its future development will be carried out under an agreement with the CSTB (French building technology research centre). It can be used to compare design options for a building (materials, construction methods, etc.), to formulate utilisation scenarios and to propose alternative transport assumptions. **CarbonEco®** was used to carry out 500 carbon balances

Tour First (Paris-La Défense), the biggest office rehabilitation project with HQE® High Environmental Quality certification (programme and design phases)

at end-June 2010 in order to provide reliable benchmarks (Ginko eco-community in Bordeaux, Green Office® in Meudon, Galeo, Bouygues Immobilier's headquarters in Issy-les-Moulineaux, in the Paris region.

ENERGY

Better data, more savings

The e-lab* has developed a solution to measure electricity consumption, now in use in several Bouygues group companies. Drawing on an unusual combination of technologies, the innovative solution is easier to use and less expensive than others on the market. The application has been implemented in a number of Bouygues Telecom's base stations and initial data have highlighted the scale of consumption by resistors.
A better understanding of this aspect will help to optimise the electricity consumption of base stations. The solution has also been adapted to measure energy performance in social housing. A pilot scheme by Bouygues Construction is currently being tested on a site in Bobigny, near Paris.

(*) The e-lab is the research and innovation department of Bouygues SA, the Group's parent company. Its free-thinking engineers propose applied research solutions to support technological progress in Group subsidiaries. See also Research and innovation on p. 32.

- **Seve® for roads** (Colas). Launched in July 2010 and developed on the initiative of USIRF, the French road industry association, the **Seve®** software tool is the brainchild of companies in the roadbuilding sector. Shared over an extranet, it harmonises the methods used in the sector, meaning that proposed eco-variants can compete on a level playing field. Colas regularly uses the software when bidding for projects.
- In the media sector, the **Ecoprod** platform was set up to reduce the environmental footprint of TV and cinema filming by raising awareness among players in the industry and providing them with a specific carbon calculator, Carbon'Clap®. The platform has six founding partners: Audiens[6], Ademe, the Paris Region film commission, Dirrecte[7] Île-de-France, France Télévisions and TF1.

Green IT

Green IT is shorthand for the principle of taking the energy requirements and energy costs of IT equipment into consideration in order to make computing greener, including both the equipment itself and how it is used. The IT sector currently accounts for 2% of global greenhouse gas emissions – as much as the aviation industry – and that figure could double by 2020. Obsolete equipment also generates vast amounts of polluting waste every year, estimated at 50 million tonnes worldwide in 2010.

The Bouygues group's Information Systems and New Technologies Department set up a

Green IT working group at end-2009 to look at possible solutions to the problem.

Led by Bouygues Immobilier's IT manager and the innovation manager of C2S, a Bouygues IT services subsidiary, the working group comprises representatives from each of the Group's business areas. It discusses Green IT initiatives taken around the Group in order to define simple and operational common indicators to measure performance in that area. All the work is carried out on BYpedia, the Group's collaborative intranet site, in order to generate a shared pool of open-ended results.

The group has given itself the goal of sharing, across the Group as a whole, methods and technological choices that will help reduce the environmental impact of information and communication technologies. The first priority is to cut energy consumption and reduce the carbon footprint by using computers and printers more efficiently. Colas is keeping an eye on paper consumption via its intranet, for example, while Bouygues Immobilier is getting employees to use their ID badges when printing to limit the number of pages printed and left behind. The measure has cut the number of sheets printed by 15%. TF1 has been pursuing a project since 2007 to share a virtual server across different applications, operating systems and users.

Another focus is on new options for reducing travel, such as e-working and videoconferencing. At Bouygues Immobilier, the number of intersite videoconferences has doubled every year since 2007.

(6) Media and entertainment industry social protection scheme (7) Regional Directorate for Business, Competition, Consumer Affairs, Work and Employment

THE CHALLENGES OF GREEN IT

Three questions to Alain Pouyat, Executive Vice-President, Information Systems and New Technologies of the Bouygues group

What is the Bouygues group's Green IT policy?

Our first step, two years ago, was to set up a working group on the subject. Its members are drawn from all across the Group and are supported by experts from a number of specialist units like the e-lab who can give advice in sometimes complex areas like energy and optimising IT resources. We have drawn up a roadmap according to the rhythm, the possibilities and the resources of each Bouygues subsidiary.

What action is being taken in this area?

Our primary finding is that workstations are the biggest consumers of energy, representing about 50% of IT-related energy consumption. Data centres (computer rooms and servers) account for 30%.

The Bouygues group has over 50,000 workstations. Our first step was to encourage employees to turn off their computers in the evening and to develop automatic cut-outs in case they forget. At TF1 alone, this measure saved €1.6 million and 4,800 tonnes of CO_2 in 2010.

We have also taken measures in data centres, developing three solutions to radically reduce their energy consumption: a new layout for computer rooms so that certain target zones can be cooled more efficiently, virtual servers that dissociate resources from physical machines and the optimisation of application functionalities.

Green IT is a trade-off between optimised consumption and user comfort and convenience. We must not lose sight of the fact that IT is there to serve users.

In addition to workstations and data centres, we are promoting videoconferencing and mobile working in order to cut energy consumption by reducing the amount of travel.

Are there opportunities for the Group in this area?

Within the Group, we integrate the Green IT approach into the products we offer our customers, in the design of new-generation buildings, for example. France also has significant advantages for attracting major data centres because it has a temperate climate and very low energy costs in relation to other countries. Several Group companies, like Bouygues Construction subsidiaries Brézillon and ETDE, have developed real know-how in this area and already have a firm foothold in the French market.

More information about Green IT can be found on www.bouygues.com

The working group is also looking at smart data centres, IT hosting facilities that account for nearly 30% of the information system electricity bill. The Green IT Factory® concept, created by Bouygues Immobilier, is a solution for outsourcing data centres already in operation or under development that saves 20% in investment costs and 30% in energy consumption. The concept takes a lifecycle approach from design (choice of innovative equipment) to commissioning and operation (management, tracking and control of equipment and building energy consumption).

In 2010, the Bouygues group concluded a groupwide agreement with ATF Gaia for the recycling and resale of computer hardware and electronic equipment. 15,600 items of equipment have been collected since the contract started. 54% of the tonnage has been destroyed and 46% reused.

Biodiversity

The Group's Construction division is taking steps to preserve biodiversity. For its infrastructure projects, Bouygues Construction has established a five-year partnership with Noé Conservation, a non-profit organisation that advises the company on how to offset the impacts of its worksites on biodiversity, for example by creating wetlands and nesting areas and by imagining the future conditions for rich animal life once the project has been completed.

In another illustration, the Challenger renovation includes a filtering garden incorporating a biological process that will act as a natural water treatment plant. With its specific fauna and flora, the feature will also help to enhance biodiversity on the site.

Colas has been aware of biodiversity issues in its quarries for many years, ranging from co-existence during operation with species already present on the site to the integration of social and environmental factors when the land is returned at the end of the quarry's life.

Bouygues Construction is working with the CSTB to develop Elodie®, a building lifecycle analysis software tool that indirectly helps to protect biodiversity by assessing the impact of the building's activities.

HR and diversity

Pursuing its aim of fairness, the Bouygues group's human resources policy places increasing importance on preventing discrimination and promoting equal opportunity and diversity (see Human resources, p. 47).

In all Group companies, putting these policies into practice implies a firm commitment from management, the creation of special units, the involvement of social partners and specific training to raise awareness throughout the workforce. Diversity is incorporated into all areas of human resources management, from recruitment and induction to integration, training and career management.

The award of the Diversity label to the TF1 group in December 2010 was highly significant in this regard, but all the Bouygues group's business areas have made considerable progress in four areas in particular: disability, the employment of older workers, gender equality and integration.


All Bouygues Construction entities carry out integration initiatives

Colas won the Diversity award in the Maintaining Employment category at the 6th Diversity Forum in September 2010.

Disability

Most **Bouygues Construction** entities have concluded agreements with Agefiph[8] in four areas: awareness-raising, recruitment, maintaining employment and subcontracting to the adapted and sheltered sector.

Numerous actions to raise awareness of disability have been taken, including *HandiTour* roadshows to raise awareness of disability on worksites, including interactive workshops and meetings with disabled people, at Pertuy, DV Construction, Quille, GFC and Norpac. An annual Jobs Week for the disabled provides an opportunity for all entities to take part in a wide range of events.

Subcontracting to the adapted and sheltered sector, organised and overseen by Bouygues Construction's Purchasing Department, is implemented by pairs of HR and purchasing managers in each entity. Work to support the professionalisation of the protected sector was also carried out in 2010, in particular through a partnership between ETDE and APF, a leading French disability charity.

In December 2010, **Bouygues Immobilier** obtained official approval from Dirrecte[9] for an agreement with all its social partners promoting the integration and ongoing employment of disabled workers.

Bouygues Telecom's Disability Taskforce implemented a second agreement on the integration and ongoing employment of disabled workers. Various media including the press, the internet, Handichat (web TV) and forums were used to get across the company's message of recruiting disabled people for all positions. Training and information initiatives helped to continue raising awareness in-house.

HR managers have been trained in how to deal with complex cases involving disabled employees, while purchasers have also been given training in purchasing from the protected sector.

Existing partnerships with Arpejeh[10], Hand'IGS, Passerelle Handicap and Tremplin have been renewed and enhanced.

Bouygues Telecom's move to two new sites, the Technical Centre and the Sequana tower, was the subject of detailed prior preparation in consultation with disabled workers.

TF1 exceeded its targets for the recruitment of disabled workers and for sales with the adapted and protected sectors set in the 2008/2010 three-year agreement. The agreement is being renewed.

TF1 is also a partner of Défi Intégration, a sailing boat with a mixed able-bodied and disabled crew that covered the 17,000 kilometres from Lorient to Mauritius in 68 days.

Following a preliminary agreement concluded by **Colas** and Agefiph[8] in 2009, disability audits were carried out in 18 subsidiaries in mainland France in 2010. A report was presented to the management of each subsidiary, describing the current situation and identifying areas for improvement.

Numerous initiatives have continued in France and abroad:

- disabled employees were taken on at subsidiaries including Colas Île-de-France Normandie, Smac, Screg, Colas Morocco and Colas New Caledonia,
- six young disabled people were trained as road and utility service workers by Colas Île-de-France Normandie,
- three establishments were upgraded to make them accessible to people with reduced mobility,
- workstations were adapted for workers with chronic illnesses or who have suffered accidents.

Employment of older workers

In 2010, Bouygues Telecom stepped up its policy for older workers, raising managers' awareness of the company's commitment to keeping older workers in employment and offering career interviews to those aged over 55 in order to anticipate their career development. Mentor training is provided to encourage the transmission of knowledge and know-how.

All Bouygues Construction entities have concluded older worker agreements,

(8) A fund to promote the employment of disabled people (9) Regional Directorate for Business, Competition, Consumer Affairs, Work and Employment (10) Helping disabled schoolchildren and students to achieve their educational goals

covering aspects such as the recruitment of older workers, preparation and support for the latter stages of their careers, skill reviews, work experience accreditation and more frequent medical check-ups. Discussions are currently taking place on end-of-career arrangements for workers in strenuous jobs.

Under its older worker agreement, TF1 offers those aged over 55 workshops led by an outside partner that provide a forum for structured discussion about their professional and personal future.

Colas has put the emphasis on mentoring to favour the transmission of know-how. At Spac, for example, experienced employees are encouraged, before they retire, to train young people in the operational side of the business. Subsidiaries have hired several dozen older workers.

Gender equality

A study was carried out in 2010 on the situation and prospects for women in the Bouygues Construction group, resulting in an action plan rolled out in all entities.

Several entities are also taking steps to increase the number of women in production teams.

In September 2010, Bouygues Immobilier and labour representatives concluded an agreement on gender equality in the workplace. The main aims of the agreement are to anticipate and cushion the impact of maternity leave on women's careers and not to discourage women from having children. Particular attention is also paid to women's access to managerial jobs and positions of responsibility.

During the first half of 2010, Colas carried out a study of its French subsidiaries in order to find out more about women's careers in its lines of business over the previous five years. On the basis of findings, statistics and feedback, proposals were put to senior management to make the company a more attractive place for women to work (relations with schools, websites, etc.) and to facilitate promotion within the company (working hours, childcare, pay, etc.) on the basis of skills.

Integration

The TF1 Foundation has selected ten young people from disadvantaged neighbourhoods for its tenth intake and recruited three from the 2008 intake on permanent contracts.

At Bouygues Telecom, the anonymous CV scheme introduced experimentally in April 2009 has been continued. All CVs submitted by applicants for all positions on the recruitment website are rendered anonymous before they are passed on to recruiters. The scheme is used for all positions to fill.

All Bouygues Construction entities are implementing integration initiatives with dozens of partners, including non-profit bodies.

Many Colas subsidiaries have provided training to young people from disadvantaged neighbourhoods as part of public procurement contracts with integration conditions attached, either in partnership with GEIQs[11] or directly with local authorities.

Outside France, many subsidiaries work with local people whose economic situation is often precarious (in Djibouti, Benin and Madagascar, for example), seeking to integrate them and to give them training or a trade.

Society

Sponsorship

Bouygues implements an active sponsorship policy, mainly through its six corporate foundations – one in each business area – and actions at Group level.

Bouygues' sponsorship policy focuses on three main areas: health, education and culture. The company is willing to support all kinds of initiative, small-scale or large. It pays particular attention to projects sponsored by Group employees. An Ethics and Sponsorship Committee, created in 2001, meets several times a year to consider applications and issue opinions.

In the medical field, Bouygues gives financial support to ARSLa, an association that has been involved in research into amyotrophic lateral sclerosis – also known as Lou Gehrig's disease – for 25 years. Since 2006, it has supported Simon de Cyrène, an association that creates, manages and coordinates staffed accommodation where disabled people can learn to become more independent

305 grant holders receive support from the Francis Bouygues Foundation created in 2005

(11) Grouping of employers for integration and qualification

ETHICS AND HUMAN RIGHTS

Three questions to Jean-François Guillemin, Corporate Secretary of the Bouygues group

Bouygues published a Code of Ethics in 2006. What is the difference between a code of ethics and a code of practice?

A code of practice is more restrictive because it lays down rules of behaviour for a particular profession. A Code of Ethics goes beyond that: it is a moral matter, promoting principles that enable people to live and work together and the company to be recognised and fully integrated into society. And of course it includes compliance with the law. Our Code of Ethics is not just window-dressing. It addresses a number of concerns, such as asserting our values and making them understandable, reminding managers of their particular responsibilities and helping employees to respect those values by reminding them, for example, that they should not confront an ethical dilemma alone. Line managers, compliance officers and the whistleblowing procedure are there to deal with such situations.

Can you give some examples of best practice in Group subsidiaries?

There are many, but I can point to two particular instances. ETDE's executive committee has given an undertaking not to engage in anti-competitive practices and has officially signed a document which is displayed everywhere in the company. Bouygues Telecom has done a lot of work on fraud and the use of personal data and has introduced anonymous CVs in order to fight discrimination.

What action is the Group taking on human rights?

As stated in Article 2 of our Code of Ethics, the Group is committed to complying with the United Nations Universal Declaration of Human Rights and with the ILO* Fundamental Conventions, in particular those relating to forced and child labour. Bouygues is also a signatory to the UN Global Compact. The Group does not work in countries under a UN embargo. It currently has operations in about 80 countries. Those operations may be long-term or temporary, since operations in a country may be limited to the completion of a particular project. In sometimes difficult circumstances, operating managers have a duty to prevent any infringement of human rights in areas relating to their activity. That vigilance must be an integral part of their day-to-day work.
The Group also has a duty to set an example, in particular by enforcing high standards in occupational health and safety, working conditions and accommodation and conducting audits to ensure that subcontractors and suppliers do not use forced or child labour.

(*) International Labour Organisation

in an atmosphere of mutual support. The current rehabilitation of a convent in Vanves, near Paris, is one example of its work. Bouygues also helps Arneva, an association for vascular neurology research.

In the educational sphere, in addition to long-standing support for many associations, the Group's five subsidiaries jointly participate in the Francis Bouygues Foundation, created in 2005. The Foundation provides support to deserving high-school leavers who, having passed their French *Baccalauréat* equivalent, face financial difficulties in higher education. The Foundation sponsors students whatever their career aspirations. Grant holders are also assigned a mentor from within the Group. The Foundation had 305 grant holders at the end of 2010.

Bouygues has also entered into a long-term partnership with Sciences Po Paris. In 2006, the Group joined an experimental scheme in Seine-Saint-Denis high-schools designed to help certain school-leavers into higher education. The Sciences Po foundation and the Group seek to encourage wide-ranging recruitment into higher education, taking social and geographical origin into account. At the end of 2010, Bouygues committed to supporting students studying at Sciences Po under Priority Education Contracts.

Bouygues is a Friend of Paris Opera, the Orchestre de Paris and the Théâtre des Champs-Élysées.

Ethics

Bouygues drew up a formal Code of Ethics in 2006, translated into 15 languages and circulated to all Group employees. All Group companies make a point of applying the code, backing it up with measures specific to their particular business and the countries where they operate. Senior managers are given training in the Group's values (responsibility, respect, consistency, truth and fairness). At the end of 2010, 61% of senior executives had attended the Development of Bouygues Values seminar. The Group and most of its subsidiaries have signed up to the UN Global Compact.

Research and innovation

Bouygues can draw on cutting-edge research establishments in its subsidiaries, like the Colas laboratory with its two thousand researchers, engineers and technicians. In addition the e-lab, a specialist unit at the service of the Group as a whole, maintains a strategic watch and also has an educational role. It analyses technological developments and produces prototypes and new tools such as software applications. Its engineers offer applied research solutions to support technological advances in subsidiaries in order to cut costs, improve respect for the environment and promote innovation.

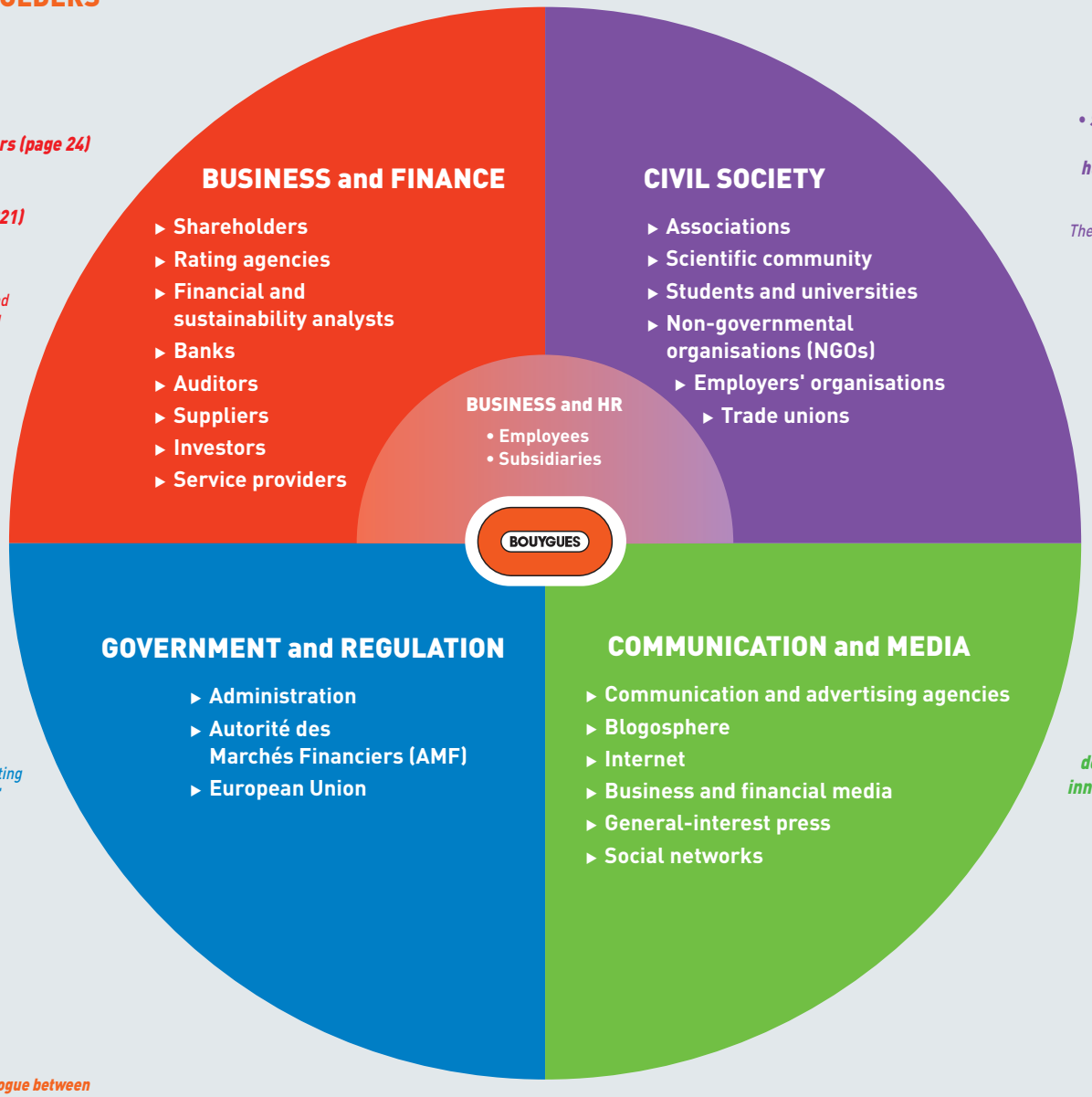
In sustainable construction, the e-lab recently developed software to calculate earth movements for DTP Terrassement's worksites, helping to reduce the resources required. For Colas, Bouygues Telecom and

BOUYGUES SA'S RELATIONS WITH ITS STAKEHOLDERS

- *2010 key figures (page 14)*
- *Bouygues and its shareholders (page 24)*
- *Profile (page 8)*

- *Financial statements (page 221)*

See also:
Business activities and sustainable development, Risk factors, Legal and financial information and Combined Annual General Meeting of 21 April 2011 (Board of Directors' reports, Auditors' reports)



- *Sustainable development, research and innovation, human resources (page 26)*

See also:
The Group and Business activities and sustainable development

- *Legal and financial information (page 161)*

See also:
Risk factors, Financial Statements and Combined Annual General Meeting of 21 April 2011 (Board of Directors' reports, Auditors' reports)

- *Profile (page 8)*
- *2010 key figures (page 14)*
- *Sustainable development, research and innovation, human resources (page 26)*

See also:
Business activities and sustainable development, www.bouygues.com

See also forms and forums for dialogue between the Group's five business areas and their stakeholders:
Bouygues Construction (page 63), Bouygues Immobilier (page 77), Colas (page 87), TF1 (page 108), Bouygues Telecom (page 124)

Bouygues Construction, it participated in an exercise to obtain precise measurements of energy consumption in order to develop applications for future worksites. Energy efficiency is a priority area of study for the e-lab team as a whole (see box Energy: better data, more savings, p. 28).

ORGANISATION, STEERING COMMITTEES AND OPERATING RISKS

The Sustainable Development Committee

The Sustainable Development Committee meets quarterly to monitor the progress of initiatives to address sustainable development issues in the Group's businesses and coordinates the Group's managers. The meetings review the sustainable development roadmaps drawn up for each business area, setting out the Group's sustainable development objectives. They also help to maintain impetus across the Group and to keep track of Groupwide issues like sustainability reporting, carbon/energy policy and all aspects of corporate social responsibility.

QSE policy (Quality Safety Environment)

The Bouygues group's QSE function has an organisational role in controlling operating risk (accident reduction, customer complaints, non-compliant products, etc.), with workforce health and safety being a top priority. It also helps to improve satisfaction among stakeholders (customers, employees,

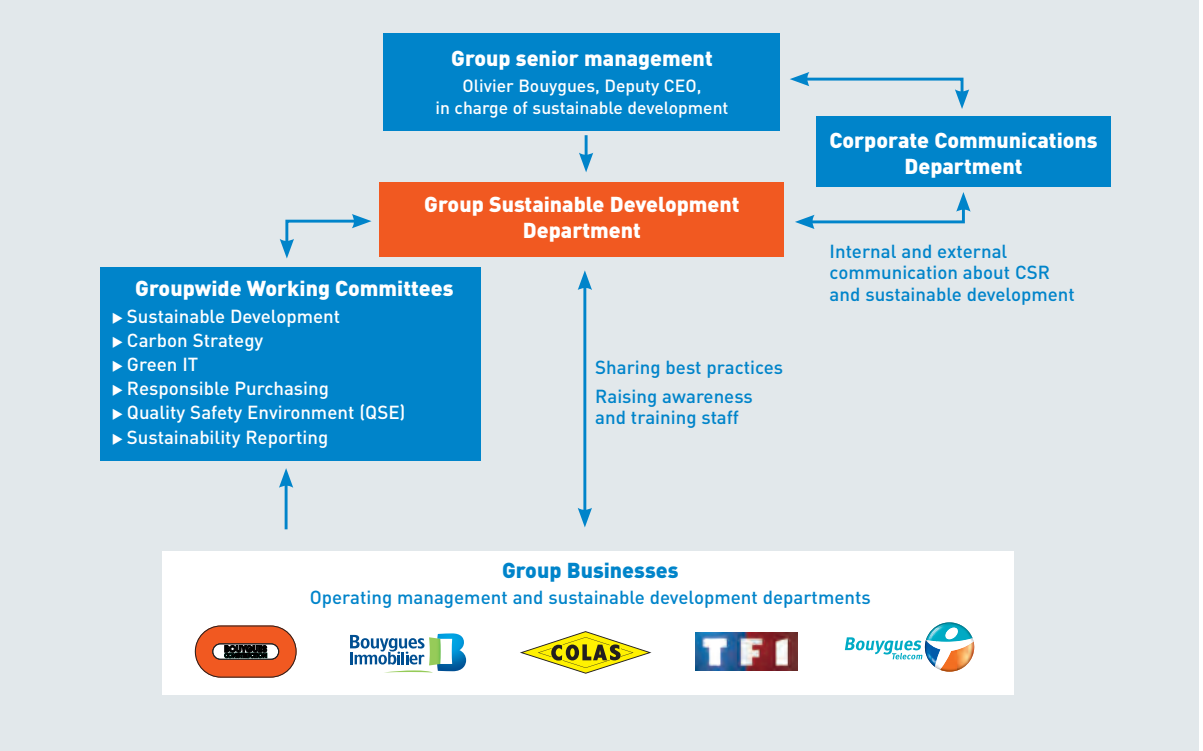
local residents, etc.) and guarantees the effectiveness of the company's management systems. QSE staff help to nourish continuous improvement in the Group's processes by urging managers to adopt the rational use of formal organisational methods.

With more than a thousand employees engaged in tasks related to quality, health and safety and the environment, both in France and abroad, the Bouygues group's QSE teams ensure on a day-to-day basis that management systems are effective and comply with reference systems such as ISO standards. A QSE committee comprising the QSE managers of the Group's business areas meets every two months or so, strengthening synergies and favouring exchanges of best practice and feedback. It also monitors regulatory developments in the Group's business areas and tracks operational performance indicators in areas such as product quality, customer complaints, accidents and environmental incidents.

The Bouygues group uses ISO standards to benchmark its managerial performance in the spheres of quality (ISO 9001), safety (OHSAS 18001 and ILO) and the environment (ISO 14001). This enables stakeholders to observe Bouygues' capacity to ensure that its products and services are compliant and that its management systems remain effective over time.

In this context, a QSE portal was created in August 2010 on BYpedia, the Group's collaborative extranet site, enabling QSE staff to exchange information about the problems

ORGANISATION



they encounter, to enhance the pool of knowledge on a range of issues such as safety, biodiversity, methods and resources for continuous improvement, to share know-how and to strengthen networks of QSE experts.

Group subsidiaries have also taken specific initiatives. Bouygues Telecom, for example, has introduced a management method called Lean Six Sigma, designed to improve the effectiveness and quality of its processes with the goal of guaranteeing constant service and product quality for greater customer satisfaction.

Responsible purchasing

The Bouygues group's responsible purchasing policies aim to encourage the referencing of products and services that are more eco-friendly, socially responsible and ethically sourced, while developing even-handed relations with suppliers.

While product and service purchasing across the Bouygues group is very diverse and mostly business-specific, responsible purchasing policies at each subsidiary are designed to encourage the use of products that are:

- **More eco-friendly:** products and services whose environmental impact has been reduced at each stage of their lifecycle, from manufacturing and transport to utilisation, recycling and disposal.

Bouygues Immobilier obtained BREEAM® certification with an Outstanding rating for Spring, its Green Office® building project in Nanterre

For example, since April 2010 Bouygues has been a partner in the Electric Vehicles Platform, a project coordinated by La Poste that encourages businesses to acquire electric vehicles. By pooling the orders of 20 or so public and private-sector businesses representing a potential market of 50,000 vehicles, the project aims to generate the economies of scale required to create a competitive and economically viable supply of electric vehicles. From 2011 to 2014, Bouygues will acquire some 500 electric utility vehicles as well as a pool of 30 or so electric cars available to Group employees for their travel in the Paris area.

Along similar lines, Bouygues launched the *Défi Vert* (Green Challenge) project in 2009. Designed to raise awareness among employees with a company car or service vehicle by providing them with quarterly information about their fuel consumption and CO_2 emissions, the scheme covers 7,000 vehicles in 13 categories according to engine capacity. The system is now being fine-tuned and employees will soon be given a more detailed analysis of their driving profile, including factors such as speed and fuel consumption, with the greenest drivers being rewarded in 2011.

- **Socially responsible,** by purchasing from suppliers who employ those being helped back into work, older people and disabled workers, and by working with small firms, innovative companies, local businesses and fair trade suppliers.

A Groupwide Responsible Purchasing Committee was set up in 2007 in order to achieve these objectives. It defines and disseminates shared methodologies and tools to support and encourage the responsible purchasing strategies implemented in each business area and to share best practice.

Drawing on the committee's work, a number of cross-cutting initiatives have already been introduced, including supplier CSR performance assessments, a Supplier CSR Charter drawn up for the Group as a whole and targeted training modules for purchasers. In 2010, Bouygues Construction systematically integrated the Supplier CSR Charter in its purchasing contracts for 87% of its activity. CSR performance assessments of 437 suppliers have been carried out to date, including 164 at Bouygues Construction, 39 at Bouygues Immobilier, 30 at Colas, 114 at Bouygues Telecom and 89 at TF1. The assessments cover 21 environmental, ethical and social criteria, as well as the supplier's requirements with regard to its own suppliers and subcontractors. Assessments are performed using a software solution developed by EcoVadis, a consultancy, which delivers an electronic analysis platform, CSR expertise and a CSR benchmark.

Bouygues also provides training to purchasers in all its business areas to raise their awareness of responsible purchasing. Staff from Bouygues Construction were trained in 2010, with Colas, Bouygues Immobilier, TF1 and Bouygues Telecom to follow in January 2011.

Sustainability reporting

Bouygues wishes to provide information about its progress in sustainability reporting for reasons of transparency and credibility in its communication. Because there can be no progress without measurement, the Group has devised and implemented a reporting system that renders account of its performance to stakeholders. The system covers all the components of the Group's

management, whether financial, business, HR-related, social or environmental.

The Group uses a number of assessment systems to ensure that these measures are rolled out, including international sustainability reference systems like GRI (Global Reporting Initiative). ISO 26000 and the EFQM model provided the basis for Abby, an in-house self-assessment software application used by subsidiaries' executive committees on a voluntary basis to assess their internal practices and generate action plans.

The Bouygues group uses a sustainability reporting software tool to gather and consolidate Corporate Social Responsibility (CSR) performance indicators. Accessible online, the application comprises several modules.

- **Organisation:** this module describes how the Group and its business areas are organised. It can have up to seven hierarchical levels. For example: Bouygues SA, subsidiary headquarters, branch office, worksite.
- **Indicator:** this module consists of the topics and sub-topics for which data and indicators can be collected. For example: energy consumption, carbon, human resources, training.
- **Users:** users are listed by profile, role and access rights. The application can be used to gather data at all levels of the company. It is employed in-house to monitor and manage key indicators for each business area. More generally, it fulfils the Group's statutory sustainability reporting obligations under the 2001 New Economic Regulations Act.

At parent company level, Bouygues uses the sustainability reporting tool to record the results of the Group carbon balance due to be published in 2012.

Bouygues is a component of three ECPI indices:

- ECPI Ethical index Euro, comprising 150 European listed companies;
- ECPI Ethical index EMU, comprising 150 eurozone listed companies;
- ECPI Ethical index Global, comprising 150 worldwide listed companies.

The indices are managed by E. Capital Partners, an Italian agency that rates a group of 4,000 listed companies worldwide on the basis of sustainability criteria, particularly social and environmental.

Sharing knowledge with BYpedia

In 2009, the Group rolled out BYpedia, the Group's collaborative extranet devoted specifically to sustainable development and sustainable construction, developed in 2008. Overhauled in 2010 and extended to include themes beyond sustainable development, the portal encourages innovation and makes it easier for employees to share knowledge and best practice in all areas.

Entirely developed in-house, BYpedia works on the Web 2.0 principle (wikis, forums, self-regulation). By the end of November 2010, it had 7,000 registered users, 334 outside partners, over 200 articles and over 300 online working groups.

OUTLOOK

Interview with Olivier Bouygues, Deputy CEO of the Bouygues group, in charge of sustainable development

What conclusions can you draw from the past year as far as sustainable development is concerned?

Sustainable development has become increasingly integrated into the products and services we offer. Bouygues is not a company where sustainable development is partitioned off from business activities. Our constant goal remains to serve our customers better while assuming our responsibility towards society.

In 2010, the emphasis was on our capacity to anticipate new regulations in our design, build and operate processes, especially in the construction sector. The aim is to respond proactively to customers' emerging expectations and to add another element that differentiates us from our competitors, especially in eco-design, low-carbon technologies and energy efficiency.

Throughout the year we have demonstrated our ability not only to give commitments but also to achieve results, for example through the number of construction projects with environmental certification and the award of the Afnor Diversity label to TF1.

What is the outlook for the Group?

We will continue our efforts to convert the changes taking place in our subsidiaries into business opportunities. To do so, we shall continue to invest in training, R&D and the promotion of innovative practices. We will continue to integrate the ISO 26000 standard into all our lines of business, in particular through Abby*, which we reconfigured in 2010. We are aware that customers are becoming increasingly mature in relation to sustainable development and that their expectations are becoming more precise.

So we will continue to enhance our assessment capabilities and further improve our processes in order to offer our customers comprehensive services and increasingly innovative products.

We will also look at how we have to adapt our business models in order to integrate the need to preserve resources of all kinds, especially as part of the growing market for eco-communities.

(*) Abby is a self-assessment software tool for the executive committees of Bouygues group companies

HUMAN RESOURCES

SHARING THE SAME VALUES

"We start to build confidence at induction, when we implement a step-by-step programme complete with mentoring, training and communications. These tools quickly help newcomers feel at home, ready to share our values."*

The Group's Human Resources Charter and Code of Ethics assert three core values for human resources management: **respect, trust and fairness.** These values are reaffirmed to employees, especially managers, on many occasions in the context of training courses. At the end of 2010, 61% of senior executives had attended the Development of Bouygues Values seminar and 36% the Respect and Performance seminar (participants since 2002). 780 new managerial recruits attended Group induction days in 2010 (1,100 in 2009), providing an opportunity for exchanges on strategies and values with senior figures from the business areas and Martin Bouygues. Individual Group companies also have their own induction arrangements, organised along the same lines and adapted to all employees.

The shared values set out in the Human Resources Charter are expressed through practical actions in all business areas, with progress being tracked by precise indicators wherever possible.

Examples in the Group

Bouygues Immobilier's induction days include a half-day devoted to the company's values. Recent recruits discover those values and find out what they mean through group exercises, with the company's CEO dropping in to conclude the session.

Within RCBT, its stores network, **Bouygues Telecom** has introduced a charter setting out seven priorities for sales outlet management.

At **Colas,** the company's values are transmitted to new employees at Colas Campus courses like the University 1 course, which involves many senior executives including the CEO, and at managerial training sessions. In North America, new recruits discover the values at Open House induction days.

RESPECT

"Our people are our most precious resource, both as individuals and as team players. The human element ranks at the top of our scale of values. It is imperative to show respect for oneself and for others. This fundamental rule applies to everybody in the Group, at all levels. Executives and senior executives bear a particular responsibility in this regard."

Constructive labour relations

"Good labour-management relations should lead to a good understanding and integration of individual and collective aspirations, which is key to smooth human relations."

Respect, trust and fairness: three priorities for HR management

A signatory of the Global Compact since 2008, the Bouygues group has for many years promoted a respectful and constructive approach to labour relations that pave the way for real progress for the benefit of staff.

Employee representative bodies in the different business areas are supplemented by the Group Council in France, with 30 representatives from 400 works councils spanning all the group's activities, and the European Works Council, with 24 representatives from 11 countries. Privileged forums for meetings between union representatives from across the whole spectrum and Group executives, they provide an opportunity for exchanges about the Group's business and financial prospects and developments relating to jobs, HR policy, health and safety.

The interest of Group staff in the quality of these discussions between employees and management is reflected in the turnout for workplace elections (80.9% in 2009), which is much higher than the nationwide average in France (63.8% in 2006 – Source: Dares) and gives their representatives a high degree of legitimacy.

Examples in the Group

Both in business areas as a whole and in local subsidiaries, many agreements have been concluded with representative labour organisations covering matters such as pay, older workers, gender equality, disability, diversity, workplace stress and quality of life, social protection and resources made available to unions (see also pp. 29-31).

(*) Unless otherwise stated, the paragraph headers in this section are taken from the Bouygues group's Human Resources Charter.

At **TF1,** unions and employee representatives were particularly involved in the Diversity initiative to combat discrimination and favour equal treatment in the company. Their views were sought during the diagnosis phase and by Afnor's auditors. They were associated with all stages of the process and were given special training.

Colas concluded its first groupwide profit-sharing agreement. The scheme covers the group's 20 subsidiaries in mainland France and its regional headquarters and is based on two performance criteria, the subsidiary's net profit and safety record.

Colas' scheme to cover healthcare costs has been extended to the overseas *départements* in the Antilles and French Guiana in cooperation with local union representatives.

The Bouygues group's social welfare schemes are managed jointly by management and labour. Renewed for four years under a Groupwide collective agreement on 23 November 2009, the supervisory board of the welfare scheme for managerial, clerical and technical staff oversees complementary health and welfare insurance on a joint basis for those categories of staff (French employees and expatriates) at **Bouygues Construction, Bouygues Telecom** and **Bouygues Immobilier.** The scheme has 25,000 members and 57,000 beneficiaries.

The 20-member board, comprising ten union and ten management representatives, has operated strictly on a joint basis for over ten years.

COLLECTIVE AGREEMENTS NEGOTIATED

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2010 Total Group	2009 Total Group	2008 Total Group
Number of agreements negotiated, including mandatory annual negotiations	6	109	10	56	9	10	200	266	204

PARTICIPATION IN ELECTIONS OF EMPLOYEE REPRESENTATIVES (FIRST ROUND, PRINCIPALS)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2010 Total Group
Rate of participation in most recent elections	82%	85%	76%	79%	74%	79%	81%

Following the same pattern, the supervisory board of the complementary social insurance scheme for **Bouygues Construction's** site workers oversees their healthcare and welfare arrangements on a similar joint basis.

Promoting health and safety in all business areas

"It is our duty to attend to health and safety, both our own and our colleagues'. This is a moral obligation for each and everyone at Bouygues, irrespective of their position or job grade. Safeguarding physical well-being is integral to respect, to which we are all entitled. At the same time, we are also responsible for giving the alert to preserve health and safety when need be."

Health and safety are a priority for all Group employees and have been for many years. As a result, the health and safety record in our businesses is much better than the average for the industry concerned. In 2009, for example, the industrial accident frequency rate in the construction industry in France was 48.1 and the severity rate was 2.8 (source: INRS, National Research and Safety Institute).

To improve our record even further, ambitious training programmes have been rolled out at Colas and Bouygues Construction in particular, extending to health issues like road safety, stress and addiction.

Examples in the Group

At **Bouygues Construction,** Bouygues Entreprises France-Europe has embarked on a number of initiatives. Its large-scale anti-addiction campaign includes blanket testing and support for those with an addiction-related condition. A campaign day was organised on 13 October 2010 to spread the message and take advantage of expert advice from the government anti-drug task-force and the occupational health service, in the presence of the CEOs of all subsidiaries. A European Safety Day was organised as part of a campaign under the slogan "Safety: you're personally responsible". Since 2009, line managers at every level have been given specific safety training.

In 2010, in addition to continuing a number of safety and road safety awareness-raising, prevention and training initiatives, **Colas** set up a unit to monitor serious and fatal accidents and includes a safety indicator in its profit-sharing scheme in order to further motivate the workforce on this priority issue. Drawing on its experience on the ground, the company has also prepared a guide, circulated to all establishments, on how to fit out workstations following an accident.

Colas and its subsidiaries achieved the safety targets for 2010 set in 2005: the frequency rate in France is below 10, 31% of the workforce worldwide has received first-aid training and over 50% of establishments in

INDUSTRIAL ACCIDENTS

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2010 Total Group	2009 Total Group	2008 Total Group
Industrial accident frequency rate[a]	1.87	7.61	2.25	7.82	6.26	2.99	7.31	8.30	9.59
Industrial accident severity rate[b]	0.01	0.39	0.02	0.3	0.18	0.08	0.32	0.307	0.332

These indicators are subject to possible correction since they have to be validated after publication by the relevant authorities.
(a) Number of industrial accidents involving time off work x 1,000,000 / number of hours worked (b) Number of days off work x 1,000 / number of hours worked

mainland France were accident-free. Many subsidiaries have taken steps to correct wrong movements and poor posture, organised warm-up sessions with physiotherapists and created positions for risk prevention trainers. Colas Suisse has recently introduced medical check-ups for staff.

As part of its older worker agreement, **Bouygues Immobilier** has undertaken to pay employees aged 45 and over for the day during which they have the comprehensive medical check-up offered by Social Security.

TF1 offers all employees free flu vaccination. When the risk of a flu pandemic arose, the company rolled out an ambitious action plan designed to reduce employees' exposure to a minimum while ensuring that the company could continue to fulfill its missions to society, such as keeping the population informed during a crisis.

The 136 employees who worked in South Africa during the FIFA Football World Cup were given a half-day course to raise their awareness of the specific security risks in South Africa. Once in the country, measures were put in place so that they could raise the alarm in case of danger to people or equipment.

At **Bouygues Telecom,** maintenance technicians working alone are equipped with a device, developed and operated in-house, that enables them to alert the emergency services from wherever they happen to be.

The right work/life balance

"Finding a good balance between work and personal life helps ensure respect for oneself and others."

A good work/life balance is the best way of ensuring that staff perform effectively, free of stress that might sap their motivation. Several businesses looked closely at the question in 2009 and 2010. The answers they came up with vary according to the requirements and specific features of each sector of activity.

To give employees some choice in how they manage their worktime, all business areas have introduced "leave bank" arrangements for time off in *lieu* of overtime.

Examples in the Group

Following a consultation exercise in 2008, **Bouygues Immobilier** has given practical expression to its commitment to quality of life in the workplace by rolling out an initiative called BI & Me and concluding a company-wide agreement.

In all, 51 employees took a stress management course to help prevent and limit stress at work.

In accordance with commitments given to labour representatives, Bouygues Immobilier has introduced a training course intended for managerial staff called Respect and Performance 2, which focuses on how to prevent stress in the workplace and how to arrange internal and external support for staff most exposed to stress. 92 managers took the course in 2010.

Colas has concluded an agreement with labour representatives on a method for preventing stress and improving well-being in the workplace. A working group has been set up, comprising representatives from all levels of the company and its main lines of business. An initial diagnosis has been made and submitted to a steering committee which also includes labour representatives.

TF1 has given a commitment to maintain the stress observatory it has set up under the aegis of occupational health specialists.

A company-wide agreement on working better together, concluded in 2010, aims to facilitate the work/life balance. It includes measures relating to the scheduling of meetings and the use of e-mail and mobile phones.

Under the agreement, women returning to work after maternity or adoption leave can recommence progressively over a two-week period. Works councils are also given extra resources each year to fund childcare allowances.

In 2010, 40 employees took part in a training course on how to manage the work/life balance and 38 took a course on emotional intelligence and working life.

Bouygues Construction has signed up to the Parenting Charter, is a partner of the Parenting Observatory and in 2010 helped to produce a guide that gives managers:

- legal advice on issues such as maternity, paternity and parental leave, teleworking and part-time working;
- advice, based on situational analysis and ground rules, on attitudes to adopt and to avoid in order to help their staff benefit more fully from the parenting experience.

First agreements on the prevention of psychosocial risks were concluded in several Bouygues Construction entities, notably Bouygues Bâtiment Ile-de-France, Quille

"It is our duty to attend to health and safety, both our own and our colleagues'. This is a moral obligation for each and everyone at Bouygues."

and DV Construction. They include arrangements for psychosocial watch and alert arrangements and charters for managers on reconciling work and personal life.

Training courses at Bouygues Construction University were enhanced in 2010 with the creation of a new workplace stress module. Three sessions took place in 2010, with 36 participants, and the course will continue in 2011. A handbook for managers has been produced to help them identify and handle problem situations as they arise.

Bouygues Construction has organised open days in several of its entities, like the "What does Daddy do?" operation at DV Construction, so that site workers' families can find out what construction work involves, including workshops for children, demonstrations of tools and equipment and safety instruction.

At **Bouygues Telecom,** flexitime helps employees to find the right work/life balance. In many activities, the only requirement is that employees must be at their posts during morning and afternoon timeslots lasting 2 hours and 15 minutes each, enabling staff to organise their working week as it suits them. Time off in *lieu* offers them another way of balancing their working and personal lives. To make working life easier for parents, meetings may not be scheduled before 9.00am or after 6.00pm.

A time-preference system gives customer advisers individual choice in relation to the hours proposed, with the option of exchanging shifts with a colleague.

Works councils also offer many convenience services.

Bouygues Telecom has enhanced its policy of preventing psychosocial risks linked to workplace stress by extending the stress and wellness observatory to all employees, introducing a counselling service, creating a Wellness section on the intranet and including topics on workload, organisation of work and the work/life balance in future annual assessment interviews. A training module will be rolled out for all managerial staff in 2011 and prevention measures have been incorporated into the official Occupational Risk Assessment Document.

Solidarity with stakeholders

"We believe that financial performance must be accompanied by socially responsible behaviour. We build the notion of solidarity into our strategy. In doing so, we account for the local specificities of our business activities and the places or countries where we work."

PART-TIME WORK

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2010 Total Group	2009 Total Group	2008 Total Group
Average number of part-time workers	22	508	45	328	328	384	1,615	1,547	1,216

Convinced that a business cannot be sustainably profitable without socially responsible behaviour, Bouygues group companies ensure that solidarity is built into their strategy in relation to both their activities and the places where they operate.

Examples in the Group

International

Internationally, **Bouygues Construction** is involved in two partnerships.

CARE is an initiative to rebuild 3,000 homes in Cuba, launched after the hurricanes that hit the country. Donations from employees for reconstruction in Haiti were matched by the company.

In a partnership with the association Emergency Architects that started in 2009, volunteers from the company can leave on humanitarian missions in disaster-stricken countries. Two employees are currently in Haiti.

Bouygues Bâtiment International has set itself the target of carrying out one social initiative through local partnerships in every country where it has operations.

In Madagascar, a medical unit from **Colas** is continuing an AIDS awareness and detection campaign, employing members of the Père Pedro charity. On worksites in disadvantaged areas of Benin, like the Djougou-Ouaké road, Colas is working with local leaders to recruit workers, providing both training and financial support to local people.

France – Europe

In France, **Bouygues Construction** entities have created community action committees made up of company employees. Their role is to promote and implement commitments to solidarity and involvement in local economic life given by subsidiaries including Quille, Losinger and GFC. Several entities are now involved in such initiatives.

Bouygues Immobilier's corporate foundation aims to help make the urban environment more human by placing architecture and urban planning at the service of the environment and the community.

Two highlights of 2010 were the launch of the Médiaterre project in partnership with Unis-Cité to raise awareness of green behaviour in families from disadvantaged neighbourhoods in two pilot cities and the renewal for a further three years of the partnership with the Cité de l'Architecture et du Patrimoine to foster discussion of the environment and social integration in the cities of the future.

Bouygues Telecom employees who so wish can take 14 hours a year off to take part in Bouygues Telecom Foundation initiatives or to sponsor the association of their choice. At 31 December 2010, 620 employees had signed up as volunteers with the Bouygues Telecom Foundation, which coordinates all the company's sponsorship. 29 of them were sponsors of an association which, through their efforts, was able to obtain financial support from the Foundation. 160 employees took part in a campaign organised by the Surfrider Foundation to clean up beaches, lakes and rivers.

"We build the notion of solidarity into our strategy, taking account of our business activities and the places or countries where we work."

In December 2010, 144 employees took part in a campaign at all the company's sites to raise funds for Association Les Petits Princes, an association that helps to make sick children's dreams come true.

Many **Colas** subsidiaries train young people from disadvantaged neighbourhoods as part of public procurement contracts with integration conditions attached, either in partnership with employer organisations or directly with local authorities. Smac, its waterproofing cladding subsidiary, has entered into a partnership with Les Compagnons Bâtisseurs to help low-income households rehabilitate their homes in order to make them more energy-efficient. Colas Belgium is continuing a pilot scheme begun in 2009 to train long-term unemployed people in Brussels and hire them as road and utility service workers.

TF1 demonstrates its solidarity with stakeholders through a wide range of initiatives, such as donating airtime worth €21 million on the TF1 channel to charities and good causes.

Employees who are active members of a public-interest association can take a day or half-day off without loss of pay to devote to their association, up to a ceiling of 150 days a year across the company as a whole.

TF1 also helps to finance the Maison des Journalistes, a centre where journalists forced to flee their own countries can find accommodation and a place to work.

TRUST

"We believe in laying the groundwork for success with clear, straightforward employee relations. Developed over the course of each career, confidence finds expression in specific professional milestones."

Paying attention to the quality of relationships

"Annual performance reviews and salary reviews allow each employee to take stock of the previous year with their manager, in addition to their regular interaction. An annual performance review involves making an assessment of the employee's skills, results and ability as a team player. It is intended to be a two-way discussion to explain the review, set goals for improving performance and behaviour as well as discuss career prospects.

Communications and special events encourage interaction between individuals, teams and structures, strengthening shared values and keeping employees properly informed."

Monitored by HR departments, the quality of the personal relationships between Group employees and their managers is a key to effective joint action and the well-being of all.

Examples in the Group

Bouygues Construction has established a common core of questions for surveys in all its divisions, enabling it to track a certain number of parameters across the whole business area.

Satisfaction surveys were conducted at DV Construction, Structis, Quille, ETDE and others in 2010 to measure progress and to identify new expectations among employees.

As part of the preparation of its Invent 2015 corporate project, ETDE embarked on a consultation exercise with the aim of involving as many employees as possible through various channels, including a survey of 5,800 managerial, clerical and technical staff covering subjects such as their vision of the company, their areas of concern and the company's strengths and weaknesses, one-on-one interviews with 165 managers and cross-cutting workshops with employees from the company's different lines of business.

Bouygues Bâtiment Ile-de-France has incorporated an exchange of views between employees and their line manager into annual assessments at group leader level and above, helping to create a dialogue on the perception of management and managerial behaviour. It covers five areas: trust, respect, motivation, attentiveness and shared ambition.

Events such as lunches, conferences, award ceremonies and working meetings are regularly organised in all entities to foster direct discussion between Minorange Guild workers and senior management.

In addition to conventions, Colas University sessions, award ceremonies and other events to encourage discussion between employees and managers, senior management at **Colas** has created a management committee to improve the governance of a highly decentralised group. A source of ideas for improvement in various areas, such as exchanges of best practice, knowledge sharing, talent management and new products and services, it is backed up by an e-newsletter sent to a thousand managers throughout the group. A special area has

PROPORTION OF STAFF BENEFITING FROM A FORMAL ANNUAL APPRAISAL

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2010 Total Group	2009 Total Group
Managerial	80%	77%	92%	53%	86%	100%	77%	73%
Clerical & technical	89%	70%	95%	50%	87%	100%	68%	69%
Site workers	-	81%	-	20%	-	-	37%	36%
Total	**82%**	**77%**	**92%**	**33%**	**86%**	**100%**	**58%**	**57%**

been created on the Colas intranet where any employee can put a question about the group to the CEO, Hervé Le Bouc.

A first opinion poll was conducted in **TF1** in April 2010. 68% of the workforce responded, a much higher proportion than the average. 84% of respondents said that working relations were based on mutual respect, 89% thought that their line manager trusted them, 88% said they were proud to work for the company and 85% were confident in their future.

Réseau des Clubs **Bouygues Telecom** (RCBT) conducted its first employee perception survey in 2010.

Keeping recruitment at a significant level and encouraging internal mobility

"The aim of the recruitment stage is to find and attract the best job applicants by launching targeted internal and external communications, keeping a high profile in the community (maintaining close ties with schools, universities and associations), implementing a strong internship policy and offering attractive pay. Hiring decisions are based on the suitability of candidates to fill existing job vacancies as well as their career potential and aptitude to share the values of our Group. We refrain from all discrimination on unlawful grounds."

Although the context in 2010 was less favourable, the Group maintained a high level of recruitment, hiring over 6,500 new people in France, especially in construction businesses. The total headcount remained the same.

In its November 2010 issue, the business magazine *L'Expansion* ranked Bouygues among the top four French firms in terms of jobs created or preserved in France over the period 2006-2009.

Examples in the Group

The Group's five business areas used mobility to keep staff in jobs. The staffing committees set up in several business areas and the new Mobyclic mobility intranet help to advertise vacancies, both in an employee's original line of business and in the Group as a whole.

In 2010, in a difficult environment, **Colas** recruited almost 2,100 employees in France, including 380 young people on work/study courses, and 2,500 outside France, plus over 2,250 interns.

Colas also preserved jobs in its French subsidiaries through synergies and mobility and through forward planning. The efforts made by staff are evidence of a high degree of cohesion in the workforce and transparency in relations with line management.

Colas harmonised its mobility rules for the whole of mainland France and, as part of the process, introduced an agreement on supporting employees' spouses. The tasks of the Management function were defined in order to encourage mobility, while similar exercises

EMPLOYEES BY REGION

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2010 Total Group	2009[(a)(b)] Total Group	2008 Total Group
France[a]	**334**	**22,936**	**1,359**	**38,063**	**3,782**	**9,178**	75,652	76,427	77,281
Europe (excl. France)	7	7,145	81	11,399	274	-	18,906	21,109	23,276
Africa and Middle East	-	9,609	-	8,549	8	-	18,166	16,895	27,605
North America	-	199	-	4,849	3	2	5,053	4,534	4,691
Central/South America	-	687	-	-	-	-	687	843	922
Asia-Pacific	-	13,550	-	1,425	15	2	14,992	14,163	11,371
International	**7**	**31,190**	**81**	**26,222**	**300**	**4**	57,804	57,544	67,865
France + International	**341**	**54,126**	**1,440**	**64,285**	**4,082**	**9,182**	133,456	133,971	145,146

(a) Mainland and overseas (b) After the sale of Finagestion in October 2009 (approx. 6,400 employees, mostly in Africa)

were carried out for the Design and Human Resources functions.

In late 2010, **Bouygues Construction** rolled out a new internal mobility management tool for HR managers in order to optimise the management of needs and resources within the group.

At **TF1**, one out of two vacant permanent positions was filled from within the company. 170 job description factsheets were drawn up and made available to staff on the intranet. A hundred young people on apprenticeships or skills contracts worked at TF1 on work/study courses in 2010. The entire editorial team was mobilised for Job Weeks on two occasions, resulting in the conclusion of 2,500 permanent employment contracts in a wide range of sectors.

Bouygues Telecom recruited 31 students preparing BTS sales management diplomas at RCBT's new sales school. Sales and Management functions were created within RCBT to raise skill levels in the two specialisations, especially through training and the rationalisation of career structures.

Promoting employee share ownership, one of the Group's great strengths

"The Bouygues corporate savings plan encourages employees to become shareholders in the company, giving them a direct interest in its success and offering them attractive terms for constituting medium-term savings."*

Following on from the six leveraged schemes offered to Bouygues group employees since 1999, efforts to promote employee share ownership continued with Bouygues Confiance 5. Over 55,000 employees are shareholders in the company, owning 18.99% of the capital and 22.59% of voting rights (after the Bouygues Confiance 3 scheme matures on 3 January 2011), confirming Bouygues as the CAC 40 company with the highest level of employee share ownership.

The average portfolio of the 54,411 members of the Bouygues corporate savings plan is €13,123 on the basis of a share price of €32.25 on 31 December 2010).

Examples in the Group

Members of the Bouygues Confiance 3 fund, liquidated in late 2010 and early 2011, who held their units for the mandatory five years made a capital gain of 38.7%.

75% of employees at **TF1** are members of their company savings scheme.

Encouraging internal promotion

"People trust an employer that recognises their strengths and promotes career development with a strong promotion and internal mobility programme. Our recruitment practices seek a fine balance between using in-house promotion to motivate staff and attracting people from outside to contribute new skills and working methods."

To keep employees motivated, businesses ensure that they give priority to internal promotion rather than outside recruitment. Each business area has a careers committee whose task is to identify and track employees wishing or seeking to change jobs. It is a policy that encourages staff loyalty.

Mechanisms for giving recognition to professional skills and achievements, Minorange Guild, a customer advisors club, etc., also exist for particular categories.

Francis Bouygues created the Minorange Guild in 1963 to recognise achievements in the construction trades. The Guild and its offshoots in other business areas have 2,166 members in 27 orders.

Examples in the Group

Internal promotion is a constant in the **Colas** group, both in France and elsewhere. It is central to the Cap 2010 project at Colas Morocco, which has drawn up promotion and succession plans in all its units to promote internal mobility and encourage employees to move up the social ladder.

EMPLOYER'S CONTRIBUTION TO CORPORATE SAVINGS PLAN

Scope: France (€ '000)	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2010 Total Group	2009 Total Group	2008 Total Group
Total gross contribution to plan	676	34,547	2,506	23,600	8,235	14,051	83,615	81,774	77,164

For Bouygues, the employer's contribution to the corporate savings scheme is 200% of payments up to €300 a year, 100% between €301 and €1,920 and 50% between €1,921 and €4,200.
For TF1, the contribution is 200% of payments up to €300 a year and 100% between €301 and €3,450.

PROPORTION OF EMPLOYEES PROMOTED*

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2010 Total Group	2009 Total Group	2008 Total Group
Managerial	10%	14%	16%	8%	16%	10%	12%	10%	15%
Clerical & technical	11%	12%	12%	8%	13%	12%	10%	10%	8%
Site workers	-	10%	-	8%	-	-	8%	10%	11%
Total	**10%**	**12%**	**15%**	**8%**	**16%**	**11%**	10%	10%	12%

(*) Excerpt from the Group corporate savings scheme brochure

(*) Change of grade

In Mauritius, Colas has a scheme to identify young Mauritians with potential in order to advance their careers rapidly under the guidance of an experienced general foreman.

Colas is also continuing to roll out vocational skills certificates. 60 employees without diplomas have been awarded a certificate in official recognition of their skills.

The career path for supervisory staff is a prime example of internal promotion at **Bouygues Construction,** where employees who start out as site workers may move up the career ladder and become site supervisors. 62 site workers were promoted to supervisory grades in 2010, including 28 from Bouygues Construction guilds.

Bouygues Entreprises France-Europe has introduced a training programme for recently promoted managers. The programme is designed to encourage positive behaviour and attitudes by encouraging them to respect their staff and be attentive to their needs.

In 2010, Bouygues Bâtiment International rolled out an HR development indicator based on 17 criteria that enables its units to analyse the different aspects of their human resources policy. The tool, already tested in a dozen subsidiaries, highlights the maturity of HR policies, their strengths and areas for improvement.

Bouygues Telecom has created a sales management diploma to enhance the career development of its store managers.

FAIRNESS

"All HR decisions in matters of recruitment, promotion, training and pay, as well as any internal sanctions that are called for, are explained to the parties concerned. Providing clear information is one way to make sure that all job applicants and employees are treated fairly."

Maintaining a proactive pay policy

"Our promotion and pay policy is instrumental to equal opportunity. This gives each employee the incentive to meet individual career development targets. Promotion and pay depend on individual performance and potential as well as market value according to supply and demand. Irrespective of market trends, a strong pay policy is one of our best guarantees of success."

In 2010, the Group's French businesses specifically monitored then enhanced wages at the lower end of the scale. Over the year, average wage increases exceeded the inflation rate and, in most Group companies, were directed towards the lowest wages as a priority.

The Group's policy is to supplement wages with benefits like profit-sharing, additional social protection, pension savings plans, 13 months' pay, top-up contributions and social and cultural activities. In France, works councils at the Group's largest subsidiaries organise trips and Christmas parties for employees' children, subsidise meals in company restaurants and provide sports facilities for staff.

Several businesses provide each employee with a personalised document summarising all these benefits to give them an overview of their total compensation.

Examples in the Group

Bouygues Telecom has introduced a computerised compensation summary for most of its employees. Sales staff are given a guide to performance-related pay.

Staff at **TF1** were paid a share of the company's profits, representing about a month's salary. A number of employees opted to put the sum into the corporate savings plan.

Colas has concluded a profit-sharing agreement for all its units in mainland France.

Continuing initiatives to promote equal opportunity and integration

"We are an equal opportunity employer. No applicant or employee receives less

AVERAGE ANNUAL SALARY BY JOB CATEGORY IN 2010

Scope: France (€ per year)	Holding company and other	Bouygues Construction	Bouygues Immobilier*	Colas	TF1	Bouygues Telecom
Managerial (excl. senior executives)	85,121	57,217	58,825	55,658	63,192	54,639
Clerical & technical	29,619	30,463	40,140	32,174	35,610	25,502
Site workers		24,794		23,625		

(*) Excluding sales staff

AMOUNT OF PROFIT-SHARING PAYOUTS*

Scope: France (€ '000)	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2010 Total Group	2009 Total Group	2008 Total Group
Compulsory profit-sharing	653	15,979	2,668	2,889	18,159	11,739	52,087	49,736	48,463
Voluntary profit-sharing	32	29,243	5,569	10,984	3,690	27,890	77,408	94,346	94,217
Total	**685**	**45,222**	**8,237**	**13,873**	**21,849**	**39,629**	129,495	144,082	142,680

(*) Paid in 2010 in respect of 2009

favourable treatment because of gender, ethnic background, religion, beliefs, disability, age, sexual orientation or nationality. This is a moral obligation as well as a corporate priority. Each person must be treated like a dignified human being. We owe our success to the creativity of our people, enhanced by the tremendous diversity existing within the Group. We see diversity as a major asset."

All Bouygues businesses have continued their many initiatives to encourage diversity (see Main sustainable development priorities/HR and diversity). They have a diversity officer and have concluded older worker agreements covering employees in France.

Examples in the Group

TF1 signed the Diversity charter on 10 January 2010 and was awarded the Diversity label on 14 December 2010 after an audit by Afnor Certification, an independent body. TF1's diversity policy focuses on four priorities: gender equality, older workers, disability, and ethnic and cultural origin. A Diversity unit has been created, backed up by ten diversity officers in the company. A diversity training programme has been developed for the 400 managers and 300 employees who help to make programmes.

Bouygues Construction has a diversity committee comprising a representative from each entity and five areas of work (older workers, gender equality, disability, integration and ethnic diversity), each with a sub-committee that reports directly to the diversity committee. Bouygues Construction has rolled out equal opportunity training for HR managers and other managerial staff over the last three years. Almost 300 employees have taken the course, which aims to forestall situations in which discrimination can arise and to combat stereotyping. An executive committee

version of the course was developed in 2010 and it will be rolled out more extensively in 2011.

Colas won a Diversity award for keeping disabled workers in employment at the fifth Diversity Awards ceremony at Corte in Corsica. Under an agreement with Agefiph concluded in 2009, a diagnosis of disability awareness and the recruitment and continued employment of disabled people has been carried out in 18 subsidiaries in mainland France.

In December 2010, Dirrecte Île-de-France approved the agreement between **Bouygues Immobilier** and its social partners to promote the integration and continued employment of disabled people.

Giving priority to career development and training

"Within the Group, each employee benefits from the exchange of information and career advice to guarantee equal opportunity, open up career prospects and build individual potential. Our training programmes are designed to strengthen professionalism and develop the ability to adjust and innovate, thereby ensuring equal opportunity."

Career development for employees, a constant priority in the Bouygues group, requires very substantial investment in training. That is why every business unit is committed to devoting a considerable amount of time and money to it. In France, the Group goes well beyond the statutory requirements. With other employers, it gave a commitment in 2009 to maintain its efforts to promote apprenticeships despite a more difficult economic environment.

Examples in the Group

Bouygues Construction University, Bouygues Construction's internal training structure, is tasked with promoting the group's principles and values, enhancing employees' skills,

DISABLED WORKERS

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2010 Total Group	2009 Total Group	2008 Total Group
Number of disabled workers (permanent and fixed-term contracts)	3	734	9	836	57	199	1,838	1,638	1,625
Number of disabled workers hired (permanent and fixed-term contracts)	-	26	4	17	19	21	87	148	146
Sales with companies in the adapted and sheltered sector (excl. Colas)	€2,542	€1,344,530	€253,250	€890,994	€433,016	€1,462,000	€4,386,332	€2,877,974	€2,110,373

fostering the creation of professional networks and encouraging thought and action on groupwide strategic priorities.

Some 50 or so different training programmes are on offer, including management modules as well as courses tailored to the company's particular lines of business. About 1,400 training courses are dispensed each year.

Bouygues Construction University also offers opportunities for collaborative work. The Pericles programme provides a framework in which 19 project managers can transmit the experience and know-how gained from managing major projects in areas such as technical skills, team management and career development. In 2010, the Ulysse programme gave 17 participants an opportunity to contribute to managerial thinking through the preparation of a Manager factsheet describing the constraints and opportunities of middle management.

Pertuy has rolled out a training programme for women in management. Organised in four one-and-a-half day sessions, it also includes themed working breakfasts and discussion evenings.

Several Bouygues Construction entities have introduced literacy and numeracy training for site workers.

The Gustave Eiffel Centre, an apprentice work/study training centre supported by Bouygues Construction, prepares young people for qualifications ranging from the CAP vocational training certificate to BTS and degree-level technical diplomas. The pass rate for the 155 students who took exams in 2010 was 82%. Altogether, 30% of apprentices from the Gustave Eiffel Centre work in the Bouygues group.

Colas continued to invest in training in 2010, devoting 4% of its total payroll in France and over 2.5% of its international payroll to training.

Colas Campus, which celebrated its twentieth anniversary in 2010, offers 150 tailored training programmes representing over 200,000 hours of training to over 4,500 employees a year. Colas Campus helps to spread a shared corporate culture and know-how in the technical, managerial and commercial spheres. Over 50% of the training provided by Colas in 2010 was dispensed to site workers and 21 Colas University sessions were organised.

Having provided the inspiration for Colas North American University, Colas Campus also exported in 2010 its training courses, led by trainers on secondment from France, to expatriate and local managers in Madagascar.

TRAINING

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2010* Total Group	2009 Total Group	2008 Total Group
Percentage of payroll spent on training	2.40%*	5.40%*	2.04%*	3.23%*	2.81%*	5.10%*	4.1%	4.59%	4.56%
Average number of days' training per employee per year	2.42%*	3.73%*	2.4%*	2.03%*	2.76%*	4.66%*	2.96%	2.99%	3.33%

(*) Estimates

WORK/STUDY TRAINING CONTRACTS*

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2010 Total Group	2009 Total Group	2008 Total Group
Number of apprenticeship contracts	2	454	20	579	37	200	1,292	1,366	1,499
Number of professional training contracts	1	173	6	240	57	336	813	795	1,130

(*) Beneficiaries in the company at 31 December 2010

BOUYGUES GROUP SOCIAL DATA

		Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2010 Total Group	2009 Total Group	2008 Total Group
Percentage of workforce by category (global)	**France**									
	Managerial	63.2%	35.4%	70.3%	14.9%	76.4%	47.8%	29.4%	30.3%	28.9%
	Clerical & technical	36.8%	26.3%	29.7%	25.2%	23.6%	52.2%	28.8%	28.6%	28.7%
	Site workers	-	38.3%	-	59.9%	-	-	41.8%	41.1%	42.4%
	International									
	Managerial	100%	37.8%	100%	31.2%	100%	100%	35.2%	33.0%	35.2%
	Site workers	-	62.2%	-	68.8%	-	-	64.8%	67.0%	64.8%
Gender equality (France)	**Percentage of women**	**35.3%**	**16.1%**	**48.3%**	**7.5%**	**48.1%**	**47.3%**	17.9%	18.2%	17.9%
	Managerial	34.1%	21.5%	34.7%	12.1%	45.0%	33.4%	25.2%	23.8%	23.6%
	Clerical & technical	37.4%	31.1%	80.4%	21.5%	58.2%	60.0%	35.3%	35.9%	36.5%
	Site workers	-	0.8%	-	0.5%	-	-	0.6%	0.6%	0.6%
	Percentage of women in managerial positions	**17.8%**	**6.8%**	**23.5%**	**6.0%**	**35.0%**	**18.2%**	11.2%		
Percentage of workforce by type of contract (global)	**France**									
	Permanent contracts	99.4%	96.7%	94.9%	98.0%	93.6%	94.4%	96.9%	96.3%	96.0%
	Fixed-term contracts	0.6%	3.3%	5.1%	2.0%	6.4%	5.6%	3.1%	3.7%	4.0%
	International									
	Permanent contracts	100.0%	92.0%	98.8%	86.6%	86.0%	100.0%	89.5 %	85.5%	83.1%
	Fixed-term contracts	-	8.0%	1.2%	13.4%	14.0%	-	10.5 %	14.5%	16.9%
	France + International									
	Permanent contracts	99.4%	94.0%	95.1%	93.3%	93.0%	94.4%	93.7%	91.4%	89.8%
	Fixed-term contracts	0.6%	6.0%	4.9%	6.7%	7.0%	5.6%	6.3%	8.6%	10.2%
Average age and seniority (France)	Average age	**39**	**39**	**39**	**40**	**39**	**34**	39	39	39
	Average seniority	**11**	**10**	**8**	**12**	**11**	**7**	11	10	10
External recruitment by category, permanent and fixed-term (global)	**France**	**11**	**2,359**	**216**	**2,073**	**523**	**1,377**	6,559	6,024	11,400
	Managerial	4	945	123	255	278	214	1,819	1,619	3,072
	Clerical & technical	7	856	93	491	245	1,163	2,855	2,586	4,210
	Site workers	-	558	-	1,327	-	-	1,885	1,819	4,118
	International	**-**	**13,961**	**12**	**2,465**	**44**	**-**	16,482	16,415	17,476
	Managerial	-	2,360	12	862	44	-	3,278	3,944	4,661
	Site workers	-	11,601	-	1 603	-	-	13,204	12,471	12,815
	France + International	**11**	**16,320**	**228**	**4,538**	**567**	**1,377**	23,041	22,439	28,876
Workforce turnover (France)	Turnover rate[b]	**3.40%**	**8.62%**	**7.39%**	**4.90%**	**6.86%**	**7.06%**	6.51%	5.60%	7.10%
Internships (France)	Number of interns during the year	**20**	**2,157**	**162**	**1,860**	**315**	**531**	5,045	4,770	5,823
Temporary employees (France)	Number of temporary employees (full-time equivalent)	**2**	**2,843**	**38**	**5,246**	**378**	**249**	8,757	7,344	6,534[c]
Proportion of the workforce by age group (France)	**France**									
	under 25	5.1%	8.6%	5.4%	7.8%	1.6%	11.0%	8.1%	nc	nc
	25-34	38.6%	32.4%	34.4%	24.7%	33.8%	43.6%	30.2%	nc	nc
	35-44	25.7%	27.0%	30.1%	28.8%	37.7%	36.0%	29.6%	nc	nc
	45-54	17.1%	23.1%	21.2%	27.3%	21.5%	8.1%	23.1%	nc	nc
	55 and over	13.5%	8.9%	8.9%	11.3%	5.4%	1.3 %	9.0%	nc	nc
Percentage of employees receiving a satisfaction survey (global)		**38%**	**23%**	**98%**	**nc**	**94%**	**100%**	39%	nc	nc
Percentage of employees covered by a group social protection scheme (global)		**100%**	**100%**	**99%**	**63%**	**100%**	**100%**	82%	nc	nc

(a) Colas: permanent staff only for international subsidiaries (b) Turnover rate: Resignations + Dismissals + Mutual terminations / Average headcount (all figures for permanent staff) (c) Excluding Bouygues Construction *nc: non consolidated*

METHODOLOGY (see also Note on reporting methodology, p. 329)

Social data are derived from Group subsidiaries' information systems and consolidated at 31 December.

The scope of validity of indicators (France or global) depends on their nature and the data collection method.

In the space of a few months, Bouygues Bâtiment International and Bouygues Travaux Publics (Bouygues Construction group) won three major contracts in Hong Kong worth a record €1 billion. Here, work on the Kai Tak Cruise Terminal Building, which will take super cruise liners.
Photo: Hi-Shots Limited - Architect: Norman Foster

BUSINESS activities and sustainable development

A glossary is available at the end of this Registration Document.

Full-service **CONTRACTOR**

Good commercial and operating performance in 2010

KEY FIGURES

2010 sales
€9,235m (-3%)

Current operating margin
3.4% (-0.1 pts)

Net profit att. to the Group
€201m (-16%)

Order book
€14.2bn (+18%)

Employees
54,126

2011 sales target
€9,400m (+2%)

HIGHLIGHTS OF 2010

Major contracts concluded

- Singapore Sports Hub (€750m).
- Stade Vélodrome in Marseille (€300m).

Projects under construction

- Flamanville EPR nuclear power plant.
- Kai Tak Cruise Terminal in Hong Kong.

Completed projects

- Rolex Learning Center (École Polytechnique Fédérale de Lausanne) in Switzerland.
- Royal Monceau Hotel in Paris.

Sustainable development

53% of building orders covered by an environmental certification or labelling scheme (29% in 2009).

The Singapore Sports Hub, the world's biggest public-private partnership in the sport sector

Bouygues Construction is a world leader in building, civil works, energy and services.

Combining the strength of a large group with the responsiveness of a network of companies, its know-how includes project financing, design, construction, operation and maintenance.

The GLOSSARY can be found in
Additional information

BOUYGUES CONSTRUCTION PROFILE

With operations in nearly 80 countries worldwide, Bouygues Construction is a global player in the building, civil works, energy and services markets. It has recognised expertise at every stage of a project, from financing and design to construction, operation and maintenance. Its 54,126 employees develop effective and innovative solutions to carry out projects that enhance quality of life for all, building hospitals, schools, housing, stadiums, high-speed networks and installing street lighting and transport infrastructure.

Bouygues Construction places social, societal and environmental challenges at the heart of its development strategy, with the aim of leading the way in sustainable construction.

Strengths

Bouygues Construction has many strengths to draw on.

- **Its people,** acknowledged for their know-how, make Bouygues Construction a standard-setter in all its business lines.
- **Its strong international dimension** enables the company to mobilise rapidly on the most dynamic markets.

- **Its research and development policy and innovative mindset** bring the company solutions that offer a relevant response to changing customer demand;
- **Its robust financial situation and good performance** give it the means to take maximum advantage of new opportunities.
- **Its policy of controlling operating and financial risks** ensures that projects can be completed successfully and enables the company to adapt responsively to changing market conditions.
- **Its Actitudes sustainable development policy** (see box on p. 54) is a structured and operational approach that enables the company to address the social, environmental and community challenges of its activities. A policy focusing specifically on sustainable construction was introduced in 2010.

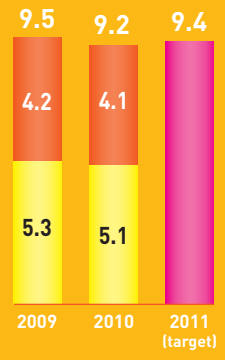
Growth strategy

Bouygues Construction increasingly operates within the framework of end-to-end contracts (public-private partnerships or concessions), both in its building and civil works activities and in its energy and services business. Its strategic growth priorities are complementary.

International

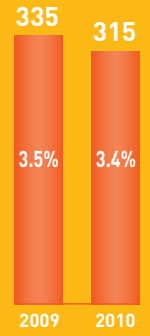
Bouygues Construction operates on international markets on a long-term basis through local subsidiaries or on one-off major projects. It is continuing to integrate recent acquisitions, especially in Europe, where there are considerable infrastructure needs in countries that have recently joined the EU.

Sales
€ billion

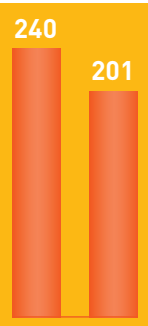


Current operating profit
€ million

Current operating margin as %



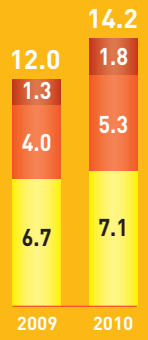
Net profit*
€ million



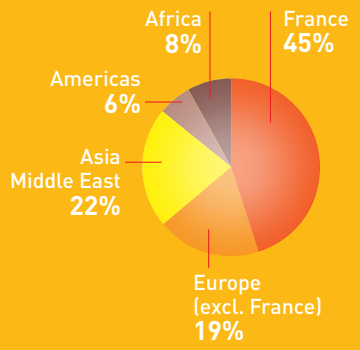
(*) Attributable to the Group

Net cash
€ billion

Order book
€ billion



Order book by region



CONDENSED BALANCE SHEET

at 31 December

(€ million)	2009	2010
ASSETS		
• Property, plant and equipment and intangible assets	467	662
• Goodwill	395	417
• Non-current financial assets and taxes	333	413
NON-CURRENT ASSETS	**1,195**	**1,492**
• Current assets	3,128	3,528
• Cash and equivalents	3,813	3,387
• Financial instruments*	-	-
CURRENT ASSETS	**6,941**	**6,915**
TOTAL ASSETS	**8,136**	**8,407**
LIABILITIES AND SHAREHOLDERS' EQUITY		
• Shareholders' equity (attributable to the Group)	754	741
• Minority interests	12	14
SHAREHOLDERS' EQUITY	**766**	**755**
• Non-current debt	346	381
• Non-current provisions	739	782
• Other non-current liabilities	1	35
NON-CURRENT LIABILITIES	**1,086**	**1,198**
Current debt	8	4
• Current liabilities	6,103	6,304
• Overdrafts and short-term bank borrowings	173	146
• Financial instruments*	-	-
CURRENT LIABILITIES	**6,284**	**6,454**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**8,136**	**8,407**
Net surplus cash	**3,286**	**2,856**

(*) Hedging of financial liabilities at fair value

CONDENSED INCOME STATEMENT

(€ million)	2009	2010
SALES	**9,546**	**9,235**
• Net depreciation and amortisation expense	(162)	(155)
• Net charges to provisions and impairment losses	(347)	(306)
• Other current income and expenses	(8,702)	(8,459)
CURRENT OPERATING PROFIT	**335**	**315**
• Other operating income and expenses	-	-
OPERATING PROFIT	**335**	**315**
• Income from net surplus cash	26	23
• Other financial income and expenses	11	8
• Income tax expense	(124)	(133)
• Share of profits and losses of associates	(7)	(10)
NET PROFIT	**241**	**203**
• Minority interests	(1)	(2)
CONSOLIDATED NET PROFIT (attributable to the Group)	**240**	**201**

Operation and maintenance of the Reims tramway and the associated bus network

ACTITUDES POLICY

- **Theme 1:** Foster a trusting relationship with our clients, based on consideration, transparency and innovation
- **Theme 2:** Incorporate risk assessment into the day-to-day management of the company
- **Theme 3:** Lead our business sectors in terms of occupational health and safety
- **Theme 4:** Develop our employees' skills and promote equal opportunity
- **Theme 5:** Establish even-handed, long-term relationships with partners, suppliers and subcontractors
- **Theme 6:** Ensure that our businesses respect the environment
- **Theme 7:** Participate in the economic and social life of the regions where we operate

Energy and services

Bouygues Construction's businesses enable the company to design comprehensive solutions for its customers and to generate recurring long-term revenue. The group is also strengthening its positions in high-technology segments such as optical fibre and data centres.

High value-added projects

Bouygues Construction has developed high-level expertise in Public-Private Partnerships (PPPs) and concessions, both in France and elsewhere. In the property development segment, it can draw on a network of specialist firms in France and around Europe and on specific investment funds, especially for low-energy and high environmental quality buildings.

Sustainable construction

Sustainable construction is how the group puts its sustainable development policy into practice. It is a strategic priority for all Bouygues Construction entities, which offer customers solutions to improve the environmental performance of projects throughout their entire lifecycle.

Competitive positioning and market opportunities

Given the organisational structure of its direct competitors, it is difficult for Bouygues Construction to make like-for-like comparisons. Vinci and the Bouygues group's Construction division, comprising Bouygues Construction, Bouygues Immobilier and Colas, are Europe's two biggest construction firms ahead of Hochtief (Germany), ACS (Spain) and Eiffage (France).

In France, on a building and civil works market worth over €190 billion a year, Bouygues Construction (excluding its Energy and Services branch) is one of the three French majors ahead of Eiffage Construction and behind Vinci Construction. There are also many small and medium-sized contractors. In Energy and Services, its subsidiary ETDE is in third place behind Vinci Énergies and Forclum, an Eiffage subsidiary.

This ranking is based on data from Euroconstruct and *Le Moniteur* valid at December 2010.

In Western Europe, the group's companies are particularly active in the UK, where the market is worth €153 billion, and in Switzerland (€38 billion), especially on PFI[1]/Concession projects and in property development. In **Eastern Europe,** Bouygues Construction has acquired a number of local firms with solid positions on their national markets over the last five years, especially in Poland and Hungary.

In Asia, Bouygues Construction has subsidiaries in Hong Kong and Singapore that specialise in projects requiring high-level technical skills.

In Africa, its building and civil engineering contractors are involved in major infrastructure projects, notably in Morocco and Equatorial Guinea.

Bouygues Bâtiment International, Bouygues Travaux Publics, DTP Terrassement and VSL also have occasional or regular operations in many countries, working on projects that require their know-how in all aspects of the construction business.

FIND OUT MORE
bouygues-construction.com

The group's know-how
▶ Specialisation

Its worldwide operations
▶ Group
World Presence

There are still very considerable infrastructure needs worldwide, especially for urban amenities (street lighting, roads, CCTV, etc.), energy (power generation and distribution, adaptation of existing buildings to environmental requirements, etc.), education (schools and universities), culture and leisure (stadiums, etc.).

In industrialised countries, Bouygues Construction takes advantage of its know-how in developing large-scale complex projects to offer customers innovative financing options that can ease the potential difficulties of both public- and private-sector investors. Markets in emerging countries are more buoyant due to high growth rates and, in some cases, sovereign wealth funds, offering attractive prospects for Bouygues Construction's businesses. The group's deployment capability means that it can rapidly take up positions in the fastest-moving regions, as demonstrated by the major contracts concluded in Asia and the Middle East in 2010.

Against a background of environmental challenges and higher energy prices, the building and civil works sector has a key role to play in improving processes (especially in relation to the environmental footprint of worksites) and the products and services they offer. Responding to these challenges will open up new market opportunities in areas such as renovating existing buildings to make them more energy-efficient and building eco-communities and transport infrastructure.

Demand in these areas is more or less mature depending on the places where Bouygues Construction operates. France is well on the way, following the Grenelle Environmental Forum. The government plays a key role in stepping up efforts to make both new and renovated buildings more energy-efficient, as is also the case in other countries in Western Europe (UK, Switzerland), North America (Canada) and Asia (Singapore, Hong Kong). Where countries are less advanced in this sphere, Bouygues Construction is positioning itself as a proactive player, especially by promoting environmental certification schemes like BREEAM®[2] and LEED®[3] for its projects.

ACTIVITY AND SUSTAINABLE DEVELOPMENT

2010: a very good year in tricky conditions

Good commercial and operating performance

An exceptional order intake: €10,934m

The order intake in 2010 amounted to €10,934 million, close to the record figure of €11,081 million reached in 2007. Orders in France amounted to €5,360 million, 2% lower than in 2009. There was strong demand for public infrastructure, especially sporting and educational facilities, under public-private partnerships. On international markets the order intake jumped 42% to €5,574 million, boosted by strong demand in Asia.

An order book at a record level (up 18%)

The order book at end-December 2010 was worth €14.2 billion. 55% of the orders are to be executed outside France, compared with 50% in 2009, and 31% in emerging countries.

With a significant rise in medium- and long-term orders, the order book also offers greater visibility for the future.

A slight drop in sales to €9,235m

Sales in 2010 fell slightly from their 2009 level, having risen by 73% over the previous six years. The drop was more marked in France, where sales fell 5% to €5,105 million, than on international markets, where activity was virtually stable, falling by a mere 1% to €4,130 million.

A 16% decline in net profit to €201m

Current operating profit remained very satisfactory compared with 2009 at €315 million giving a current operating margin of 3.4%. Financial income fell to €31 million, hit by the effect of low interest rates on Bouygues Construction's cash surplus since 2008. After a tax charge of €133 million, net profit attributable to the Group amounted to €201 million in 2010, representing 2.2% of sales.

An ongoing substantial cash surplus: €2,856m (down €430m)

Bouygues Construction had a net cash surplus of just under €2.9 billion, €430 million less than the exceptional level in 2009, giving the company a sound financial structure.

An increase in net capital expenditure to €405m (€3m in 2009)

Net capital expenditure rose to €209 million due to the start of work on major projects and lower sales of plant and equipment.

(1) Private Finance Initiative (2) Building Research Establishment Environmental Assessment Method (3) Leadership in Energy and Environmental Design

Renovated by Bouygues Bâtiment Ile-de-France to HQE® standards, the Tour First in Paris-La Défense won a prize in the renovated office buildings category at the 2011 Mipim international property development exhibition

Net financial and other investment amounted to €196 million, as against a €139 million surplus from sell-offs in 2009. This was mainly attributable to the financing of PPP projects during the construction phase, since they are refinanced on delivery of the works. Bouygues Construction also purchased its Challenger headquarters from its parent company Bouygues SA. For information, interests in public service delegations for the construction of broadband networks were sold off in 2009.

Sustainable construction takes off

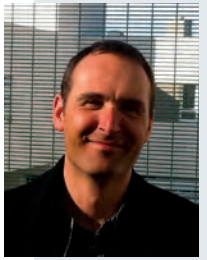
Sustainable construction commits Bouygues Construction to building the most efficient projects in terms of respect for the environment and quality of use. Work on the subject is ongoing in several areas, including low-carbon and energy-efficient buildings, the integration of renewable energy sources, materials that have the least environmental impact, building operation services and the integration of buildings into sustainable urban planning.

Obtaining environmental certification for projects is one important way of asserting the value of sustainable construction. 53% of projects in the building segment had environmental certification in 2010, compared with 29% in 2009. The rate is higher (73%) for design-build projects, where Bouygues Construction defines the specifications. The number of international projects with environmental certification, many of them in Europe, more than doubled in 2010.

TESTIMONIAL

Jean-François Demailly,

Technical Manager at Édouard Toulouse hospital in Marseille



"GFC Construction stood out from its competitors and showed a bold streak by proposing a refurbishment project that would preserve nearly a third of the existing hospital.

It was the coherence of their approach that attracted us, since it produced a smaller budget and a better carbon balance, not least through the reuse of existing construction materials.

In addition, their in-house certification scheme meant that environmental issues were taken fully into account during the construction phase."

Promoting sustainable construction

Promoting sustainable construction to their customers and partners is a strategic priority for all Bouygues Construction entities. Initiatives in this field include the organisation of a sustainable construction forum where think tanks can engage in discussion on issues such as social housing, renewable energies, energy-efficient offices and eco-campuses. Technical and commercial staff are given training in sustainable construction and 1,820 employees have been trained since 2008.

Bouygues Construction has also developed an application, CarbonEco®, to measure the CO_2 emissions of its projects and highlight the potential value of eco-variants. Over 100 staff have been trained to use the application, with the aim of carrying out a carbon balance of all projects (377 carbon balances were completed in 2010). The company has also strengthened its expertise in order to extend the use of wood, a material that "stores" carbon", in its buildings (small residential projects with a wooden structure, *façades* and frameworks). Experts from the group have formed a wood technology unit, set up in 2010.

New products and services

New products and services emerged from this emphasis on sustainable construction in 2010, including:

- energy-efficient renovation, with the first Energy Performance Contract (EPC) in the residential segment in France. 231 social housing units at Vitry-sur-Seine, near Paris, will be renovated, resulting in a 40% cut in energy consumption and a four-fold reduction in greenhouse gas emissions, with tenants being kept informed of progress in meeting the performance targets;
- energy-efficient office renovation with the BeGreen offering, a comprehensive service from energy audit to operation including commitments to real consumption costs in the first three years;

- the design of a social housing building, Harmonia, that reconciles budget prices with energy efficiency. Of compact design and efficiently insulated, it qualifies for BBC-Effinergie®(4) low-energy certification with an A energy-efficiency grade and CO_2 emissions of 12 kg/sq m/year at a highly optimised cost;
- the development of eco-communities like Val-de-Reuil in Normandy and La Mare Huguet at Rosny-sous-Bois, near Paris.

Rollout of the Écosite® initiative

Bouygues Construction rolled out the Écosite® initiative in 2010 to reduce the environmental footprint of its worksites. An in-house environmental label, it guarantees compliance with environmental standards derived from the strictest regulations and covers aspects ranging from waste management and the preservation of biodiversity to the reduction of nuisance to local residents. There were 259 worksites with the Écosite® label at the end of 2010*, 68% of the total.

Preservation of biodiversity

Particular attention is paid to preserving eco-systems in major infrastructure projects. Bouygues Construction has increased its expertise in order to integrate this aspect from the tender stage, entering into a partnership with Noé Conservation, an association that specialises in biodiversity preservation. Initiatives include the reintroduction of pollinators and the rehabilitation of abandoned sites.

These measures to reduce the environmental impacts of worksites are backed up by initiatives in support activities, including corporate travel plans, limits on paper print-outs, campaigns to encourage green behaviour and improved energy efficiency in head offices and branches.

Success in this area is also built on a prevention policy based on an ISO 14001-certified environmental management system which covers 83% of activity.

Building and civil works

Building and civil works generated total sales of €7,688 million in 2010, slightly lower than in 2009. Sales amounted to €4,094 million in France and €3,594 million on international markets (79 countries).

France

2010 sales: €4,094m
2010 order intake: €3,937m

Bouygues Bâtiment Ile-de-France, the leader on its market, reported a 2% increase in 2010 sales to €1,943 million. Activity in the social housing segment rose 19%. The company is also involved in a number of major renovation and construction projects, including renovation of the Tour First in Paris-La Défense, the biggest rehabilitation project with HQE® High Environmental Quality certification, rehabilitation of Jussieu University in Paris, construction of a shopping centre in an eco-community in Aubervilliers and construction of an office building in Paris that is aiming to obtain HQE®, BREEAM® and BBC-Effinergie® certification.

In France, **Bouygues Entreprises France-Europe** has five regional subsidiaries in the building segment. Sales fell 10% in 2010 to €1,734 million. Regional subsidiaries are continuing to build public infrastructure, including hospitals (Amiens-Picardie hospital, a new regional hospital in Orléans), prisons (Réau prison), schools and leisure facilities. The company is constructing France's first positive-energy public records building, the Archives du Nord in Lille, which will consume only 12 kWh/sq m/year. It has also delivered the new headquarters of its Norpac subsidiary, which has HQE® and BBC-Effinergie® certification and uses four times less energy than the former headquarters building.

Buildings with environmental certification account for 49% of the order intake. Bouygues Construction has contracts to design and build 48 low-energy buildings (50 KWhpe/sq m/year), of which 12 have been delivered to date.

The sales in France of **Bouygues Travaux Publics** and **DTP Terrassement** were stable in 2010, at €320 million and €93 million respectively. Civil engineering works on the Flamanville EPR nuclear power plant is continuing. The Reims tramway, operated by the Concessions division, was delivered. Work continued on the Grésillons waste water treatment plant and the Chatou dam.

Europe

2010 sales: €1,570m
2010 order intake: €1,217m

In the **United Kingdom,** Bouygues UK's sales were buoyed by ongoing major projects and contracts concluded in 2009. All its projects are built to high-level environmental standards. Warings, a subsidiary in the south of England, has a diversified portfolio. Bouygues Construction strengthened its position in the social housing segment in

The 90-metre long Chatou dam will regulate the river Seine

(*) In order to qualify for the labelling scheme, a site must be still active at 31 December and more than 20% complete, and must represent more than a minimum amount of sales that varies according to the particular line of business (over €1 million in most cases).
(4) Low-energy buildings

The Rolex Learning Center at the École Polytechnique Fédérale in Lausanne (Switzerland) has Minergie certification

December 2010 by taking an equity interest in Leadbitter, a contractor with annual sales of about €400 million. Bouygues Travaux Publics is continuing to build a new tunnel under the Tyne in Newcastle as part of a concession contract.

In **Switzerland,** one of the highlights of the year for Bouygues Construction was the delivery of the Rolex Learning Center at the École Polytechnique Fédérale in Lausanne, a building with remarkable architectural and environmental qualities. A significant number of orders were taken, especially in the housing segment.

In **Croatia,** Bouygues Travaux Publics in partnership with DTP Terrassement is continuing work on the widening of the Istria motorway, which it had previously built and which is operated by the Concessions division.

In **Finland,** Bouygues Travaux Publics is completing civil engineering work on the Olkiluoto EPR nuclear power plant for Areva.

In **Poland,** Karmar is continuing to expand in the building segment.

In the **Czech Republic,** VCES is one of the country's top ten construction firms, operating in the building and water treatment segments. It proposes eco-variants even when they are not asked for in calls for tender.

In **Ukraine,** Bouygues Travaux Publics in partnership with Vinci is building the new Chernobyl confinement shelter, which will ultimately enable the damaged reactor to be dismantled.

Bouygues Construction also has smaller-scale operations in **Hungary, Russia, Spain** and **Portugal.**

Asia

2010 sales: €1,188m
2010 order intake: €2,329m

Dragages **Hong Kong** operates in building and civil works and, through its subsidiary BYME, in electrical and HVAC engineering. Three major contracts were concluded in 2010: the Kai Tak Cruise Terminal, a project that combines innovative design with energy efficiency, and the construction of two sections of the rail tunnel for the future Hong Kong to Canton high-speed rail link.

Dragages **Singapore,** a prominent builder of luxury condominiums, hotels and offices, concluded the Sports Hub contract in 2010, the world's biggest sports PPP project, and contracts for two high-rise buildings. Dragages Singapore's buildings regularly win awards for their quality and their safety and environmental features.

In **South Korea,** Bouygues Travaux Publics is building the new port at Pusan under a concession contract.

In **Thailand,** Bouygues Thai specialises in high-rise blocks and is building The River, a residential complex in Bangkok.

In **Turkmenistan,** Bouygues Bâtiment International is continuing work on the presidential palace and recently delivered a vast hotel complex.

Middle East

2010 sales: €110m
2010 order intake: €523m

In **Qatar,** Bouygues Bâtiment International is building the Barwa Financial District in Doha, a vast 700,000-sq metre real estate complex.

In **Abu Dhabi,** VSL is building the first stay-cable bridge in the United Arab Emirates, linking Hodariyat Island to Abu Dhabi.

Americas – Caribbean

2010 sales: €223m
2010 order intake: €185m

In the **United States,** Bouygues Travaux Publics is building a tunnel for the port of Miami under a 35-year PPP contract.

In **Canada,** after Surrey Hospital in British Columbia, currently under construction, Bouygues Bâtiment International has concluded another PPP contract for a Royal Canadian Mounted Police headquarters building that will have LEED® Gold certification.

In **Cuba,** Bouygues Bâtiment International builds turnkey luxury hotel projects. It is currently building its sixteenth hotel and concluded a contract in 2010 for a major tourist complex around a marina at Varadero.

In **Jamaica,** Bouygues Travaux Publics has been involved in developing the island's road and motorway network for several years.

Africa

2010 sales: €503m
2010 order intake: €818m

In **South Africa,** Bouygues Travaux Publics delivered the first section (Johannesburg Airport to Sandton) of the Gautrain railway link in June 2010, in time for the FIFA Football

World Cup. On completion, the 80-km rail link will link Johannesburg International Airport, Johannesburg and Pretoria.

In **Equatorial Guinea,** the government has embarked on a major infrastructure modernisation programme. Bouygues Bâtiment Guinée Équatoriale is involved in building, road construction and civil engineering projects.

In **Morocco,** activity in the construction sector was buoyant in 2010. The group delivered a hotel complex at Essaouira and started work on a second container port near Tangiers.

In **Egypt,** Bouygues Travaux Publics is a member of the consortium building Cairo's third subway line, completing the first phase begun in 2008.

Energy and Services

ETDE contributed €1,547 million to Bouygues Construction's consolidated sales in 2010, compared with €1,627 million in 2009, a fall of 5%. ETDE has three business lines: utility networks (53% of sales), electrical and HVAC engineering (25%) and facilities management (22%).

France

2010 sales: €1,012m
2010 order intake: €1,423m

ETDE won three PPP street lighting and CCTV contracts in 2010, including a 20-year contract with the town of Thiais, near Paris, that includes a commitment to reduce electricity consumption by a third. ETDE also won a street lighting contract in Longjumeau, another Paris suburb, offering 35% energy savings, 100% green energy, electric vehicles and a carbon balance every five years.

In partnership with the group's construction subsidiaries, ETDE is involved in a number of other PPP projects, including the Stade Vélodrome in Marseille, a medical training and research institute at Versailles Saint-Quentin-en-Yvelines University and the Clignancourt site of Paris IV Sorbonne University. Its Exprimm subsidiary will provide maintenance for these projects.

ETDE is the electrical and HVAC engineering contractor for hospitals in Metz and Amiens.

Axione, another ETDE subsidiary and a leading player in the development of broadband and digital networks in France, is involved in 14 public service delegations, representing 7,600 km of optical fibre serving six million people.

International

2010 sales: €535m
2010 order intake: €502m

In the **United Kingdom,** ETDE provides facilities management with Ecovert FM, street lighting services with David Webster and HVAC engineering with Icel and ETDE Contracting. Elsewhere in Europe, ETDE has operations in **Switzerland** with Mibag, a facilities management specialist, and in **Hungary** with its HVAC engineering subsidiary Szigma-Coop.

In Africa, where it has operated for over 50 years, ETDE does most of its business in **Congo** and **Gabon.** The company provides a full range of services for the design, installation and maintenance of energy networks, street lighting and electrical and HVAC engineering.

ETDE is also involved in major international projects such as the ongoing construction and renovation of 500 km of power lines and substations in Congo.

In **Canada,** Ecovert FM has a 30-year FM contract for Surrey Hospital and a 25-year contract for the RCMP headquarters.

Sustainable construction, a vector of innovation

Bouygues Construction draws on research and development (R&D) and innovation to anticipate and support the changes affecting its businesses and markets.

A response to the environmental challenges raised by its activities and a source of growth for the company, sustainable construction is central to its research programmes. Bouygues Construction devoted 50% of its R&D budget to sustainable construction in 2010, compared with 32% in 2009.

It has also put the issue at the heart of its strategy, launching a sustainable construction project in mid-2010 within the framework of its Actitudes sustainable development policy (see box on p. 54). Over and above the technological implications, the project concerns organisation, marketing and sales and worksite production methods.

Spreading innovation within the group

Groupwide research programmes are overseen and coordinated by the Sustainable Construction Department created in 2009. Their aim is to come up with innovative and operational solutions. An R&D committee

Laying 2,000 km of optical fibre to bring broadband to 96% of homes in the Drôme and Ardèche (France)

Mentoring enables older workers to transmit their know-how and train younger colleagues

comprising senior technical managers from each entity selects research priorities and defines budgets, deliverables and timetables. It also encourages innovation at all levels of the company, especially by organising innovation forums open to all staff (technical, works, sales and marketing, etc.) and innovation competitions both within the various entities and, every two years, at group level.

In all, 2,000 employees submitted 500 entries for the 2010 Bouygues Construction innovation competition, the selection criteria for which incorporated many aspects related to sustainable development and sustainable construction. Prize-winning innovations included a proactive sales approach based on ordinary biodiversity, a new approach to lighting and lighting power sources called Eco-Light and a low-carbon self-compacting concrete.

Group entities also have their own specific R&D programmes in order to come up with innovations in their own projects at the sales, design, construction and operation/maintenance stages. They carry out research that aims to improve the performance of materials and equipment, safety and quality of work, to optimise deadlines, to make work less strenuous and to reduce environmental impacts.

Cooperation with other industry players and universities

In addition to its own resources, Bouygues Construction enters into cooperation agreements with other industry players and university research institutes. These partnerships help to develop innovative materials like Thermedia™ 0.6B insulating ready-mix concrete (with Lafarge in 2009) and give access to high-level technical expertise to foster rapid progress in cutting-edge areas like digital modelling, composite materials and photovoltaic energy. Along the same lines, in 2010 the group financed the creation of a research and teaching chair in sustainable construction and innovation in partnership with École des Ponts ParisTech, École Centrale Paris, Supélec and CSTB, the French building technology research centre. The aim of the chair is to encourage academic research in areas such as energy efficiency and environmental performance in buildings, low-carbon technologies, user health and comfort, lifecycle costing, digital modelling and the building/building and building/neighbourhood interface.

Practical research priorities

The main priorities in Bouygues Construction's groupwide research programme in 2010 were:

- making buildings more energy-efficient, in particular through better control of actual consumption (diagnostic tools, materials performance analysis, usage tracking, etc.) and innovative technologies to produce energy and reduce consumption (solar air-conditioning, external insulation, etc.);
- reducing carbon emissions (low-carbon concretes, etc.);
- developing a database of the environmental characteristics of finishing products;

- developing a methodology for assessing urban biodiversity;
- improving air quality inside homes;
- evaluating the lifecycle cost of buildings;
- promoting eco-design (fine-tuning Elodie®, a building lifecycle analysis application, taking part in the European Open House project to develop and establish a common building assessment method in Europe, taking part in the Bouygues SA and Alstom UrbanEra project).

Innovative products and services for customers

Eco-design, which takes account of all the environmental impacts of a project from design to demolition, is central to the development of many of the innovative products and services offered by Bouygues Construction.

The pioneering CarbonEco® software tool, designed in-house, calculates the greenhouse gas emissions linked with a building or civil engineering project and enables users to compare eco-variants and test various operating options. In 2010, the group continued to roll out Hypervision, an application that tracks a building's energy consumption in real time and is used by group subsidiaries in PPP contracts with an operation and maintenance component. Bouygues Construction has also teamed up with the CSTB to develop Elodie®, a solution that assesses the environmental quality of projects through lifecycle analysis based on multiple criteria.

People, the company's greatest resource

Health and safety

Bouygues Construction's accident prevention policy aims to keep its businesses and worksites accident-free. It is coordinated by a committee which ensures the sharing of best practices and consistency in initiatives for progress and tracking indicators. The total safety management system, implemented in all entities, has OHSAS 18001 certification that covers 83% of the group's activity. The commitment shown by operational managers and supervisors has reduced the risk level over the last five years:

- the accident frequency rate fell from 11.97 in 2005 to 6.14[a] in 2010,
- the accident severity rate fell from 0.54 in 2005 to 0.30[a] in 2010.

The **safety** action plan includes training staff and making them more responsible. All entities organise safety programmes for site workers, supervisors, foremen and managers. Temporary staff and subcontractors are also included in prevention initiatives, including on-site reception, safety clauses in contracts, training, prevention guides and partnerships.

Road safety is a flagship issue for the group, which distributes educational handbooks and provides training in road safety and eco-driving techniques (300 employees have been trained since 2009). In 2010, DTP Terrassement created a Road Safety in Africa guidebook with an accompanying video on eco-driving techniques for plant operators.

In occupational **health,** ergonomics is a priority for Bouygues Construction, which has introduced warm-up exercises for site workers before they start work, recruited ergonomists and introduced equipment and materials that are easier to use, such as self-compacting and self-levelling concrete.

The anti-addiction campaign continued in 2010 with training for supervisory staff and awareness-raising measures for site workers. The aim of the campaign is not to penalise but to create conditions in which employees with addiction issues can be given medical support to help them return to a healthy way of life.

In order to better assess chemical risks, in 2009 the company developed a specific software application and set up a monitoring unit staffed by safety officers and occupational health experts. The monitoring unit is taking steps to identify and replace all known products that might contain carcinogenic, mutagenic or reprotoxic (CMR) substances or hazardous chemical agents.

Training

Bouygues Construction spends over 5.4% of its wage bill in France on training, provided by in-house training centres at both group level (Bouygues Construction University, Gustave Eiffel apprentice training centre) and in subsidiaries (Pro Académie, VSL Academy, etc.).

Bouygues Construction University, launched at end-2008, offers around 50 business-specific and management training programmes and regularly expands its range of courses. Some entities provide training adapted specifically to their line of business, like Bouygues Entreprises France-Europe with its Pro Académie.

The Minorange Guild, which has branches in other countries including Switzerland, Morocco, Hong Kong and Cuba, and training are recognised as means for site workers to advance their careers. Site workers are also offered literacy and numeracy training.

FIND OUT MORE

Centre Gustave Eiffel
www.centregustaveeiffel.net

Fondation Terre Plurielle
www.terreplurielle.org

Diversity

Bouygues Construction created a Diversity Committee in 2008. With one representative from each entity, it coordinates the group's diversity policy around four themes.

Older workers

All entities have concluded agreements to favour the recruitment of older workers and to support them in their career by means such as skills reviews, work experience accreditation and more frequent medical check-ups.

Gender equality

21% of managerial staff in 2010 were women, compared with 18% in 2009. Various steps have been taken to include more women

(a) To comply with standard practice in the industry, Bouygues Construction has changed its way of calculating safety indicators. Indicators are now calculated on the basis of all employees and not only employees assigned to production. The equivalent figures for 2010, using the previous calculation method, are: frequency rate = 7.61, severity rate = 0.39

On the worksite of the Aubervilliers shopping centre

in production teams, such as a scheme in partnership with IMS-Entreprendre pour la Cité to diversify career choices for girls, management training for women and a plan, in partnership with a grouping of construction industry employers, to train women as crane operators.

Disability

Most Bouygues Construction entities have concluded agreements with Agefiph, a fund to promote the employment of disabled people, that include commitments in four areas: raising awareness among staff, recruitment, ongoing employment and subcontracting to the sheltered sector. 608 disabled people were employed in the group's French subsidiaries at end-2010.

Bouygues Construction takes a highly structured approach to using the sheltered sector, overseen by the Purchasing Department and implemented by pairs of HR and purchasing managers in each entity. The proportion of sales subcontracted to the sheltered sector has risen by 9%. The group also supported measures to raise the level of vocational skills, such as a scheme to train disabled workers how to wire electrical cubicles, run by ETDE in partnership with APF, a leading French disability charity.

Ethnic diversity

The company introduced equal opportunity training for HR and other managers in May 2007. 300 managers have been given training to date, reminding them of the need to consider all job applications respectfully and without prejudice.

(5) International Labour Organisation (6) Organisation for Economic Cooperation and Development

Well-being at work

Satisfaction surveys are carried out every three years as part of the management cycle to ensure that employees' expectations are better taken into account. 77% of employees in France benefit from an annual appraisal at which they are able to review their situation with their line manager.

First agreements on the prevention of psychosocial risks were concluded in several entities in 2010. They include arrangements for psychosocial watch and alert arrangements and charters for managers on reconciling work and personal life. Bouygues Construction University introduced a workplace stress training module in 2010.

Bouygues Construction has signed up to the Parenting Charter and is a partner of the Parenting Observatory. A practical guide produced in 2010 gives managers legal advice and tips on how best to handle issues such as maternity and paternity leave and teleworking.

Worksite open days provide an opportunity for site workers to show their families what their work involves.

Respect for human rights

Operating in nearly 80 countries, Bouygues Construction encounters a very wide range of economic, social and political situations. Its actions are guided by respect for fundamental values and principles of human rights, enshrined in instruments like the Universal Declaration of Human Rights, ILO[5] conventions, OECD[6] guidelines and the UN Global Compact. These principles are echoed in the Bouygues group's Code of Ethics and Supplier CSR Charter, circulated in all subsidiaries.

Entities operating in emerging countries take action in different ways:

- enabling local staff to benefit from the group's occupational health and safety standards, which are stricter than local requirements in many countries;
- providing decent working conditions and accommodation while respecting different cultures and communities;
- introducing controls to ensure that subcontractors and suppliers do not use forced or child labour. Bouygues Construction also has very strict procedures in place to combat illegal working;
- transferring know-how and skills to local staff to make them more employable, through training and the establishment of schools;
- supporting associations that help the most disadvantaged people in the vicinity of all major projects;
- refusing to work in countries under a United Nations embargo.

Listening to stakeholders

As part of its sustainable development policy, Bouygues Construction has established the conditions for ongoing dialogue with its various stakeholders (see table opposite).

DIALOGUE WITH STAKEHOLDERS – BOUYGUES CONSTRUCTION

STAKEHOLDERS	THEIR EXPECTATIONS	OUR RESPONSES	FORUMS AND FORMS OF DIALOGUE
Customers	Service quality Competitiveness Innovation Trust Consideration Ethical behaviour	▶ Quality, Environment, Health & Safety policy (ISO 9001, ISO 14001, OHSAS 18001) ▶ Sustainable construction research programmes ▶ Eco-variants offered to customers ▶ Dissemination of the Code of Ethics and executive training in business ethics ▶ New sustainable construction products and services (energy performance contracts)	▶ Customer satisfaction surveys ▶ Conventions, theme days ▶ Newsletters ▶ Organisation of "Sustainable Construction Mornings" (Sustainable Construction Club for customers and partners)
Shareholders **The financial community**	Economic efficiency and profitability Transparency and information Long-term visibility	▶ Publication of information documents and press releases ▶ Publication of the registration document and annual report ▶ Responses to sustainability rating agencies and investors (through Bouygues SA)	▶ Annual meetings ▶ Website
Employees **Trade unions**	Working conditions Health and safety Respect Labour and union rights Fairness Acknowledgment of achievements Training Diversity	▶ Training: Bouygues Construction University, equal opportunity, Pro Academy, QSE Academy, etc. ▶ Annual appraisals and internal mobility ▶ Employee share ownership (Bouygues Partage and profit-sharing) ▶ Fringe benefits ▶ Safety training on worksites, road safety and anti-addiction campaigns, workplace stress training module ▶ Ergonomics, warm-up exercises on worksites ▶ Handitour roadshow to raise awareness of disability among staff	▶ Employee satisfaction surveys ▶ Health & safety Committee, works councils, elections of employee representatives ▶ Diversity Committee ▶ Health & Safety Committee ▶ Internal communication (intranet, in-house magazines, conferences, poster campaigns) ▶ Information meetings, theme days
Suppliers **Subcontractors**	Loyalty Fairness Long-term relationships	▶ CSR Charter for suppliers and subcontractors ▶ Charter for major accounts and SMEs ▶ Partnerships ▶ Welcome pack for new partners ▶ Assessment of suppliers' CSR performance ▶ Social audit of suppliers in emerging countries	▶ Satisfaction and perception surveys/Cooperation reviews ▶ Conventions ▶ Day conferences ▶ Working groups
Local residents	Control and reduction of worksite impacts	▶ Environmental measures on worksites with the Écosite® label ▶ Software to estimate and model worksite noise levels ▶ Arrangements for consultation, dialogue and information	▶ Signs providing information ▶ Register of complaints ▶ Freefone number ▶ Worksite websites ▶ Meetings
Civil society incl. local authorities, **Associations** **Non-Governmental organisations (NGOs)**	Dialogue and transparency Long-term partnerships Compliance with regulations, labour laws and human rights Protection of the environment Ethical and responsible behaviour	▶ Environmental measures on worksites with the Écosite® label ▶ Evaluation of carbon emissions with CarbonEco® software ▶ Environmental partnerships with Noé Conservation on biodiversity and WWF on timber sourcing ▶ Partnerships with charities like Care France, Emergency Architects and Planète Urgence ▶ Terre Plurielle corporate foundation ▶ Community action committees ▶ Contribution to economic development in places where the group operates	▶ Website ▶ Participation in outside events (FEDERE Forum, etc.) ▶ Membership of organisations that encourage dialogue with civil society (Comité 21, Global Compact)
Scientific community, industry bodies (Ademe, CSTB, FNTP, EGF-BTP, etc.) and educational organisations	R&D and innovation Pooling of skills Sharing of knowledge	▶ Specialist Master's degree in sustainable construction and housing in partnerships with Ensam and ESTP ▶ Participation in research projects with CSTB ▶ Creation of a chair in sustainable construction and innovation with the CSTB, École des Ponts ParisTech, École Centrale Paris and Supélec ▶ Projects in cooperation with Ademe (eco-driving, carbon balance, etc.)	▶ Participation in sustainable development working groups in industry bodies ▶ Lectures and courses ▶ Participation in careers fairs

Ademe: French environment and energy management agency; Afnor: French standardisation body; CSTB: French building technology research centre; FNTP: French civil works federation

Support from Terre Plurielle, Bouygues Construction's corporate foundation, for the opening of an additional class at Sara Péligry school in Mali

Forging a relationship of trust with clients

Listening and transparency

Our clients' trust is founded on the guaranteed quality of our products and production methods, backed up by an integrated Quality Safety Environment management system (82% of group sales were generated in triple-certified operating units in 2010).

Within this framework, listening to customers continues to be a priority, reflected in the systematic introduction of customer satisfaction surveys and greater use of outside organisations to ensure that opinions can be freely expressed. For example, Bouygues Entreprises France-Europe asked Qualimétrie to conduct all its satisfaction surveys in 2010; customer surveys were carried out for 52% of all building and civil engineering projects delivered.

As part of its ethics policy, Bouygues Construction has taken steps to raise awareness among managers and to promote irreproachable business behaviour. Three main measures were taken in 2010: stricter vetting by Adit, a business intelligence agency, before sales agents are appointed, the creation of an ethics committee and the introduction of an ethics training plan for the executive committees of all Bouygues Construction subsidiaries, covering 130 senior executives. Whistleblowing arrangements are also now being extended to anti-competitive practices.

Involving suppliers and subcontractors in initiatives for progress

Bouygues Construction subsidiaries seek to ensure that their subcontractors take their social and environmental responsibilities seriously, in areas such as health and safety, quality, environment and concealed work. To that end, they organise training courses, working groups, conventions, satisfaction surveys and cooperation reviews and provide introductory handbooks at the start of projects.

The group's responsible purchasing policy is coordinated by a special committee which provides purchasers with information and training on the subject. The policy is backed up by catalogues of eco-products and eco-materials for technical and works staff.

The assessment of suppliers' CSR[7] performance has been strengthened by the use of a specialist external organisation, EcoVadis, offering objective analysis and a benchmark between suppliers (164 suppliers have been audited over the last two years, representing purchases worth €415 million). This arrangement completes the principles set out in the Supplier CSR Charter attached to contracts and specific clauses relating to social and environmental responsibility in subcontracting agreements.

In France in 2010, Bouygues Construction signed a best practice charter for major accounts and SMEs under the aegis of the Minister of the Economy, Industry and Employment containing ten commitments relating to responsible purchasing. Elsewhere, particular attention is paid to suppliers in emerging countries: 47 social and quality audits of new suppliers were carried out in 2010. In October 2010, Bouygues Construction entered into a five-year partnership with WWF (the WorldWide Fund for Nature), becoming the first member of its Forest & Trade network in the construction industry in France.

Very strict procedures are in place to combat illegal working, including systematic checks of identity documents and work permits in liaison with the authorities, personalised access badges, training for works supervisors, clauses in framework agreements with temporary employment agencies guaranteeing that their employees are legal and in-house checks.

Participating in the economic and social life of local communities

In its operations, Bouygues Construction takes account of stakeholder expectations relating to both social and environmental issues through its numerous partnerships and exchanges with civil society bodies such as non-governmental organisations, associations and local authorities. Bouygues Construction has been a signatory to the UN Global Compact since 2006 and has taken an active part since 2007 in working parties organised by Comité 21, a sustainable development ginger group.

Listening to local residents

It is essential to take the expectations of local residents, local authorities and civil society as a whole into account in order to successfully integrate worksites into their environment. In 2010, consultation exercises, communication campaigns or surveys to measure the satisfaction of local residents were conducted for 64% of worksites. Along similar lines, Bouygues Entreprises France-

(7) Corporate Social Responsibility

Europe provides its works teams with a local residents pack that includes a guide to meetings with local residents, a model information letter and a sample satisfaction survey.

Encouraging local employment

Bouygues Construction has a proactive policy of employing local site workers and managerial staff, thus helping to develop the areas where its entities operate. The local benefits in terms of direct and indirect jobs, transfers of know-how and support to communities provide further evidence of the company's commitment. In Cuba, for example, Bouygues Bâtiment International, which employs only local labour, has set up a centre to train foremen and has trained 165 site workers there since 2008.

Promoting integration

Bouygues Construction also has a proactive policy of partnership with local integration bodies. Examples include Chantiers Écoles, a vocational training programme in partnership with the government employment agency Pôle Emploi and Afpa, an adult training organisation; a partnership with Epide, an agency of the French Defence Ministry, to help educational underachievers into employment; and the Gateway to Employment programme in the Paris region to help young people and adults find a job. At the request of customers and spontaneously, each subsidiary offers to include integration clauses in their contracts. In 2010, for example, Bouygues Bâtiment Ile-de-France set up a Chantier École on the site of the national records office in Pierrefitte-sur-Seine, near Paris, that takes on and trains 25 young people without qualifications. ETDE is continuing its partnership with the National Neighbourhood Association Liaison Committee, a coordinating body for 120 local associations, with the aim of subcontracting various services such as marking out worksites and providing information to local residents to people in precarious situations.

Sponsorship

Through Terre Plurielle, its corporate foundation created in 2009, Bouygues Construction supports projects favouring access to healthcare, education and integration for the disadvantaged in France and abroad. In 2010, the foundation supported 53 projects sponsored by group employees in 13 different countries.

In addition to the foundation's work, Bouygues Construction entities engage in solidarity initiatives in the places where it operates. Community action committees have been set up in several entities to give practical expression to the company's commitments. Outside France, Bouygues Construction is involved in two main partnerships, with Care for the reconstruction of 3,000 homes in Cuba following the hurricanes there, and with Emergency Architects to enable volunteers from the company to leave on humanitarian missions in disaster-stricken countries, notably Haiti.

In 2010, Bouygues Construction spent €3.1 million on initiatives to support integration, education and healthcare worldwide.

TESTIMONIAL

Jean Bakouma,

Forests officer and GFTN Manager, WWF

"Bouygues Construction joined the Forest and Trade Network of the WWF (WorldWide Fund for Nature) in 2010, becoming the first firm from the construction industry in France to do so.

The group buys large amounts of timber for formwork, frameworks, siding, doors, floors, exterior joinery, etc. Through this partnership we will help it to target the best sourcing networks and to establish long-term partnerships with responsible suppliers.

Bouygues Construction is committed to increasing the amount of timber it buys from forests managed according to principles that guarantee sustainability and preserve biodiversity and social well-being. We will organise six-monthly assessments to monitor how the policy is being implemented.

The aim, which we share with Bouygues Construction, is to place responsible timber purchasing on an economically competitive footing, in terms not only of cost but also of quality and deadlines."

OUTLOOK FOR 2011 – BOUYGUES CONSTRUCTION

In a still-uncertain economic environment, Bouygues Construction's sales target for 2011 is €9.4 billion (up 2%).

With several major projects getting under way, especially in Asia,
Bouygues Construction has a relatively clear view of the future and can count on:

- **orders at 31 December 2010 to be executed in 2011** worth €7.1 billion, covering 76% of forecast sales;
- **sustained growth in international business** (outside Europe), especially in countries less affected by the economic crisis, such as Hong Kong, Singapore and Qatar;
- a **long-term order book** (more than five years) worth €1.8 billion
at 31 December 2010;
- a **sound financial structure,** with a net cash surplus of €2.9 billion;
- an **expanding range of sustainable construction products and services,** some of them incorporating energy and environmental performance commitments.

Tight control over the execution of major projects and a selective approach to orders in the face of competitive pressure will continue to be central priorities for Bouygues Construction in 2011.

SUSTAINABLE DEVELOPMENT: challenges and key indicators

	AIM	INDICATOR	UNIT	2009	2010	ACTION IN 2010	PROGRESS*	2011 OBJECTIVES
FINANCIAL AND BUSINESS CHALLENGES	Promote sustainable construction to clients and foster a trusting relationship	Sales covered by **triple certification**	%	82	82	▶ Sustainable construction training for technical and sales staff to systematically include the aspect in tenders and take a proactive approach to customers (1,820 employees trained since 2008). Two courses introduced outside France in 2010, Passport to Green Construction and Build Green. ▶ Design of innovative products and services in the energy sphere (first Energy Performance Contract – EPC – in the social housing segment, BeGreen for office renovation, Harmonia for BBC low-energy housing, etc.). ▶ Creation of a Sustainable Construction Club, a forum for exchanging ideas with customers and partners. The Club has four think tanks, on social housing, renewable energy sources, offices and university campuses. ▶ Rollout of a business ethics action plan, including whistleblowing for anti-competitive practices, stricter vetting before appointing sales agents, creation of an ethics committee and preparation of a group training plan. ▶ Increase in triple QSE certification in entities and conduct of satisfaction surveys.		▶ Systematically promote sustainable construction to customers (eg, new training courses for international design managers so that they can become assessors for BREEAM® or LEED® environmental certification schemes. ▶ Come up with innovative products and services incorporating new technologies in order to improve environmental performance and the quality of buildings in terms of use. ▶ Extend customer satisfaction surveys in France and Europe to all projects and achieve a target of 85% customer satisfaction.
	Incorporate risk assessment into the day-to-day management of the company	Sales in activities where a formal **analysis of environmental risk** is carried out	%	84	83	▶ Rollout of a new internal control campaign with self-assessment exercises in operating units according to 500 criteria. ▶ Rollout of a common risk analysis methodology in all Bouygues Construction entities (identification, description, assessment and ranking of main risks) and integration into strategic plans. ▶ Increased risk analysis and tracking throughout the project lifetime (tracking of individual risks, training of staff).		▶ Continue to roll out internal control and risk analysis and tracking measures. ▶ Implement identified areas for improvement.
	Develop even-handed relations with suppliers and subcontractors	Sales **generated by business units that have incorporated the CSR charter for suppliers and subcontractors** into their contracts	%	79[a]	87[b]	▶ Continuation of the responsible purchasing policy: training of buyers, catalogues of eco-products and eco-materials, CSR charter annexed to contracts, assessment of suppliers' CSR performance by an outside consultant, EcoVadis (164 suppliers assessed since 2008, representing sales of €415m). ▶ Timber sourcing partnership with WWF (first French construction firm to join the Forest & Trade Network). ▶ Conclusion of a charter for major accounts and SMEs under the aegis of the Ministry of the Economy, Industry and Employment, setting out 10 commitments for responsible purchasing. ▶ Measures to involve subcontractors in the policy: introductory handbook covering health and safety, quality, the environment and concealed working, plus training and cooperation reviews. ▶ Measures to combat illegal working: systematic checks of identity documents and work permits, personalised access badges, in-house checks.		▶ Increase the number of suppliers assessed by EcoVadis and audit low-scoring suppliers, incorporate CSR performance as a criterion for choosing suppliers for framework agreements. ▶ Incorporate purchasing criteria derived from BREEAM® and LEED® into Bouygues Construction's responsible purchasing policy. ▶ Train purchasers in responsible timber purchasing in the framework of the partnership with WWF. ▶ Monitor partnerships with suppliers and subcontractors and the various ways in which they are implemented.
SOCIAL/HR CHALLENGES	Lead our business sectors in terms of health and safety	Sales in activities with **OHSAS 18001** certification	%	82	83	▶ Worksite health and safety and road safety campaigns (health and safety campaign covering 6,000 employees and subcontractors in the Paris region). Safety days in several subsidiaries, road safety partnership with Firefighters without Borders. ▶ Safety training cycles adapted to different target populations (site workers, foremen, site supervisors, managers). ▶ Involvement of subcontractors in safety initiatives: training, accident prevention handbook. ▶ Anti-addiction campaigns (alcohol, drugs) on all Bouygues Entreprises France-Europe worksites. ▶ Rollout of warm-up exercises for site workers before they start work. ▶ Vaccination campaign for all site workers in Vietnam, Thailand and Equatorial Guinea. ▶ Conclusion of psychosocial risk prevention agreements in several entities (Bouygues Bâtiment Ile-de-France, Quille, DV Construction), creation of a training module on countering workplace stress (three sessions in 2010).		▶ Continue a proactive health and safety policy with awareness-raising and training actions for employees, temporary workers and subcontractors. ▶ Roll out workplace stress training (six sessions scheduled).
		Industrial accident **frequency rate**[c]	(d)	10.64	6.14[f]			
		Industrial accident **severity rate**[c]	(e)	0.39	0.30[f]			
	Develop employees' skills	**Staff given training** during the year	%	52	48	▶ Proactive training policy based on group and entity in-house training centres. ▶ Increase in the amount of training provided by Bouygues Construction University (50 business-specific and management training programmes, 1,400 courses a year). ▶ Training in sustainable development and sustainable construction (Bouygues Construction University). ▶ Extensive use of employee satisfaction surveys (6,950 employees surveyed since 2009). ▶ Day One initial training course for first-time expatriates (ten sessions in 2010).		▶ Emphasise training that addresses safety and sustainable construction issues. ▶ Roll out the Relational Campus training programme to help recently promoted managers develop an attitude of respect and consideration.

Measures introduced in 2010 | Ongoing measures in 2010 | Mature measures (continuous improvement)

	AIM	INDICATOR	UNIT	2009	2010	ACTION IN 2010	PROGRESS*	2011 OBJECTIVES
SOCIAL/HR CHALLENGES	Encourage diversity in the company	**Women managers**	%	18	21	▶ Diversity policy overseen by a committee responsible for coordinating subsidiaries' initiatives. ▶ Equal opportunity training (300 people trained). ▶ Implementation of agreements on gender equality in the workplace concluded in 2008 and conclusion of agreements on the employment of older people in all French subsidiaries. ▶ Study of women's position and careers at Bouygues Construction. Preparation of an action plan rolled out in all entities. ▶ Agreements with Agefiph in most entities on the integration of disabled workers, HR/purchasing pairs to encourage use of the sheltered sector, Handitour roadshows to raise awareness of disability on worksites.		▶ Organise new equal opportunity training sessions (eight sessions scheduled in 2011). ▶ Implement an action plan on women's place in the company. ▶ Continue the policy to promote the employment of disabled workers and initiatives with the sheltered sector.
		Disabled employees in France	Number	618	608			
		Sales with **the sheltered sector**	€' 000	1,236	1,345			
	Participate in the economic and social life of the regions where Bouygues Construction operates	Partnerships supporting **integration, education and health**	Number	334	439	▶ Chantiers-École integration initiatives in partnership with Afpa and Pôle Emploi, integration of young people from Epide (Defence Ministry integration scheme), mentoring of high-school students, Gateway to Employment scheme in the Paris region to help young people and adults find a job (86 people helped in 2010), ETDE's partnership with the National Neighbourhood Association Liaison Committee. ▶ Support through the corporate foundation Terre Plurielle for associations sponsored by employees that favour access to healthcare, education and integration (53 projects supported since 2009). ▶ Humanitarian leave to spend with Planète Urgence (49 employees since 2007). ▶ Partnerships in response to emergencies with Care France in Cuba (two-year plan to build and rehabilitate 3,000 homes) and Emergency Architects, especially in Haiti.		▶ Continue action to promote integration wherever Bouygues Construction has operations. ▶ Sponsorship through the Terre Plurielle foundation and local partnerships.
ENVIRONMENTAL CHALLENGES	Increase the consideration given to environmental factors in project design	Proportion of buildings **under environmental labelling or certification schemes** in the year's order intake	%	29	53	▶ Anticipation of new thermal regulations in France: 48 buildings with BBC-Effinergie® low-energy certification (< 50kWh/sq m/year) completed or in progress. ▶ Increased expertise in environmental certification of buildings (10 employees are assessors for BREEAM®, 10 for LEED® and 20 for HQE® and H&E). ▶ Stepping up of sustainable construction research programmes, coordinated by a skill centre (150 in-house experts). ▶ Creation of a research chair in sustainable construction and innovation with École des Ponts ParisTech, École Centrale Paris, Supélec and CSTB, focusing on low-carbon technologies, sustainable buildings and sustainable urban planning. ▶ Sharing of sustainable construction knowledge: dedicated intranet site, training programmes, specialist Master's degree with ESTP and Ensam, work with CSTB.		▶ Step up sustainable construction research programmes (43% budget increase on 2010). ▶ Continue work with CSTB on Elodie® building lifecycle analysis software. ▶ Expand training to become an international assessor for LEED® AP and/or BREEAM®. ▶ Continue work on the energy-efficient renovation of Challenger, Bouygues Construction's headquarters building, with the aim of obtaining triple certification (HQE®, BREEAM® and LEED®). ▶ Step up analysis of the environmental quality of products (eco-products database).
	Reduce the environmental impacts of our activities	Proportion of sales in activities with **ISO 14001 certification**	%	84	83	▶ Launch of worksite environmental standards and the Écosite® label validating their implementation (68% of sites awarded the Écosite® label). ▶ Five-year partnership with Noé Conservation on biodiversity in infrastructure programmes. ▶ Reduction of nuisance caused to local residents: software to model and control site noise, self-compacting concrete to eliminate vibrations. ▶ Consultation and feedback actions with local residents: information meetings, websites, freefone numbers, open days, satisfaction surveys. ▶ Initiatives to raise employees' awareness of green behaviour on worksites and in the company.		▶ Continue to roll out the Écosite® label. ▶ In purchasing, increase the proportion of wood products of known and/or certified origin in compliance with the commitments given to WWF as a member of the GFTN. ▶ Establish partnerships with suppliers and subcontractors to limit packaging and offcuts of materials.
	Reduce CO_2 emissions related to our activities	**Carbon balances** of buildings and engineering structures carried out with CarbonEco®	Number	330	377	▶ Rollout of CarbonEco® to systematically carry out carbon balances of projects and promote eco-variants. ▶ Low-carbon offerings: energy performance (low-energy buildings), materials construction methods. ▶ Reduction of transport-related emissions: company vehicles that emit less CO_2, corporate travel plans in five subsidiaries and at Bouygues Construction headquarters, training in eco-driving techniques, etc.		▶ Step up research into low-carbon buidings in the context of the chair in sustainable construction and innovation. ▶ Try out low-carbon self-compacting concrete on Bouygues Entreprises France-Europe worksites. ▶ Roll out the "headquarters" version of CarbonEco® to quantify Bouygues Construction's greenhouse gas emissions. ▶ Devise a travel policy to encourage eco-mobility.

(*) Compared with 2010 objectives

(a) Excl. Bouygues Bâtiment International and VSL (b) Global (c) Indicator subject to possible correction since it has to be validated after publication by the relevant authorities (d) Number of industrial accidents involving time off work x 1,000,000 / number of hours worked (scope: global) (e) Number of days off work x 1,000 / number of hours worked (scope: global) (f) To comply with standard practice in the industry, Bouygues Construction has changed its way of calculating safety indicators. Indicators are now calculated on the basis of all employees and not only employees assigned to production. The equivalent figures for 2010, using the previous calculation method, are: frequency rate = 7.61, severity rate = 0.39

Agefiph: A fund to promote the employment of disabled people - BBC: low-energy buildings - BREEAM: Building Research Establishment Environmental Assessment Method - CSR: Corporate Social Responsibility - CSTB: French building technology research centre - ESTP: École Spéciale des Travaux Publics, du Bâtiment et de l'Industrie - Epide: French Defence Ministry Integration agency - Ensam: Arts et Métiers ParisTech - H&E: Habitat & Environment - HQE: High Environmental Quality - LEED: Leadership in Energy and Environmental Design - QSE: Quality Safety Environment

DETAILED SUSTAINABILITY INDICATORS at 31 December

FAMILY	INDICATOR	SCOPE	UNIT	2008	2009	2010	REPORTING FRAMEWORK
Foster a trusting relationship with customers	Completed projects for which customer satisfaction surveys have been conducted	Global excl. ETDE (83% of sales)	%	46	41	52	GRI - PR5
	Number of managers given training in business ethics in the last three years	Global	Number	2,082	2,117	1,837	GRI - SO3
	Sales covered by triple QSE[a] certification		%	81	82	82	GRI - PR1
Implement a Quality Management System (QMS)	Sales covered by an ISO 9001 certified QMS		%	94	97	96	
	All Bouygues Construction operating entities are continuing the policy of obtaining triple QSE (Quality Safety Environment) certification. The slight decline in the proportion of sales in activities with ISO 9001 certification is due to a change of organisation at DTP Terrassement. Before 2010, the entity had central triple certification. A decentralised approach was introduced in 2010 and only one of its operating units has been certified since then.						
Involve suppliers and subcontractors in the sustainable development policy	Sales generated by operating units with an action plan to involve subcontractors in the QSE approach	Global	%	89 (excl. Bouygues Bâtiment International and VSL)	86 (excl. Bouygues Bâtiment International and VSL)	83	Internal
	The decline is due to a fall at Bouygues Travaux Publics in the proportion of sales generated by operating units that have an action plan to involve subcontractors in the QSE approach. The scope was extended in 2010 to include Bouygues Bâtiment International and VSL.						
	Sales generated by operating units that systematically include the Sustainable Development Charter in their contracts with subcontractors or suppliers	Global	%	70 (excl. Bouygues Bâtiment International and VSL)	79 (excl. Bouygues Bâtiment International and VSL)	87	Internal
Make the company more attractive	Collective agreements negotiated, including mandatory annual negotiations	France (61% of sales)	Number	-	119	109	Internal
	Rate of participation in most recent elections of employee representatives	France	%	-	84.50	84.98	
	Headcount	France	Number	-	23,518	22,936	GRI - LA1
		International (39% of sales)			29,081	31,190	
		Global			52,599	54,126	
	Voluntary profit-sharing payouts (paid in 2010 in respect of 2009)	France	€' 000	-	22,849	15,979	Internal
	Compulsory profit-sharing payouts (paid in 2010 in respect of 2009)				28,761	29,243	
	Pension savings contributions				1,141	1,356	
	Corporate savings plan contributions				33,777	34,547	
	The reduction in the amount of voluntary profit-sharing payouts reflects the company's lower profits due to the impact of the global economic crisis.						
	Employees receiving a satisfaction survey since 2008	Global	Number	-	-	6,950	Internal
Increase preventive health and safety measures	Sales covered by a safety management system (SMS) with ILO, OHSAS 18001 or equivalent certification		%	82	82	83	GRI - PR1
	Frequency rate of industrial accidents involving production staff			12.17	10.64	7.61	GRI - LA7
	Industrial accident frequency rate[b] for all staff			-	-	6.14	
	Overall industrial accident frequency rate			-	-	15.93	
	Severity rate of industrial accidents involving production staff			0.40	0.39	0.39	
	Industrial accident severity rate[b] for all staff			/	/	0.30	
	Frequency rate[b] of fatal accidents for all staff			0.074	0.076	0.02	
	Frequency rate of industrial accidents involving temporary site workers	Global excl. Bouygues Bâtiment International (78% of sales)		25.62	21.12	16.67	Internal
	Frequency rate of fatal accidents to temporary site workers	Global		-	-	0.06	
	Frequency rate of road accidents with the company vehicle fleet involving third parties			14	19	13	
	Occupational illnesses recognised by social security authorities	Europe (74% of sales)	Number	48 (France excl. Bouygues Travaux Publics)	48 (France excl. Bouygues Travaux Publics)	77	GRI - LA7
	The scope has been extended from France excl. Bouygues Travaux Publics to Europe, which explains the sharp rise in the number of recognised occupational illnesses between 2009 and 2010.						
	Employees covered by a major risk, hospitalisation and maternity welfare scheme	France	%	100	100	100	Internal
	Absenteeism rate[c]		%	4.23	4.24	4.27	GRI - LA7
Monitor career paths	Employees receiving regular performance and career development reviews		%	71	75	77	GRI - LA12

Financial and business challenges Social/HR challenges Environmental challenges

FAMILY	INDICATOR	SCOPE	UNIT	2008	2009	2010	REPORTING FRAMEWORK
Develop skills	Employees given training	Global	%	61	52	48	GRI - LA10
	Site workers given training			61	45	36	
	Managerial staff given training	France		76	70	74	GRI - LA10
	Clerical/technical/supervisory staff given training			79	61	68	
	Employees in managerial positions outside France given training	International only		44	48	47	
	Proportion of annual payroll spent on training	France		5.12	5.40	-	
Encourage diversity	Women in the workforce	Global France	%	- 15	- 15	14 16	GRI - LA13
	Women in top management (executive committee level)	France		9	8	9	
	Women in managerial positions			18	18	21	
	Female clerical/technical/supervisory staff			32	30	32	
	Female site workers			1	1	1	
	Disabled employees on permanent contracts in France		Number	547	618	608	Internal
	Sales of work performed by the adapted and sheltered sector		€ 000	715	1,236	1,345	
Participate in economic and social life	Operations carried out in cooperation with local integration bodies	France	Number	208	208	277	Internal
	Partnerships supporting integration, education and health	Global	Number €m	263 -	334 -	439 3.1	
Implement an Environmental Management System (EMS)	Sales covered by an ISO 14001 certified EMS	Global	%	82	84	83	GRI - PR1
Design and develop buildings with high environmental performance	R&D budget devoted to sustainable construction			25	32	50	Internal
	Buildings with environmental labelling or certification in order intakes	Building activities, France and international (65% of sales)	Number %	133 35	148 29	314 53	
	Buildings with environmental labelling or certification in order intakes of which Bouygues Construction is the designer		Number %	60 60	60 40	189 73	
	Bouygues Construction recorded a very sharp rise in projects covered by an environmental labelling or certification scheme in 2010 (112% more than in 2009).The proportion of such projects in the global order intake by value also increased to more than half the total. In France, in the wake of the Grenelle Environment Forum, the number of buildings covered by an environmental labelling or certification scheme doubled in 2010. The proportion of such projects increased substantially in 2010 to almost half the order intake (49%). Certified buildings predominated in the UK and Switzerland, which accounted for 64 of the 73 certified buildings outside France, nearly 90%. The sharp rise on international markets was also due to five major projects which accounted for 70% of the international order intake for certified buildings: one in Hong Kong worth €460 million and four in Singapore worth €987 million. In contrast, there is less demand for buildings with environmental certification on environmentally less mature markets. When Bouygues Construction wins design-build contracts, the proportion by value of buildings covered by environmental labelling or certification schemes rises to 73%, compared with an average of 53%.						
	Worksites with the Écosite® label at 31 December 2010 (in-house environmental label for worksites)	Global (excl. VSL)[d]	Number %	- -	- -	259 68[e]	Internal
Reduce energy consumption	Fuel consumption of the light commercial and passenger vehicle fleet	France	Million litres	24	23	23	GRI - EN3
Reduce CO_2 emissions	Carbon balances carried out	Global	Number	40	330	377	GRI - EN16
Reduce and recycle waste	Hazardous waste collected	Global	Tonnes	8,795 France excl. DTP	609 France excl. DTP	2,342	GRI - EN22
	Non-hazardous waste collected			257,073 France excl. DTP	185,914 France excl. DTP	919,382	
	The indicator is now reported by all Bouygues Construction's operating entities, which explains the sharp rise in the amount of hazardous and non-hazardous waste collected in 2010. The indicator was tracked only in France (excl. DTP Terrassement) in 2008 and 2009.						
	Non-hazardous waste recycled	Bouygues Entreprises France-Europe (30% of sales)	%	39 excl. Bouygues UK	49 excl. Bouygues UK	58	GRI - EN22
Minimise disturbance for local residents	Worksites taking action to listen to or communicate with local residents, or to assess their satisfaction	Global excl. ETDE and VSL (81% of sales)	%	56	62	64	Internal

See also the note on Bouygues Construction's reporting methodology in Additional information at the end of this document.

GRI: Global Reporting Initiative

(a) Quality Safety Environment (b) To comply with standard practice in the industry, Bouygues Construction has changed its way of calculating safety indicators. Indicators are now calculated on the basis of all employees and not only employees assigned to production. Frequency rate = number of industrial accidents involving time off work x 1,000,000 / number of hours worked. Severity rate = number of days off work x 1,000 / number of hours worked. Fatal accident rate = number of deaths following an industrial accident x 1,000 / population concerned. (c) Number of days off work (social balance sheet figures) / number of calendar days (d) Not applicable to VSL (e) In order to qualify for the labelling scheme, a site must be still active at 31 December and more than 20% complete, and must represent more than a minimum amount of sales that varies according to the particular line of business (over €1 million in most cases)

Bouygues Immobilier

Green property, driving growth

KEY FIGURES

2010 sales
€2,418m (-19%)

Current operating margin
8.4% (+1.6 pts)

Net profit att. to the Group
€108m (-2%)

Employees
1,440

2011 sales target
€2,440m (+1%)

HIGHLIGHTS OF 2010

Residential

- A record 14,307 housing units reserved, up 27% on 2009.
- BBC-Effinergie®* low-energy certification for new programmes.
- Launch of the Fort d'Issy eco-community in Issy-les-Moulineaux (Paris region).
- Marketing of the first two positive-energy residential developments.

Commercial

- Delivery of Sequana, an HQE® tower in Issy-les-Moulineaux.
- Acquisition of Urbiparc, a developer specialising in HQE® business parks.

Corporate Social Responsibility

- Diversity and quality of life at work: 4 agreements concluded with social partners.

(*) Low-energy buildings

France's leading **PROPERTY DEVELOPER**

Sequana, a high-rise building with HQE® certification in Issy-les-Moulineaux

With 33 branches in France and four subsidiaries elsewhere in Europe, **Bouygues Immobilier** develops residential, commercial and retail park projects.

The group consolidated its leading position on the French residential property market in 2010.

The GLOSSARY can be found in
Additional information

BOUYGUES IMMOBILIER PROFILE

Strategy

At Bouygues Immobilier, a pure player[1] in property development for over 50 years, growth is founded on four strategic priorities.

Sustainable development

The first property developer to gain ISO 9001 certification, Bouygues Immobilier embarked in 2006 on a proactive high environmental performance policy for its buildings, backed up by acknowledged certification schemes for both housing (Habitat & Environment) and commercial property (HQE®, High Environmental Quality).

In July 2010, two and a half years before the scheduled introduction of new thermal regulations (RT 2012), Bouygues Immobilier decided to extend BBC-Effinergie® low-energy certification to all its new residential property programmes.

Setting the environmental standard for sustainable development in the property sector, Bouygues Immobilier also leads the way in HR and social and community initiatives

(1) Pure player: a firm that has always operated in a single sector

through its human resources policy and corporate foundation.

In 2010, Bouygues Immobilier concluded four agreements with social partners on diversity and the quality of life at work, while the Bouygues Immobilier corporate foundation partnered the Médiaterre programme initiated by Unis-Cité, an association that has pioneered voluntary community service in France.

Innovation

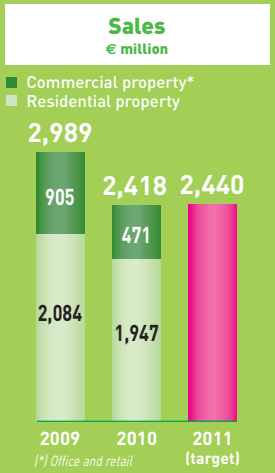
Stimulated by the demands of the Grenelle environment plan, innovation is central to Bouygues Immobilier's strategy.

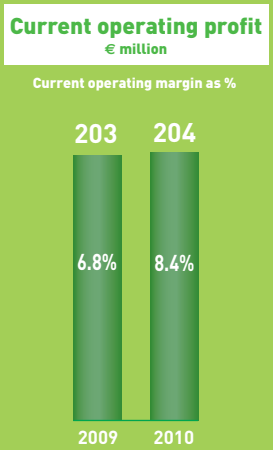
In 2008, Bouygues Immobilier created the Green Office® concept, a new generation of positive-energy office buildings. Work on the first Green Office® in Meudon began in 2009.

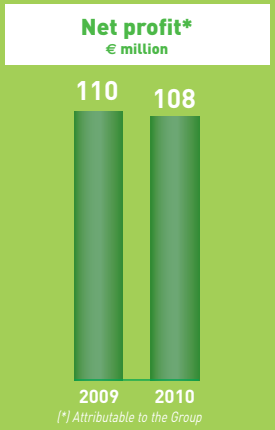
In 2010, Bouygues Immobilier started to market the Fort d'Issy eco-community in Issy-les-Moulineaux, whose low-energy buildings have an individual energy management system. It also started work on two positive-energy residential programmes in Montreuil (L'Avance) and Aix-en-Provence (Vert Eden).

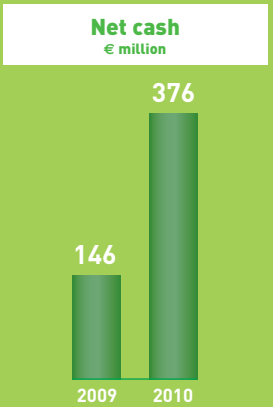
Technical and architectural quality

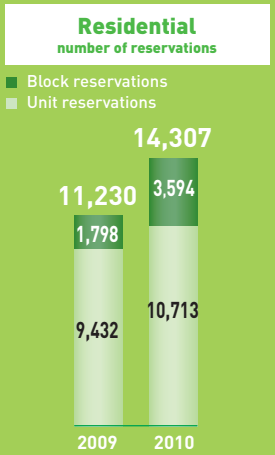
Using cutting-edge materials and technologies to improve the technical quality of its buildings is an ongoing concern for Bouygues Immobilier. A sophisticated quality control system and a set of training programmes for technical staff ensure that the company can rapidly adapt to changing markets.

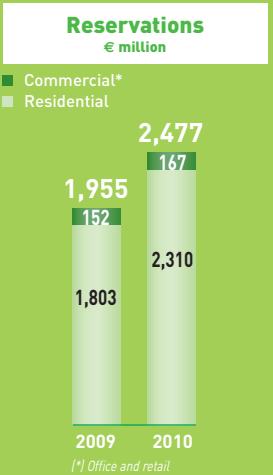












CONDENSED BALANCE SHEET

at 31 December

(€ million)	2009	2010
ASSETS		
• Property, plant and equipment and intangible assets	16	14
• Goodwill	-	-
• Non-current financial assets and taxes	56	54
NON-CURRENT ASSETS	**72**	**68**
• Current assets	1,695	1,482
• Cash and equivalents	256	426
• Financial instruments*	1	-
CURRENT ASSETS	**1,952**	**1,908**
TOTAL ASSETS	**2,024**	**1,976**
LIABILITIES AND SHAREHOLDERS' EQUITY		
• Shareholders' equity attributable to the Group	508	541
• Minority interests	4	9
SHAREHOLDERS' EQUITY	**512**	**550**
• Non-current debt	91	43
• Non-current provisions	83	94
• Other non-current liabilities	1	-
NON-CURRENT LIABILITIES	**175**	**137**
• Current debt	18	5
• Current liabilities	1,317	1,282
• Overdrafts and short-term bank borrowings	2	2
• Financial instruments*	-	-
CURRENT LIABILITIES	**1,337**	**1,289**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,024**	**1,976**
Net surplus cash	**146**	**376**

(*) Hedging of financial liabilities at fair value

CONDENSED INCOME STATEMENT

(€ million)	2009	2010
SALES	**2,989**	**2,418**
• Net depreciation and amortisation expense	(6)	(4)
• Net charges to provisions and impairment losses	(81)	(13)
• Other income and expenses	(2,699)	(2,197)
CURRENT OPERATING PROFIT	**203**	**204**
• Other operating income and expenses	-	-
OPERATING PROFIT	**203**	**204**
• Cost of net debt	(6)	(2)
• Other financial income and expenses	(35)	(22)
• Income tax expense	(49)	(67)
• Share of profits and losses of associates	-	(1)
NET PROFIT	**113**	**112**
• Minority interests	(3)	(4)
CONSOLIDATED NET PROFIT (attributable to the Group)	**110**	**108**

Bouygues Immobilier started building positive-energy residential programmes in 2010. Here, Vert Eden in Aix-en-Provence

NF Logement housing certification, which uses a management system to define operating procedures for each programme developed, supports this commitment.

Bouygues Immobilier has also developed close relationships with leading names in international architecture over many years. In 2010, the inauguration of the Tour Sequana in Issy-les-Moulineaux provided an opportunity to highlight the exemplary collaboration with the architects Bernardo Fort-Brescia and Jean-Michel Wilmotte.

Customer satisfaction and support

Bouygues Immobilier has been committed for many years to placing customer satisfaction at the centre of its concerns.

In 2010, Bouygues Immobilier created an in-house unit in its Residential Property division devoted entirely to monitoring relations with customers. The company also redefined all the procedures and resources it employs to ensure customer satisfaction, going well beyond market standards.

In the commercial property segment, Bouygues Immobilier has recently refocused its strategy on users with the aim of precisely tailoring its response to their needs and expectations.

Key figures

Bouygues Immobilier reported sales of €2.4 billion in 2010, 19% lower than in 2009. The figure reflects the fall in residential property reservations in 2008 and the completion of major commercial projects sold in 2007 and 2008. Due to a very solid commercial performance in the housing segment in 2010, it nevertheless exceeded initial projections by €300 million.

Particularly buoyant conditions on the French housing market enabled Bouygues Immobilier to take a record 13,734 reservations in 2010 and to significantly increase its market share from 10.1% in 2009 to 11.9%*.

Overall, Bouygues Immobilier took reservations worth €2,477 million, including €2,310 million in the residential property segment, an increase of 28% with 14,307 reservations, and €167 million in the commercial property segment, an increase of 10%, representing 95,000 sq metres of offices and retail space.

The order book was up 5% at €2.3 billion.

Current operating profit amounted to €204 million, representing 8.4% of sales compared with 6.8% in 2009. The sharp rise in profitability was due to the restoration of operating margins in the residential segment.

Net profit attributable to the Group amounted to €108 million, only 1.8% down on 2009. Shareholders' equity amounted to €550 million.

Bouygues Immobilier had a net cash surplus of €376 million at 31 December 2010, compared with €146 million at end-2009.

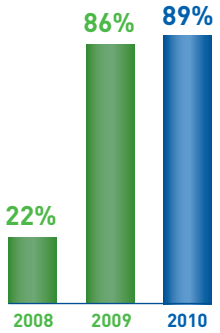
Advantages and opportunities

Bouygues Immobilier's capacity to come through the crisis that broke in 2008 and achieve a robust commercial performance in 2010 is due to a number of plus factors that give the company solid opportunities for short- and medium-term growth.

- Bouygues Immobilier **operates in all segments of property development** (residential, commercial and retail), enabling it to cushion cyclical effects within each segment. A buoyant residential property market in 2010 thus compensated for the weakness of a commercial property market at the bottom of its cycle.
- Bouygues Immobilier demonstrated its **ability to anticipate and react** by rapidly adapting its strategies and cost structures when the crisis hit in 2008 and then, at the first signs of an upturn in 2009, by actively acquiring land at attractive prices.

As a result, the company was able to take full advantage of the recovery on the housing market in 2010 and outperform the market.

Share of sales
covered by an environmental certification scheme (H&E, BBC or HQE®)



(*) Source: Survey of the marketing of new housing (Ministry of Ecology, Sustainable Development, Transport and Housing)

- Bouygues Immobilier is an **acknowledged leader in sustainable development**. Already committed to sustainable development well before the Grenelle environment Forum, it now leads the way in the property development business.

  That position enabled Bouygues Immobilier to seek low-energy certification for all its residential developments from 2010, giving it decisive competitive edge in 2011, since most government support measures target low-energy buildings.

  Bouygues Immobilier's recognised expertise in green property also puts the company in a choice position to win contracts to develop eco-communities, a major feature of urban planning for the future. In 2010, Bouygues Immobilier started to market Ginko, a vast 30-hectare mixed development project in Bordeaux.

- Bouygues Immobilier has an **entry-level and mid-market positioning in the residential segment.** A strategic choice, it means that the company can offer products and prices suited to new patterns of demand on the market, enabling it to withstand the crisis and take a record number of reservations in 2010.

  The structural housing shortage in France also gives Bouygues Immobilier an opportunity for long-term growth since most demand comes from the middle classes that are its target market.

- Bouygues Immobilier has a **technological edge in the commercial property segment**. The success of the first Green Office® positive-energy project launched in Meudon in 2009 and entirely let to Steria in 2010 demonstrates the relevance of the company's business model. Green Office® gives Bouygues Immobilier a head start and makes it a front runner in the green value enhancement of commercial property assets. Two more Green Office® projects are currently being developed.

- Bouygues Immobilier is **financially sound**. The figures for 2010 show improved profitability, a substantial cash surplus and shareholders' equity in excess of €500 million.

  These very healthy fundamentals, plus the backing of the Bouygues group, ensure that the company has the resources to pursue growth and to grasp any opportunities that arise in 2011.

FIND OUT MORE

Bouygues Immobilier corporate foundation
▶ www.developpementdurable-bouyguesimmobilier.com

Médiaterre
▶ www.mediaterre.org

Green Office®
▶ www.green-office.fr

Fort d'Issy
▶ www.fortdissy.com

Maisons Elîka
▶ www.maisons-elika.com

Ginko
▶ www.ecoquartier-ginko.fr

RESIDENTIAL PROPERTY: BOUYGUES IMMOBILIER EXTENDS ITS LEAD

Through its ability to anticipate the recovery and respond quickly, the increase in reservations taken by Bouygues Immobilier in France (28%) was considerably greater than the market rate (9%), confirming the company's leading position. With 14,307 reservations overall, including 13,734 in France, Bouygues Immobilier exceeded its previous record set in 2007.

Confirmation of the market recovery

Property developers in France sold a total of 115,000 housing units in 2010, confirming the recovery that began in 2009.

The surge is due to several factors:

- historically low interest rates;
- government measures to encourage first-time home ownership and investment in buy-to-let properties, including zero-interest loans, the Pass-foncier® scheme for low-income first-time buyers, a 5.5% rate of VAT in urban development zones and the Scellier tax incentives;
- property's reputation as a safe investment in times of uncertainty about other forms of investment.

A slight drop in sales, a record level of reservations

Residential property sales, which amounted to €1,947 million in 2010, automatically reflected the decline in business activity in 2008 because of the percentage of completion accounting method used in the property development sector. However, buoyant activity in 2010 limited the fall in sales, which were only 6.6% lower than in 2009.

Subsidiaries SLC and Urbis Réalisations performed well under their own names on their markets in Lyon and Toulouse respectively, with SLC taking 482 reservations and Urbis Réalisations 318.

Diversified business activities

Apartment buildings

Bouygues Immobilier operates in all segments of the entry-level and mid-range market. Block sales of social housing accounted for 25% of activity in 2010, while sales to private investors under the Scellier tax incentive scheme represented about 54% and sales to owner-occupiers (mostly first-time buyers) 21%. Bouygues Immobilier successfully adapted to its customers' needs and financial resources, offering optimised products and prices and personalised financing arrangements.

Serviced residences

A new source of growth for Bouygues Immobilier, the market for serviced residences for students, young working people, older people and tourists is expanding rapidly in France as a result of demographic change and initiatives by local authorities.

Detached houses

Bouygues Immobilier decided to re-enter the market for detached houses in 2010,

All Bouygues Immobilier's residential developments now have BBC low-energy certification. The O'Paris project in Issy-les-Moulineaux is a reference for low-energy buildings

creating a Housing France department and entirely overhauling its product range. As with apartments, the company will cover the entry-level and mid-market segments. The new approach is supported by Maisons Elîka, an expanding Bouygues Immobilier subsidiary that offers wood-frame houses with BBC-Effinergie® low-energy certification at affordable prices. Reservations taken by Maisons Elîka more than doubled in 2010, rising by 119%.

Supporting customers, a key success factor

Bouygues Immobilier has developed a comprehensive system for supporting customers from reservation to delivery. An innovation on the French residential property market, it includes:

- the assignment of a personal adviser and access to a specialised call centre,
- regular contact throughout the project until delivery of the property.

Customer satisfaction surveys conducted in 2010 confirmed that this was the right move for Bouygues Immobilier's customers, who want to keep regular track of a project that represents a major investment for them. It was a key factor behind the company's performance in 2010.

Aware of the need to keep its customers better informed, Bouygues Immobilier has taken steps to ensure that they know how to make the most of their new, energy-efficient home, providing them with a guide to green behaviour on delivery.

Bouygues Immobilier has also made a web documentary[2], an innovative, interactive and fun learning resource that explains the various facets of low-energy buildings, from design to use.

Eco-communities, a major challenge

Local authorities are becoming increasingly proactive in their approach to creating eco-communities or redeveloping existing neighbourhoods (city entrance zones, mixed development zones, etc.) to make them more sustainable.

Its acknowledged sustainable development expertise makes Bouygues Immobilier a partner of choice for such projects. The start of work on Ginko, an eco-community on Bordeaux Lake with 2,000 apartments, and the start of the marketing campaign for Fort d'Issy (819 apartments) have helped to position Bouygues Immobilier as a benchmark player on the eco-community segment.

The company concluded three more agreements in 2010 to develop eco-communities at Joué-les-Tours (1,200 apartments), Bois-Colombes (1,140 apartments) and Créteil (650 apartments), on the site of the former Pernod Ricard factory.

Europe: growth driven by Poland

Bouygues Immobilier saw further growth in its business in Poland in 2010, further justifying the move into a country with a dynamic economy and very real needs.

(2) Link to the web documentary: http://bbc.bouygues-immobilier.com (on bouygues.com, click directly on this link)

COMMERCIAL PROPERTY: A GRADUAL RECOVERY

Closely correlated to conditions in the global economy, international investment and financial markets, the commercial property market in France seems to have bottomed out in 2010. The first signs of recovery are now beginning to emerge.

The fundamentals are healthy:

- there is no over-supply of new buildings and vacancy rates have now stabilised at a reasonable level;
- investment is starting to pick up again, with growing demand for buildings that meet international standards induced by the Grenelle environment law;
- placed demand is rising, to over 2 million sq metres in 2010 compared with 1.8 million in 2009 (source: Immostat);
- rents have bottomed out and are starting to rise again.

Although conditions are still difficult, Bouygues Immobilier took reservations worth €167 million in 2010. Few orders were booked but signs of a gradual recovery appeared towards the end of the year. The letting of the entire Green Office® building in Meudon to Steria is a perfect illustration of the trend.

Another highlight was the signing of the lease for the new 43,700-sq metre headquarters of Orange TPSA, a telephone operator, in Warsaw.

A pragmatic strategy

Having taken a wait-and-see approach in 2010, Bouygues Immobilier intends to gradually reposition on the commercial property market in 2011, adopting a policy of putting users first and benefiting from its advance in green property to drive growth within the broader framework of a pragmatic and cautious approach.

Attentive to demographic, economic and technological changes in society, Bouygues Immobilier offers energy-efficient solutions that meet the new demands expressed by corporate users, including bespoke projects for the headquarters buildings of major international firms, city-centre renovation projects and new-generation business parks in the regions.

Green value

Green value in new buildings

Sustainable development has become an essential factor in all property transactions. Regarded until now as just one evaluation criterion among others, it is now becoming a key element in major users' location decisions.

Firms seeking mobility are particularly attentive to controlling costs, especially those of operating their future building. In addition to their environmental virtues, green buildings address this concern directly by offering much lower operating costs than older buildings.

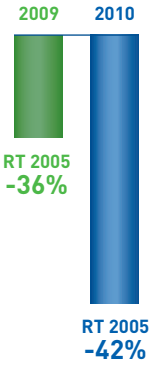
Central to Bouygues Immobilier's strategy, green property will be a powerful driver of growth over the coming years. In both the commercial and residential property segments, Bouygues Immobilier has been one of the first to stake out a position in sustainable development and can now boast a genuine lead.

The company introduced High Environmental Quality (HQE®) for all its major office programmes in 2006 and started designing large-scale positive-energy office buildings two years later with the launch of its innovative Green Office® concept.

Green value in existing buildings

The arrival of a new generation of HQE® and positive-energy office buildings has com-

Energy savings in new office buildings



Average savings in relation to RT 2005 for buildings delivered or in progress during the year (Paris region) (RT: thermal regulations)

QUESTION TO

Philippe Pelletier,

lawyer, chairman of the Grenelle Building Plan

Have property developers taken ownership of the commitments in the Grenelle environment law?

"The degree of mobilisation among property developers is extraordinary. They have realised that energy efficiency now affects the value of property assets. Energy consumption never used to be a particular priority for players in the business. Trades followed one on another on construction sites without any concern for energy efficiency, while property developers sold space with little consideration for what happened after they handed over the keys to the customer.

Things could hardly be more different now. Energy performance has become a priority, and with new objectives come new resources. A technological revolution is under way in the property business. Developers can no longer ignore what happens after a building is sold. In fact, they are even likely to have a role to play in the management and future operation of a new or renovated building if they offer energy performance guarantees.

That is what Bouygues Immobilier is doing, with the Green Office® project in Meudon for example, and it is an approach that is likely to become widespread."

Green Office® leaves Bouygues Immobilier ideally placed to benefit from green value enhancement in the commercial property segment

pletely changed the complexion of the office segment.

Aware that traditional buildings are obsolescent, users are highly sensitive to the new rules of the environmental game. Investors are also increasingly attentive to green value, since under the Grenelle environmental law they have eight years from 1 January 2012 in which to cut the consumption of post-1948 office buildings by 40%.

Spotting an opportunity, Bouygues Immobilier has developed a service package called Réhagreen® to enhance the value of existing property assets. After conducting a thermal diagnosis, Réhagreen® takes a comprehensive approach to the asset in order to determine all the potential areas of value enhancement, based on multicriteria analysis that combines technical, regulatory, functional and planning aspects. Réhagreen® produces a range of value enhancement scenarios and includes a decision support feature to help guide owners in their choice according to their strategy. A number of large-scale studies were conducted for investors in the Paris region in 2010, covering a total of almost 100,000 sq metres.

2010: the delivery of major flagship projects

Bouygues Immobilier enhanced its image as a specialist in energy-efficient buildings with the completion of several projects in the 160,000-sq metre Seine Ouest business district in Issy-les-Moulineaux, a real showcase for the company's know-how. All of the buildings have HQE® High Environmental Quality certification. In 2010, the company delivered Eqwater and Tour Sequana. One of the first high-rise buildings of over 40,000 sq metres with HQE® certification, Sequana consumes 40% less energy than a building constructed to RT 2005 thermal regulations[3].

Bouygues Immobilier also delivered a 30,000-sq metre retail park at Orange-les-Vignes which has a photovoltaic roof with 12,000 panels. Europe's biggest photovoltaic power plant incorporated into a public building, it is capable of producing the equivalent of the annual domestic electricity consumption of a town with 3,500 inhabitants.

Green Office®: an innovative and highly successful concept

Launched in 2008, the first Green Office®, a large-scale, positive-energy office building, was let with an energy performance contract to Steria in December 2010, seven months before delivery. With a surface area of 23,300 sq metres, the building can accommodate up to 1,550 employees. It has dual environmental certification, HQE® and BREEAM[4] Excellent Europe 2008. The design generates a real environmental and financial benefit for its future user, since the building consumes 65% less energy than one constructed to RT 2005 thermal regulations and reduces the output of CO_2 by 400 tonnes a year.

Bouygues Immobilier recently became the first property developer in the world to obtain BREEAM International certification with an Outstanding rating for its second Green Office® project in Nanterre, designed by the architects Di Fiore. With net floor area of 35,200 sq metres and able to accommodate 2,150 employees, it will consume 75% less energy than an HQE® RT 2005 building.

A third Green Office® is already planned in the Paris region.

Low-energy business parks in the regions

In addition to Green Office® projects, Bouygues Immobilier aims to develop business parks in the regions, drawing on the know-how of its Urbiparc subsidiary. Acquired by Bouygues Immobilier in January 2010, Urbiparc has over thirty years' experience in the commercial property segment and, in the 1980s, introduced the concept of the Miniparc business park, now to be found in about 15 cities around France. Deeply committed to sustainable development, Urbiparc builds low-energy commercial buildings and is currently rolling out a new range, called Ecospace, of passive-energy[5] or even positive-energy buildings.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility

Bouygues Immobilier started recruiting again in 2010 to cope with the upsurge of activity in the housing business, hiring 250 new employees.

(3) Thermal regulations for new buildings in force since 1 September 2006. They set a maximum limit on the amount of energy consumed by new buildings for heating, ventilation, air-conditioning, domestic hot water production and lighting.
(4) Building Research Establishment Environmental Assessment Method (5) Heating requirement less than 15 KWh/sq m/year

DIALOGUE WITH STAKEHOLDERS – BOUYGUES IMMOBILIER

STAKEHOLDERS	THEIR EXPECTATIONS	OUR RESPONSES	FORUMS AND FORMS OF DIALOGUE
Customers	▶ Attentiveness ▶ Competitive, high-quality products and services ▶ Innovation ▶ Respect for the environment, ethical conduct	▶ Quality system with ISO 9001 and NF Logement certification ▶ Environmental certification of programmes (H&E, HQE®, BBC-Effinergie®, etc.)	▶ A personal customer adviser and a dedicated call centre ▶ Regular contact while work is in progress until delivery of the property (new customer support process in place since 2010) ▶ Website ▶ Customer satisfaction surveys
Partners Contractors Suppliers	▶ Loyalty ▶ Fairness ▶ Long-term relations	▶ Partnerships ▶ Code of ethics ▶ Supplier CSR charter ▶ Assessment of suppliers' CSR performance	▶ Regular meetings with operators throughout the project ▶ Management of relations with suppliers through an annual assessment and progress plans overseen by the group technical department ▶ Assessment of contractors through quality reviews
Administration Local authorities Public bodies	▶ Dialogue and transparency ▶ Long-term partnerships ▶ Compliance with regulations ▶ Preservation of the environment ▶ Ethical and responsible conduct	▶ Property development projects with environmental certification ▶ Sustainable neighbourhoods and eco-communities ▶ Contribution to economic development and social integration in areas where the company operates (eco-communities)	▶ Participation in working groups to prepare draft laws and directives (eg, joint coordination of a Grenelle Building Plan strategic committee) ▶ Dialogue between Bouygues Immobilier branches (regional divisions, branch managers) and local authorities
Associations Non-Governmental Organisations (NGOs)	▶ Dialogue and transparency ▶ Long-term partnerships ▶ Preservation of the environment ▶ Ethical and responsible conduct	▶ Corporate Foundation ▶ Observatoire de la Ville ▶ Partnership with Unis-Cité ▶ Solid'R community action day ▶ Membership of the Global Compact	▶ Regular steering committee meetings for initiatives supported by Bouygues Immobilier corporate foundation ▶ Press releases, press conferences, breakfasts with bloggers, etc. ▶ Website, social media (Twitter, Facebook, etc.)
Local residents	▶ Control and reduction of worksite impacts	▶ Arrangements for consultation, dialogue and information	▶ Information and consultation meetings with local residents ▶ Information panels at worksites
Employees Trade unions	▶ Working conditions, health and safety ▶ Listening and dialogue ▶ Respect, labour and union rights ▶ Fairness, diversity ▶ Recognition of achievements, training	▶ Training ▶ Annual assessments (skills and performance) ▶ Employee share ownership (Bouygues Partage and profit-sharing) ▶ Fringe benefits ▶ BI & Me programme: quality of life at work and preventing workplace stress	▶ Health and safety committee, works council, elections of employee representatives ▶ Internal communication: in-house magazine *BIM,* intranet site ▶ Information meetings: day conference for managers, breakfasts with senior executives, intranet chat rooms ▶ Employee survey
Industry bodies Scientific and academic community	▶ R&D and innovation ▶ Pooling skills ▶ Sharing knowledge	▶ Participation in green property working groups in industry federations ▶ Participation in research projects with the CEA, INES, CSTB, Afnor, Ademe, etc. ▶ Co-founder of the specialist Master's course in sustainable construction and housing at Ensam and ESTP ▶ Internships and work/study training courses ▶ Lectures and courses in schools and universities	▶ Bouygues Immobilier employees elected to FPC national and regional executive committees ▶ Innovation and sustainable development department ▶ Schools officer in the human resources department

Ademe: French environment and energy management agency; Afnor: French standardisation body; CEA: French Atomic Energy Commission; CSR: Corporate Social Responsibility; CSTB: French building technology research centre; Ensam: Arts et Métiers ParisTech; ESTP: École Spéciale des Travaux Publics, du Bâtiment et de l'Industrie; FNTP: French civil works federation; FPC: Property developers federation; INES: National Institute for Solar Energy

The BI & Me initiative gives practical expression to the agreement on quality of life at work concluded in 2010

A third of the recruits were recent graduates and two-thirds already in employment.

Bouygues Immobilier had 1,440 employees at end-December 2010, 48% of them women. The average age of the workforce is 39.

Training to leverage skills

Bouygues Immobilier dispensed 2.4 days of training per employee on average in 2010, focusing on four priorities: customer support, sustainable development, quality of life at work and skills management. The company spent 2% of its annual payroll on training. All field staff in the residential property division received specific training in the NF Logement reference framework and in the requirements for BBC-Effinergie® low-energy building certification. The training was provided jointly by in-house trainers and the certification body Cerqual.

Four CSR agreements

After the older worker agreement in 2009, four more agreements were concluded with social partners in 2010:

- an agreement on methods for negotiations on CSR issues;
- an agreement on quality of life at work, implemented through a programme called BI & Me which covers aspects such as working better together, time management training and preventing excessive stress;
- an agreement on gender equality in recruitment, careers and pay;
- an agreement on the employment and integration of disabled people, including commitments on the resources devoted to promoting integration and supporting disabled people within the company and setting the target for 2011 of recruiting at least ten disabled employees (all forms of contract).

Responsibility to society

Bouygues Immobilier continued its sponsorship commitments in 2010, especially through its corporate foundation created in February 2009.

In 2010, the Bouygues Immobilier corporate foundation, which aims to place architecture and urban planning at the service of the environment and the community, renewed its sponsorship agreement with the Cité de l'Architecture et du Patrimoine for a further three years and is now the Cité's biggest sponsor. The foundation also coordinates the Observatoire de la Ville, an urban planning think tank. The chosen theme for 2011 is the urban mix in all its forms, functional, generational, social and morphological. A partnership has also been established with the Master's degree course in urban planning at Sciences Po in order to encourage students to work on the subject. The results of their research will be published and discussed at the end of 2011.

The Bouygues Immobilier corporate foundation supported the Médiaterre project launched in 2010 by Unis-Cité, an association that has pioneered voluntary community service in France. This first initiative, intended to raise awareness of green behaviour among families from disadvantaged neighbourhoods in order to reduce their energy

bills, was a success for both the families and the young volunteers taking part. Tangible results were achieved, including an average €12 a month reduction in energy bills, a halving of water consumption, a reduction in waste and a change in eating habits. Bouygues Immobilier staff were able to pass on their sustainable development expertise and support the initiative by training and mentoring the young volunteers.

ENERGY MANAGEMENT AT THE HEART OF INNOVATION

Bouygues Immobilier has created a new innovation and sustainable development department to encourage innovation and oversee the company's sustainable development policy. Its task is to coordinate in-house skills across the company in order to tackle strategic and cross-cutting issues like eco-communities, energy management, low-carbon policy, architecture and responsible purchasing. The new department reports to the executive committee on roadmap progress on each of these issues.

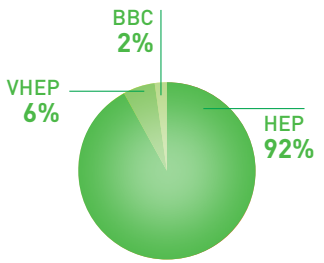
Through its leading position in low-energy and positive-energy buildings, Bouygues Immobilier has developed new skills in building energy management with the aim of helping users to control their energy consumption and reduce their energy bills.

Residential property

In 2010, Bouygues Immobilier started to market the Fort d'Issy project in Issy-les-Moulineaux, the first eco-community in the immediate vicinity of Paris. For delivery in 2013, the 12-hectare neighbourhood will include 1,535 housing units and 1,590 sq metres of retail space plus offices and public amenities. Heating and domestic hot water will be produced by a geothermal system. The neighbourhood will also have a highly innovative compressed-air waste collection system and a car-pooling scheme with an integrated reservation system.

All the high-energy performance buildings will have BBC-Effinergie® low-energy certification and a system that enables occupants to monitor energy consumption in real time and control windows, lighting and heating, room by room. These operations can be performed remotely from a mobile phone, helping occupants to keep complete control over their energy costs.

Energy performance of residential properties delivered in 2010



HEP: High Energy Performance (RT 2005 -10%)
VHEP: Very High Energy Performance (RT 2005 -20%)
BBC: low-energy buildings
(50 kWhpe/sq m/year, weighted according to climate and altitude)

Commercial property

Green Office®, the first large-scale positive-energy office building in France, will consume 40 kWh/sq m/year[6] and produce 64 kWh/sq m/year from a plant-oil boiler that generates both heat and power and a photovoltaic power plant with 4,200 sq metres of panels.

In order to guarantee the building's energy performance[7], and hence control over its operating costs, the operator has concluded an innovative Energy Performance Contract (EPC) with Steria, the user. The agreement between the owner, the operator and the tenant is based on sophisticated energy management software developed by Bouygues Immobilier. The software is used to assess the various components of energy consumption (lighting, heating, ventilation, IT, etc.) in real time and generates reports and alerts when costs exceed predefined thresholds so that the operator and the tenant can take appropriate measures to remedy the situation. The EPC also includes a bonus-malus mechanism, applied annually, to share any excess costs between the operator and the tenant.

Neighbourhoods

Drawing on its experience in the residential and commercial property segments, Bouygues Immobilier now aims to combine its expertise in eco-community development with its energy management skills. It has embarked on a research and development programme called Embix with other partners, including Exprimm (a Bouygues Construction subsidiary) and Alstom, on

TESTIMONIAL

Yves Barzic,

owner-occupier, Château Blanc residence at Mériel (Val d'Oise)

"We are recent home-buyers. My companion and I were looking for a 2-bedroom apartment in pleasant surroundings not too far from L'Isle Adam in the Val d'Oise. Our search took us to Mériel. About a year went by between our first meeting with Bouygues Immobilier, the sale agreement and the day we got our apartment. Right from the start, relations with the people we had to see were easy. It was our first time and we had everything to learn, from discussing the plans to filling out a financing application. Apart from the practical questions we were able to ask directly, we received five personal letters telling us how the work was getting on. From time to time I went onto the Bouygues Immobilier website, which gives information about ongoing projects. But the most important thing was the direct contact we had with the people at the Bouygues Immobilier office at Carrefour Pleyel, to the north of Paris. I really appreciated their courtesy and their availability. With them, you never have to be worried about asking a question."

(6) Final energy consumption for heating, lighting, domestic hot water, ventilation and cooling (7) CO_2 emissions avoided in comparison with identical buildings whose energy performance complies only with the prevailing thermal regulations (RT 2005)

the subject of smart cities (sustainable low-energy communities that seek to be autonomous in energy terms).

CONTROLLING OUR GREENHOUSE GAS EMISSIONS

Systematic carbon balances

Having carried out a first carbon balance of its direct greenhouse gas emissions in 2008, Bouygues Immobilier decided in 2010 to extend carbon balances to all its programmes begun during the year. At the same time an internal reporting system was introduced that will enable the company to carry out a complete carbon balance for all its activities.

Bouygues Immobilier's aim is to reduce greenhouse gas emissions both from its direct activities (staff travel, energy and paper consumption, etc.) and from its property development programmes.

Energy efficiency and reducing CO_2 emissions

Bouygues Immobilier's commitment to high energy performance in all its property development programmes has a direct impact on the greenhouse gas emissions of buildings during their operating phase.

The theoretical energy performance of the buildings delivered by Bouygues Immobilier in 2010 will save 123,000 tonnes of CO_2 equivalent over a 30-year operating lifespan.

Promoting Green IT and videoconferencing

Green IT is one the main strands of Bouygues Immobilier's sustainable development policy. It aims to place new technologies at the service of the company in order to encourage new working methods and reduce the carbon footprint and energy consumption.

After developing the GreenIT Factory® concept in 2009, enabling it to cut the energy consumption of its data centres by 30%, Bouygues Immobilier reduced its energy consumption by 10% as a result of optimisation measures while increasing its data storage capacity by 120%.

Bouygues Immobilier is also rolling out a plan to issue invoices and contracts in electronic form and is encouraging mobile working and videoconferencing for inter-site meetings. 59% of staff in 2010 had laptop PCs and the number of videoconference hours rose by 60% between 2009 and 2010 to over 6,700 hours.

OUTLOOK FOR 2011 – BOUYGUES IMMOBILIER

Bouygues Immobilier is continuing to pursue growth founded on its major strategic priorities of innovation and sustainable development.

- **Residential:** Bouygues Immobilier expects the market to remain stable, sustained by continuing low interest rates, the enhanced zero-interest loan scheme for first-time buyers and green tax incentives for investors in energy-efficient buy-to-rent properties.

  Bouygues Immobilier is particularly well-positioned in this regard, with products suited to first-time buyers. The extension of BBC-Effinergie® low-energy certification to all new programmes since July 2010 means that all the company's residential properties offered in 2011 will be eligible for the enhanced zero-interest loan scheme and the green tax incentives.

- **Commercial:** with its high energy performance buildings that meet users' new demands, Bouygues Immobilier is well-placed to take advantage of the recovery.

  The company expects to stimulate growth with two flagship products in the new construction segment, Green Office® positive-energy office buildings and new generation business parks in the regions.

Buoyed by growth in residential property reservations, Bouygues Immobilier's order book will stabilise its sales and the company has set a sales target of €2,400 million for 2011. Bouygues Immobilier also intends to maintain a **solid financial structure.**

SUSTAINABLE DEVELOPMENT: challenges and key indicators

	AIM	INDICATOR	UNIT	2009	2010	ACTION IN 2010	PROGRESS*	2011 OBJECTIVES
FINANCIAL AND BUSINESS CHALLENGES	Promoting green property as a driver of growth	Sales **covered by an environmental certification scheme** (H&E, HQE®, BBC[a])	%	86	89	▶ BBC-Effinergie®(a) low-energy certification for all housing programmes for which a building permit application was filed after 1 July 2010. ▶ Completion of projects in the Seine Ouest business district in Issy-les-Moulineaux. Delivery of the Farman building and Sequana, one of the first high-rise buildings in France with HQE® certification. ▶ Delivery of the Orange-les-Vignes shopping centre, which has Europe's largest photovoltaic power plant incorporated into a public building. ▶ Continuing development of Green Office® positive-energy office buildings. Conclusion with Steria of the first lease incorporating an energy performance contract for Green Office® in Meudon[c]. ▶ First studies for Réhagreen® projects to rehabilitate office buildings regarded as obsolete, with a total net surface area of 100,000 sq metres.		▶ Consolidate Bouygues Immobilier's leading position on the residential property market with BBC-Effinergie®(a) low-energy certification for all housing programmes for which a building permit application was filed after 1 July 2010. ▶ Join working groups on innovation and the rehabilitation of existing office buildings as part of the Grenelle Building Plan. ▶ Deliver the first large-scale positive-energy office building, Green Office® in Meudon (23,000 sq m). Develop the organisational resources and energy management tools to track the building's energy consumption in relation to the targets set in the energy performance contract. ▶ Start work on a second Green Office® in Nanterre, awarded BREEAM® certification with Outstanding rating for the design phase in 2010.
		Housing units with **BBC-Effinergie®(a) certification marketed**	Number	63	6,000			
		Building permit applications filed for residential programmes **with BBC-effinergie®(a) certification**	%	14	85			
		Surface area of **positive-energy office buildings** under construction[b]	sq m	23,000	23,000			
	Develop eco-communities	Housing units marketed as part of **eco-community developments**	Number	83	1,149	▶ Conclusion of contracts to develop eco-communities in Joué-les-Tours (1,200 housing units), Bois-Colombes (1,140 units) and Créteil (650 units). Start of works on the Berge du Lac eco-community in Bordeaux (Ginko) and start of marketing of the Fort d'Issy eco-community in Issy-les-Moulineaux. ▶ Reflection on eco-communities with the Bouygues group's other businesses to come up with a comprehensive and innovative response in terms of organisation and urban performance. ▶ Conclusion by Bouygues Immobilier, Alstom and Exprimm of an MOU (Memorandum of Understanding) for the creation of a joint venture (Embix) to develop energy management systems for eco-communities.		▶ Develop new eco-community offerings including neighbourhood-scale energy management solutions as an option. ▶ Create a consortium (SmartCity Alliance) to come up with innovative solutions for reducing the carbon footprint of eco-communities and launch a Smart City demonstrator to try out neighbourhood-scale energy management solutions (striking a balance between energy production, consumption and storage).
SOCIAL/HR CHALLENGES	Encourage first-time buyers and help to increase the amount of social rental housing	**Housing units sold to social landlords**	Number	1,284	2,931	▶ Continuation of programmes for social landlords. ▶ Faster rollout of Maisons Elīka budget homes in certain major cities (Paris region, Toulouse, Nantes).		▶ Continue programmes for social landlords and step up the focus on first-time buyers.
		Budget homes reserved	Number	137	300			
		Housing units reserved **by first-time buyers**	%	17	19			
	Favour diversity within the company Step up commitments in the disability policy Improve the quality of life at work	**Women** as a proportion of all **managerial staff**	%	32.6	34.7	▶ Conclusion of three company-wide agreements on gender equality, the integration and ongoing employment of disabled people and the quality of life at work. ▶ Rollout of BI & Me, a programme covering aspects such as working better together, time management training and preventing excessive stress. ▶ Career reviews for employees aged 45 and over.		▶ Roll out the measures defined in the collective agreements concluded in 2010. Recruitment of 10 disabled workers (all forms of contract). Introduction of interviews before and after maternity leave. Analysis of male/female pay differentials, financial support for childcare, rollout of the BI & Me programme. ▶ Appoint a disability officer in the HR department with one or two correspondents in each establishment. ▶ Conduct an employee survey along the same lines as previous ones. ▶ Step up tutoring, mentoring and in-house training by employees aged 45 and over.
		Disabled employees (all forms of contract)	Number	5	18			
		Amount of purchases with the sheltered sector	€ 000	223	253			

Measures introduced in 2010 | Ongoing measures in 2010 | Mature measures (continuous improvement)

SUSTAINABLE DEVELOPMENT: challenges and key indicators (continued)

	AIM	INDICATOR	UNIT	2009	2010	ACTION IN 2010	PROGRESS*	2011 OBJECTIVES
SOCIAL/HR CHALLENGES	Managing and enhancing employees' skills	**Proportion of employees receiving training** during the year	%	71	78	▶ Rollout of training programmes in four priority areas: customer support, sustainable development and BBC®, quality of life at work (BI & Me), skills management (Booster). ▶ Updating of the Booster skills evaluation reference framework to take account of new needs in response to a changing market.		▶ Roll out training initiatives linked to new business skills and the BI & Me programme. ▶ Create training courses and seminars for the company's talents, experts and top management. Set up a personal development resource (coaching, 360° evaluation centre).
		Training per employee (average)	Number of days	2	2.4			
	Implement an active sponsorship policy in architecture, sustainable development and community action	**Budget devoted to sponsorship and community action**	€ 000	499	816	▶ Launch of the Médiaterre project, sponsored by the corporate foundation in partnership with Unis-Cité, to raise awareness of green behaviour among families in disadvantaged neighbourhoods in two pilot cities. ▶ Renewal of the partnership with the Cité de l'Architecture et du Patrimoine for a further three years.		▶ Host the Solid'R campaign on the company's community action day (8 April), allowing all employees to take a day off work to devote to community projects. ▶ Extend the Médiaterre project to three more cities. ▶ Sponsor the "Fertile City" exhibition at the Cité de l'Architecture et du Patrimoine.
ENVIRONMENTAL CHALLENGES	Reduce the environmental impact of business operations, including greenhouse gas emissions	**Carbon balances** of property development programmes	Number	19	149	▶ Systematic carbon balances for all residential developments begun in 2010. ▶ Introduction of an internal reporting system in order to carry out a complete carbon balance of Bouygues Immobilier's operations in 2011 (direct emissions and property development programmes). ▶ Participation with the Bouygues group in an electric vehicle purchasing consortium led by UGAP, the central public procurement agency.		▶ Carry out a complete carbon balance of Bouygues Immobilier, for publication in 2012. ▶ Receive the first six electric service vehicles. ▶ Continue to encourage distance working through videoconferencing and mobile working.
		Videoconferencing to limit travel	Hours	4,323	6,734			
		Energy saving on data centres[f]	%	30	40			
	Encourage partners and suppliers to adopt a CSR[d] approach	**Suppliers undergoing an EcoVadis assessment of their CSR[d] policy**	Number	20	39	▶ Continuation of the responsible purchasing policy introduced in 2008: CSR[d] clause in contracts, CSR[d] assessment of suppliers with EcoVadis, lifecycle analysis of strategic products. ▶ Introduction of an assessment of the health impact of construction materials and equipment in residential properties. ▶ External recruitment of an engineer trained in health impacts and comfort in the building industry (new position).		▶ Extend the CSR[d] policy to contractors. ▶ Continue assessments of the health impact of construction materials and equipment in residential properties and offices.
	Support customers in the responsible use of their homes and offices	**Residential customers provided with information about how they can help protect the environment**	%	100	100	▶ Production of a web documentary explaining the rationale and advantages of low-energy homes (http://bbc.bouygues-immobilier.com). ▶ Development of a prototype home energy management system. ▶ Conclusion of the first Energy Performance Contract (EPC) for Green Office® in Meudon. ▶ Continuation of the Positive Energy Consortium's work on a further five themes.		▶ Produce a more educational and motivational green guide for new home owners, incorporating low-energy features and recommendations for preserving air quality within the home. ▶ Test the energy management system in a pilot scheme with a view to rolling it out in future residential properties. ▶ Develop a real-time system for tracking the performance of Green Office® in relation to the targets in the energy performance contract.
		Industrial firms in the Positive Energy Consortium	Number	8	10			
		Positive energy themes studied by the Consortium	Number	5[(e)]	5			

Measures introduced in 2010 | Ongoing measures in 2010 | Mature measures (continuous improvement)

(*) Compared with 2010 objectives

(a) Low-energy buildings (b) Change in the scope of the indicator to include buildings under construction (c) Contractual commitment to the building's energy consumption (d) Corporate Social Responsibility (e) The research was published in a White Paper in 2009 (f) Reference year 2008

DETAILED SUSTAINABILITY INDICATORS at 31 December

FAMILY	INDICATOR	SCOPE	UNIT	2008	2009	2010	REPORTING FRAMEWORK
Quality	ISO 9001 certified book sales	France and Europe	%	96.6	96.2	91.5[b]	GRI 3.2
Women	Proportion of managerial positions occupied by women	France and Europe	%	32.6	33.1	34.7	GRI LA13
	Proportion of senior management positions occupied by women		%	20.3	20.9	23.5	
Disabled people	Disabled employees (all forms of contract)	France	Number	4	5	18	
	Sales with the adapted and sheltered sector		€' 000	na	224	253	GRI LA13
Training	Employees given training	France and Europe	%	72	71	78	GRI LA10
	Days of training per employee		Number (average)	3.2	2.0	2.4	Internal
	Proportion of annual payroll spent on training		%	3.2	1.9	2.0	
Labour relations	Collective agreements negotiated	France	Number	2	6	10	GRI LA14
	Participation in most recent works council elections		%	75.6	75.6	76.2	
Sponsorship and community action	Expenditure	France	€' 000	786	499	816	GRI SO1
Quality of life at work	Absenteeism	France	%	1.6	2.4	2.1	GRI LA7
Older workers	Employees aged 55 and over	France and Europe	Number	115	105	121	GRI LA13
	Employees aged 50 and over given training			131	109	127	GRI LA11
Environmental Management System (EMS)	Book sales covered by an environmental certification scheme (H&E, HQE®, BBC-Effinergie®[a])	France and Europe	%	22.3	85.9	89.1	GRI 3.2
Energy	Direct electricity consumption	France (consumption billed only)	kWh/employee	3,873	3,564	2,411[c]	GRI EN3
Water	Water consumption per employee	Headquarters	Cu m/ employee	11.8	13.6	9.1[c]	GRI EN8

Financial and business challenges Social/HR challenges Environmental challenges

na: not available

(a) Low-energy buildings (b) The decline in sales covered by quality certification is due to a fall in residential property business in Poland and commercial property business in Spain, where both subsidiaries have ISO 9001 certification, and an increase in sales in Portugal, where subsidiaries do not have ISO 9001 certification (c) Reduction in average electricity and water consumption following the move to Galeo, Bouygues Immobilier's new HQE® headquarters in Issy-les-Moulineaux

The world's leading **ROADBUILDER**

4-lane widening of Highway 185 in Quebec, part of the Trans Canada Highway

Colas is involved in all aspects of transport infrastructure construction and maintenance. It also spans the full range of upstream industrial activities, from aggregates, asphalts and ready-mix concrete to emulsions, bitumen, waterproofing membranes and road safety equipment.

The GLOSSARY can be found in
Additional information

COLAS PROFILE

A leader in transport infrastructure construction and maintenance

With 800 profit centres and 1,400 materials production units in 40 countries around the world, Colas operates in all areas of transport infrastructure construction and maintenance, from roads, road safety and signalling to waterproofing, civil engineering, railways, pipes and mains, services and concessions.

Employing almost 65,000 people and completing around 100,000 projects worldwide each year, Colas reported consolidated sales of €11.7 billion in 2010. International operations accounted for 43% of the total and roads for 80%. With an international network of 670 quarries and gravel pits, 140 emulsion plants, 600 asphalt plants and two bitumen production plants, Colas spans all production and recycling activities relating to its businesses (aggregates, asphalt mixes, ready-mix concrete, binders and emulsions, bitumen, waterproofing membranes, road safety equipment, etc.).

A year of adaptation

KEY FIGURES

2010 sales
€11,661m (+1%)

Current operating margin
3.1% (-1.6 pts)

Net profit att. to the Group
€224m (-42%)

Order book
€6.1bn (-2%)

Employees
64,285

2011 sales target
€11,800m (+1%)

HIGHLIGHTS OF 2010

External growth: acquisitions

- **France:** SRD* in Dunkirk (annual output: 300,000 tonnes of bitumen).
- **International:** two roadworks contractors in the United States (annual sales: approx. €100m).

Projects under construction

- Tramways in Reims and Angers (France) and Rabat (Morocco).
- Highway 73 (Canada).

New contracts

- 5-year MAC** road management and maintenance contract for Area 14 (UK).
- Casablanca tramway (Morocco).
- Concession company of the A63 motorway in France.

Sustainable development

- Consolidation of the carbon footprint.

(*) Société de la Raffinerie de Dunkerque (bitumen plant)
(**) Managing Agent Contractor

France

The group's **roads** business is highly diversified, covering both large-scale and smaller-scale projects and spanning a wide range of skills and know-how. Each year, Colas completes some 60,000 projects involving the construction and maintenance of transport, urban and leisure infrastructure (motorways, national and local road networks, airports, seaports, railway hubs and reserved-lane public transport) and small-scale civil engineering and drainage works, often linked to road projects. Upstream, the group produces and recycles aggregates and makes road-building materials such as asphalt mixes, binders, emulsions and ready-mix concrete for its own use or for sale.

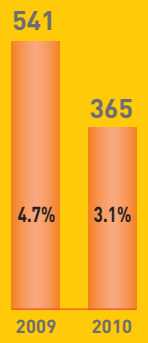
The group has a number of specialist lines of business to complement its roadbuilding activities. **Road safety and signalling** comprises the manufacture, installation and maintenance of safety equipment, road marking, lights and traffic/access management systems. The **pipes and mains** business includes the laying and maintenance of large- and

The A75 motorway between Pézenas and Béziers (southern France), built using 3E® low-temperature asphalt mix

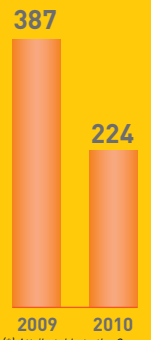
Sales
€ billion

Current operating profit
€ million

Current operating margin as %

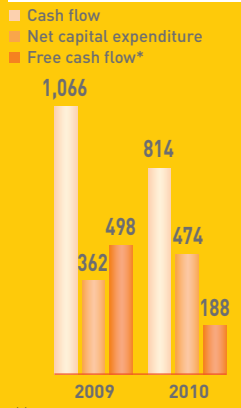


Net profit*
€ million



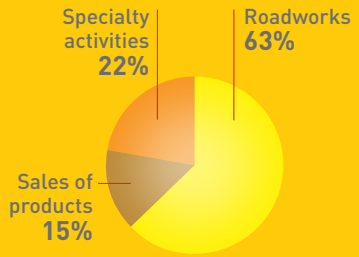
(*) Attributable to the Group

Cash flow
€ million

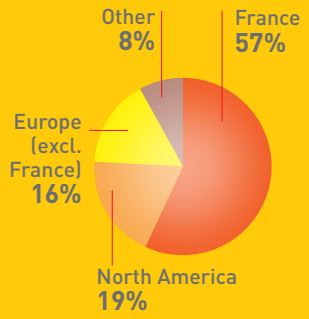


(*) Before change in working capital requirement

Sales by segment



Sales by region



CONDENSED BALANCE SHEET
at 31 December

(€ million)	2009	2010
ASSETS		
• Property, plant and equipment and intangible assets	2,372	2,525
• Goodwill	467	445
• Non-current financial assets and taxes	663	734
NON-CURRENT ASSETS	**3,502**	**3,704**
• Current assets	3,641	3,548
• Cash and equivalents	536	411
• Financial instruments*	9	13
CURRENT ASSETS	**4,186**	**3,972**
TOTAL ASSETS	**7,688**	**7,676**
LIABILITIES AND SHAREHOLDERS' EQUITY		
• Shareholders' equity attributable to the Group	2,276	2,345
• Minority interests	34	30
SHAREHOLDERS' EQUITY	**2,310**	**2,375**
• Non-current debt	212	200
• Non-current provisions	663	750
• Other non-current liabilities	82	95
NON-CURRENT LIABILITIES	**957**	**1,045**
• Current debt	45	50
• Current liabilities	4,205	3,975
• Overdrafts and short-term bank borrowings	153	209
• Financial instruments*	18	22
CURRENT LIABILITIES	**4,421**	**4,256**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**7,688**	**7,676**
Net debt	**(117)**	**57**

(*) Hedging of financial liabilities at fair value

CONDENSED INCOME STATEMENT

(€ million)	2009	2010
SALES	**11,581**	**11,661**
• Net depreciation and amortisation expense	(481)	(470)
• Net charges to provisions and impairment losses	(183)	(173)
• Other current income and expenses	(10,376)	(10,653)
CURRENT OPERATING PROFIT	**541**	**365**
• Other operating income and expenses	-	(52)
OPERATING PROFIT	**541**	**313**
• Cost of net debt	(34)	(30)
• Other financial income and expenses	1	(7)
• Income tax expense	(172)	(122)
• Share of profits and losses of associates	55	69
NET PROFIT	**391**	**223**
• Minority interests	(4)	1
CONSOLIDATED NET PROFIT (attributable to the Group)	**387**	**224**

Société de la Raffinerie de Dunkerque (SRD) was acquired by Colas in June 2010 (annual output: 300,000 tonnes of bitumen)

small-diameter pipes for transporting fluids (oil, gas, water). **Waterproofing** comprises the production and sale of waterproofing membranes in France and on international markets, the waterproofing of roadways and the waterproofing, cladding and roofing of buildings. The **railways** sector comprises the design and engineering of complex, large-scale projects, the construction, renewal and maintenance of rail networks (including conventional and high-speed lines, tramways and subways (tracks, overhead lines, electrification, signalling), specific works and a rail freight business. **Building** comprises a construction business on Reunion Island and in the Paris region and a demolition and construction business in the Paris region and other parts of France. The group now also **produces and sells refined oil products** (bitumen, oils, waxes, paraffins, special fuel oils), a new activity since the acquisition of Société de la Raffinerie de Dunkerque (SRD) in June 2010.

On roadbuilding and civil engineering markets, Colas subsidiaries are in competition with Eurovia (Vinci group), Eiffage TP (Eiffage group), NGE, large regional firms and 1,600 small- and medium-sized regional and local firms.

Cement makers like Lafarge, Cemex and Ciments Français are competitors on the aggregates and ready-mix concrete markets. Subsidiaries operating in complementary activities compete with the specialist units of French and international construction firms, plus a host of regional, national and foreign firms of all sizes.

(1) Le Moniteur ranking

Colas leads the field in roadbuilding and railways[1] and is in second place for waterproofing and in third place for the production of aggregates.

International

Colas' international roads business is very similar to its activity in France and includes complex civil engineering work in some countries. The group's complementary activities are essentially pipes and mains, civil engineering, railways and signalling in Europe, building and civil engineering in the Indian Ocean, road marking in Canada and railways, civil engineering and signalling in Morocco. In Asia and Australia, Colas' business mainly concerns the production, storage, transformation and trading of oil products for roadbuilding, especially bitumen.

Colas has prime positions in the roadbuilding sector in all the countries or regions where it operates. In each country, it is in competition with local firms or subsidiaries of large international firms.

The roads business is highly seasonal, both in France and elsewhere, although the seasonal influence is more marked in some countries than others.

Strategy

Colas' strategy of profitable and controlled long-term growth, incorporating a sustainable development strand, is based on a number of priorities:

- strengthening and extending a network of profit centres in France and around the

world in order to establish and consolidate long-term leading positions on local markets through the right mix of local businesses and geographical coverage and to achieve a degree of geographical diversification that helps to spread risk;

- controlling supplies of the materials and resources it needs for its activities (aggregates and bitumen) in a process of optimised industrial integration that will increase security of supply, generate more value-added, improve competitiveness and allow quality control of products and materials;
- extending its core roadbuilding business to complementary and adjacent activities in terms of the type of business and customers, enhancing the range of products and services offered to customers, developing synergies and giving a foothold in new markets with bright prospects for the future, such as railways;
- developing complex comprehensive services, such as public-private partnerships, concession projects and network management, that incorporate all Colas' technical skills from analysis and specification to design, construction, maintenance and financing;
- building major projects that are complementary to the traditional core business so that the company can serve its customers better;
- developing an extended and innovative range of products and services that meet the needs of sustainable development.

Colas' approach to sustainable development (see www.colas.com) is founded on the conviction that its businesses must act responsibly in helping to satisfy essential needs and aspirations. In doing so, they must take full account of contemporary concerns and contradictions relating to issues such as social cohesion, climate change, travel needs and improvement of the living environment.

In order to set its sustainable development policy on a firm foundation, Colas has mapped the interactions between its stakeholders. Three main conclusions could be drawn from this exercise:

- the people on the ground play a key role for Colas' image in society;
- environmental issues (especially materials production) are central to Colas' reputation in society,
- customers are a major local opinion-shaping force in Colas' dialogue with civil society.

The challenges for Colas

By superimposing this stakeholder map on a risk analysis, Colas has identified three strategic challenges and five other major challenges to structure its sustainable development policy.

The three strategic challenges are of crucial importance for the development and continued existence of Colas, which has real freedom of action and initiative in each area. They are: (1) renewing and enhancing human resources, (2) securing acceptance of production sites, and (3) business ethics. The five additional challenges, where Colas does not always have the same freedom of action, are safety, CSR in southern hemisphere countries, energy and greenhouse gases, recycling, and chemical hazards.

A policy for progress has been drawn up for each of these challenges and is coordinated at every level of the company. Most indicators and targets are defined at global level. The aim of the policy is to secure long-term improvements on the ground within the global network of works units and materials production sites.

The policy was given an AA+ rating in 2010 by the sustainability rating agency BMJ, which specialises in assessing sustainability and corporate social responsibility. Bearing witness to the mobilisation of the workforce, Colas branches and subsidiaries also carry out a wide range of actions according to their local context.

ISSUES IN THE DIALOGUE WITH STAKEHOLDERS

Stakeholders	Customers	Human resources	Civil society	Environment and audit bodies	Suppliers	Shareholders
Customers	Not significant	Medium risk	Major impact	Substantial impact	Low risk	Medium risk
Human resources	Major impact	Not significant	Strategic challenge	Strategic challenge	Major impact	Medium risk
Civil society	Medium risk	Low risk	Not significant	Major impact	Low risk	Medium risk
Environment and audit bodies	Medium risk	Low risk	Strategic challenge	Not significant	Medium risk	Low risk
Suppliers	Low risk	Low risk	Medium risk	Medium risk	Not significant	Low risk
Shareholders	Medium risk	Medium risk	Major impact	Low risk	Substantial impact	Not significant

Strategic challenge · Major impact · Substantial impact · Medium risk · Low risk · Not significant

TESTIMONIAL

Pascal Bello,

Chairman and CEO of BMJ Ratings[1]

"We have been keeping a close eye on Colas for about five years and have been struck by its wish to give each sustainable development issue a grounding in practical action so that it is measurable in all group entities. On the basis of our assessment of their performance in this area we have given the group an AA+ rating on a scale from AAA to DDD.

The action taken by management reflects a real determination to make progress on new issues in a culture of improvement and sharing, rather than just smug communication. Colas takes CSR very seriously and its action seems to be well-coordinated. The coherence of its missions in the environmental and social sphere is motivated by a constant concern to put action before words. We see that cautious stance as appropriate for a group with so many stakeholders. The group's people are contributing to CSR even if, let's not kid ourselves, the task is far from complete."

(1) Sustainability rating agency specialising in sustainable development and Corporate Social Responsibility development (CSR)

This policy of taking ownership of CSR[2] at all levels of the company thus enhances and transforms the entire vision of the Colas group's business and how it is performed.

STRENGTHS AND OPPORTUNITIES

Colas has a number of strengths on which to build its growth:

- a **network of over 800 profit centres and 1,400 materials production sites** in over 40 countries worldwide;
- a **decentralised organisation** with strong local roots that is flexible, responsive and adapted to market needs;
- a group that has grown up around a **strong core business,** the construction and maintenance of transport and other infrastructure, especially all aspects and components of roads and roadbuiding;
- a **wealth of collective intelligence,** with values and a passion shaped by a long common history shared by nearly 65,000 employees, handed down from one generation to the next and enhanced by an appropriate human resources policy;
- **technical and innovation skills** developed by an extensive international network of 2,000 researchers and technicians, 45% of whom in France, who work in close synergy with operational staff. The network comprises about 50 laboratories with about 1,000 employees and 100 engineering design offices with a further 1,000 employees, plus the Colas Campus for Science and Techniques (CST). The road industry's biggest private research centre, CST has a portfolio of over 130 patents and has pioneered new road technologies adapted to the different requirements of local markets, guided at all times by an overriding concern for quality, safety, environmental protection (energy efficiency, reduced greenhouse gas emissions, reduced materials consumption) and cost;
- **vertical integration upstream** and a policy of **controlling supplies of materials** such as aggregates, binders, asphalt mixes, ready-mix concrete, bitumen, waterproofing membranes and road safety equipment;
- a capacity to **meet all transport infrastructure needs,** whether new construction or maintenance, major projects or small local contracts, through local operations and the capacity to mobilise the entire group.

Opportunities for growth include:

- **mobility** (roads, railways, public transport, airports) and an **improved living environment** (urbanisation), which will require responses worldwide;
- **complex projects** which offer an effective response to such needs, by optimising them, and to financing constraints. Colas has acknowledged expertise in PPPs[3], PFIs[4], MACs[5] and other forms of long-term maintenance contract, both in France and around the world. Examples include the Portsmouth PFI and MAC road and rail maintenance contracts in the UK, network management in Canada, the M6-M60 motorway PPP in Hungary and the Reims tramway PPP and a concession for a section of the A63 motorway in France;
- **network maintenance,** an area that is likely to become more important than new construction in many countries, and for which Colas has acknowledged skills and an appropriate organisational structure;
- **sustainable development products and services** incorporating innovations in areas such as environmental protection, health and safety and corporate social responsibility.

FIND OUT MORE
colas.com

Profile and know-how
▶ Group, Activities

Operations worldwide
▶ Group, Locations

Sustainable development
▶ Sustainable development

Innovation, research and development
▶ Innovations

BUSINESS ACTIVITY AND SUSTAINABLE DEVELOPMENT

Business activity: a difficult year of adaptation

In a still-difficult and unstable global economic and financial environment with considerable regional variations, Colas was able to maintain its business activity at a very similar level to the previous year: sales at end-December 2010 were up 1% at €11.7 billion, in conditions that turned out to be more difficult than expected.

(2) Corporate Social Responsibility (3) Public-private partnership (4) Private Finance Initiative (5) Managing Agent Contractors

The outlook was already clouded by sagging public- and private-sector investment, a fall in the number of major projects, fierce competitive pressure in France and recession in some French overseas departments. The situation was compounded by harsh winter weather at the beginning and end of the year in Europe and North America, disruption caused by strikes in October and November in France and, above all, a more serious than expected situation in most central European subsidiaries, faced with a slump in their markets.

The overall sales figure masks considerable differences between regions. Sales increased in North America, Northern Europe and Asia, remained virtually stable in mainland France and stable in Africa and the Indian Ocean, fell significantly in the Caribbean departments and Reunion Island and tumbled in central Europe.

Some targeted acquisitions strengthened the group's vertical integration strategy, bringing significant bitumen production capacity in France and extending the group's geographical coverage in the United States. Like-for-like and at constant exchange rates, sales fell 3.5%.

France

Consolidated sales in France fell 0.6% on 2009 to €6.7 billion.

Mainland France

The road market was worth virtually the same in current terms as in 2009, reflecting a likely contraction of 3 to 4% in volume terms. Although the effect of stimulus measures had worked through, that means there was no significant decline in business by volume and order books in the industry remained virtually stable throughout the year. The division, mainly comprising the 16 regional roads subsidiaries, reported total sales (roadworks and product sales) of €4.6 billion, down 0.7% on 2009.

A number of negative factors differentiated 2010 from previous years. Some of them were external, like the particularly harsh weather conditions at the beginning and end of the year, while others were industry-specific, such as considerable differences between regions, departments, urban centres and rural areas. These were exacerbated by the caution shown by some local authorities uncertain about their future tax revenue following abolition of a locally-levied business tax and an irrational level of competitive pressure given the real volume of business.

Under these circumstances, major efforts were made to adapt and rationalise structures and cut costs in order to improve competitiveness. Stepped up in the second half of the year, the measures helped to limit pressure on operating margins. Overall, technologies, products and processes developed to favour sustainable development made progress: low-temperature asphalt mixes accounted for 4% of the total in 2010 compared with 2% in 2009, and recycled pavement for 7%, compared with 5% in 2009.

Safety and signalling subsidiaries reported slightly higher sales than in 2009 following the acquisition of Sagemcom's lights and signalling business, though the market was affected by a significant decline in business by volume and a steady rise in the price of raw materials. Over 50% of road painting products are eco-labelled.

Installing photovoltaic panels on the roof of a shopping centre in Saint-Benoît de la Réunion (Reunion Island)

Sales in the **pipes and mains** segment were 11% higher than in 2009 due to three major projects in the energy sector.

Waterproofing subsidiaries reported a slight rise in sales despite difficult conditions due to a sharp rise in the price of raw materials and falling demand for photovoltaic (PV) products and services following a cut in the price at which the electricity utility EDF buys PV power.

In the **railway** sector, conditions remained favourable across all lines of business and

Using track removal/replacement units to replace track between Rennes and Nantes (western France)

in all regions, sustained by the building of tramway lines in France and the renewal and maintenance of track in France, the UK and Morocco. The freight business is growing.

Overall, profitability in these activities improved in 2010.

French overseas departments

Total sales in French overseas departments were 15% lower than in 2009.

On Reunion Island, sales fell for the second year in succession as recession hit building and public works activity. A downsizing plan was introduced following cancellation of a PPP contract to build a tram-train won by the Tram'Tiss consortium of which Colas was the lead firm through GTOI and Colas Rail.

In the Antilles, the market remained sluggish after a major social crisis in 2009 and adaptation measures were stepped up. Business held up well in French Guiana.

International markets and French overseas territories

Sales on international markets and in French overseas territories amounted to €5 billion, an increase of 2.4% on 2009 (down 3.5% like-for-like and at constant exchange rates).

Europe

Sales in Europe (excluding France) amounted to €1.8 billion, 10.1% lower than in 2009 (down 12.4% like-for-like and at constant exchange rates).

Sales in **Northern Europe** rose by 15.5 %.

In the **UK,** Colas Ltd reported a high level of sales, comparable to 2009, mainly due to four long-term contracts to manage and maintain the road and motorway networks in Areas 14, 10, 7 and 12. Sales at Colas Rail Ltd were buoyed by track replacement work under two multiyear contracts. Sales also rose sharply in **Switzerland** and **Belgium** and remained stable in **Denmark** and **Ireland.**

Sales in **Central Europe** fell by 34%, representing a drop of nearly 50% in two years, due to a sharp fall in traditional business and fierce competitive pressure. The group reported a current operating loss of €109 million in the area in 2010. Sales were hard hit in **Slovakia,** where the PPP contract for the D1 motorway was cancelled, in **Hungary,** mostly due to completion of the M6-M60 motorway at the end of 2009, and in **Croatia,** where the roadbuilding market is in deep recession. Sales fell less sharply in the **Czech Republic,** were stable in **Romania** and increased slightly in **Poland.** Difficulties were also encountered in completing or continuing certain projects, entailing substantial excess costs. Restructuring plans are being completed throughout the region: the workforce was cut by 25% in 2010 and local management has been completely replaced.

Sustainable development technologies made progress: several noise-reducing surfacing projects were carried out in Switzerland and the UK and warm asphalt mixes made headway in Hungary, Poland and Slovakia.

North America

Sales amounted to €2.2 billion, up 15% on 2009 (3% like-on-like and at constant exchange rates), and profitability remained at a high level in 2010.

In the **United States,** where the market was competitive but sustained by the stimulus plan, as in 2009, subsidiaries reported slightly higher sales than in the previous year. Their performance was boosted by ongoing measures to improve organisation, control operating costs and promote inexpensive road maintenance techniques. Two roadbuilding companies were acquired, RB Baker Construction and Ballou Construction Company, improving the group's coverage in Georgia and giving it a foothold in two new states in the Midwest and Southeast.

In **Canada,** despite adverse weather conditions, especially in Alberta, sales rose in a context buoyed by an ongoing programme to upgrade infrastructure in Quebec and a recovery in private investment in the west of the country, stimulated by rising commodity prices. Thanks to the quality of its extensive network of contractors and its vertically integrated business model, ColasCanada completed an excellent year.

In the United States, warm asphalt mixes accounted for 14% of output and aggregates from recycled pavement for 18%. *In situ* recycling is expanding in Alberta.

Rest of the world

Sales were stable in **Morocco,** in a more competitive environment, in **West Africa** (Benin, Togo and Gabon) and in the **Indian Ocean** with the exception of Mauritius, where sales increased. In **Asia,** where Colas operates in nine countries and focuses on the production, distribution and sale of bitumen products, all units reported a further increase in sales, driven by sustained economic growth in the region. Sales in **Australia** were close to the previous year's level. Colas increased its stake in Drawmac from 51% to 94%.

Warm asphalt mixes made progress in the Indian Ocean and were used in over 26% of surfacing projects in Mayotte. In Asia, *in situ* recycling is increasing in Thailand.

Projects

Nearly 105,000 projects were completed in over 40 countries in 2010.

France

- Construction of a 9.5-km section of the A75 motorway using warm asphalt mix, refurbishment of sections of the A29, A48 and A750 motorways using 30-40% reclaimed asphalt pavement, construction of new roads (bypasses at Nogent-le-Roi, Lure and Pont-de-Salars) and maintenance of the existing network (Pau ring-road, using an *in situ* recycling technique and asphalt mix).
- Rehabilitation of runways at Dijon, Auch, Valence-Chabeuil and Orly airports (success of the eco-variant submitted using the road industry's Seve® eco-comparing software tool: recycled asphalt pavement, warm asphalt mix, rapid return to use of the infrastructure).
- Urban development projects at Poitiers, Montluçon, Charleville-Mézières, Angers and Noyon, where people on a back-to-work scheme were recruited to carry out the project in a disadvantaged neighbourhood.
- Start of construction work on the T1, T2, T3, T5 and T6 tramway lines in the Paris region, continuation of construction work on the Angers tramway and completion of the PPP tramway project in Reims.
- Renewal of track on the Pau-Oloron and Cambo-Bayonne lines.
- Construction of the Hauterives gas storage plant, a turnkey EPCC (Engineering, Procurement, Construction and Commissioning) project.

International

- Maintenance of the road and motorway network in Areas 14, 10, 7 and 12 in the UK (3,500 km).
- Construction of an 85-km pipeline in Belgium.
- Construction of a section of the A16 motorway in Switzerland.
- Construction of the M3 motorway in Hungary, the Moravske bypass in the Czech Republic, the Cernavoda-Constanta section of the A2 motorway and the Suceava bypass in Romania.
- In the United States, resurfacing of Interstates 81 in Pennsylvania, 55 in Missouri and 64 in Virginia.
- Construction of Highway 85 on the Trans Canada Highway and Highway 73 in Quebec.
- Construction of the Port-Louis bypass in Mauritius.

Production and recycling of construction materials

Total output of aggregates amounted to 102 million tonnes in 2010, compared with 107 in 2009, from 670 quarries and gravel pits spanning the full range of the group's operations. Colas either directly owns or has rights to reserves totalling 2.7 billion tonnes, equivalent to 24 years' production. Colas also produced 47 million tonnes of asphalt mixes (49 million tonnes in 2009) from 600 asphalt plants. The average rate for recycling bituminous asphalt mixes exceeded 10%. 1.6 million tonnes of emulsions and binders were produced from 140 emulsion plants, making Colas the world's leading producer.

Research and development

Colas spent €70 million on R&D in 2010, the same as in 2009, 60% of it in France (according to the OECD[6] definition, which includes organised research, technical laboratory activities, IT and engineering design offices). For product research, see the Energy and greenhouse gases section (p. 95).

Sustainable development

Reporting software rolled out worldwide in 2010 meant that indicators throughout all Colas' 840 legal entities could be unified for the first time. Indicators are precisely defined within the system. After Colas' Environment

Bitumen storage depot in the port of Brisbane (Australia)

(6) Organisation for Economic Cooperation and Development

Department checks and analyses the results, a detailed synthesis is provided to the operating managers of the 61 lead entities (country subsidiaries or divisions), who are responsible for the first level of internal control.

Specific objectives and more precisely targeted data returns are defined with some of them and action plans are renewed each year with operating executives and line managers responsible for aspects such as safety, energy, environment, quality, health and diversity, in accordance with Colas' decentralised organisation. Construction materials (aggregates, binders, asphalt mixes, concrete, paints, asphalt, bitumen, etc.) comply with the relevant standards or certification schemes in all countries (MSDS[7], CE marking in the European Union, etc.) and are also covered by voluntary certification schemes such as Eco-profiles.

COLAS' THREE STRATEGIC CHALLENGES

Renewing and enhancing human resources

Colas has to ensure generational renewal. Its human capital and the enhancement of its human resources are vital to the company's success and continued existence. The key issues at stake are recruitment, diversity, loyalty and training.

Recruitment

Colas continued to recruit in 2010, hiring over 4,500 new employees (5,800 in 2009), including nearly 2,100 in France. It also hosted 2,260 interns in 2010 (2,500 in 2009), 275 of them outside mainland France (430 in 2009). Over 380 young people on work/study contracts at all levels of qualification were trained and assessed in 2010 prior to recruitment (600 in 2009).

The 3% decline in the total headcount was due to the lack of large-scale projects, the cancellation of two major PPP contracts (Reunion Island tram-train and the D1 motorway in Slovakia), the sharp fall in business at subsidiaries in Central Europe and a reduction in new hires in comparison with previous years in order to adapt to market conditions.

Colas continued to develop synergies in France and abroad, encouraging staff transfers between subsidiaries in order to cope with lower levels of activity in certain areas and regions. The policy preserved jobs in mainland France but in other countries (Croatia, Romania and Slovakia) and in the Caribbean departments and Reunion Island the decline in activity made it necessary to cut 525 jobs.

Diversity

Diversity is a key priority for progress. An action plan was launched in 2010, covering several areas:

- **older workers:** Colas subsidiaries in mainland France have taken steps to favour the employment of older workers following an agreement with the social partners concluded in 2009;
- **disability:** on the basis of an agreement concluded in 2009 with Agefiph[8], 18 subsidiaries in mainland France have conducted disability audits and drawn up action plans in four areas. Colas won an award at the 2010 Diversity Awards ceremony for keeping disabled workers in employment;
- **people in difficulty:** Colas continued its partnership with Epide[9] and maintained integration contracts with local bodies in France, on tramway projects, for example. Outside France, many subsidiaries are stepping up their efforts to recruit in employment black spots and to integrate the long-term unemployed, in Belgium and the United States, for example;
- **gender equality:** in 2010, women represented 8.1% of the workforce in France and 10.2% outside France. Actions for improvement have been defined, drawing on the results of a study of women's career

TESTIMONIAL

Fabian Millot (24) and Mathieu Machwirth (22),

Roadbuilding gold medal at EuroSkills[1] in Lisbon in 2010

"In 2008, our boss in Belfort encouraged us to go in for the regional EuroSkills competition, which we won. We then came first in the national final in 2009, somewhat to everybody's surprise given the level of the competition and our lack of experience.
For the European final in Lisbon in 2010, we had to pull out all the stops to justify people's faith in us and the opportunity we were being given to represent France, our business and Colas Est.

Although we had been opponents on the football pitch, we formed a complementary team to meet the challenge, focusing on the quality of our work while bringing a bit of personal initiative.
We achieved our goal and dedicate our victory to all those who believed in us, trained us and gave us pride in work well done, just like the Colas group!"

(1) European branch of WorldSkills, an organisation that promotes expertise in specific trades and spotlights talent (in these lines of business). Every two years, the best in each profession compete with each other in regional, national and European championships.

(7) Material Safety Data Sheet, used mostly in OECD countries (8) Fund to promote the employment of disabled people (9) French Defence Ministry Integration agency, under the aegis of the Ministries of Defence, Employment and Urban Affairs

paths in French subsidiaries. The number of women in traditionally male jobs is increasing very slowly.

A diversity module has been included in the management training programme and in the Colas Campus University 1 cycle.

Pay

In France as elsewhere, employees are paid more than the minimum wage[10]. Wages are performance-related, with a fixed part and a variable component linked to assessment interviews.

New agreements were concluded with the social partners in 2010, including a profit-sharing agreement in mainland France and an agreement on healthcare costs in the Antilles and French Guiana.

Outside France, benefits are steadily being harmonised within the same geographical area.

Training and internal promotion

The training budget again represented 4% of the payroll in France and 2.5% of the payroll outside France. Training plans cover all categories of staff, whatever their level, and all spheres of activity, with safety remaining a key focus.

Internal promotion and mobility are an integral part of Colas' managerial culture. The transmission of know-how begins with the induction process and continues throughout an employee's career by means of tutoring, mentoring and PQC[11] work experience accreditation certificates (61 employees in 2010). The 895 members of the Compagnons de la Route guild ensure that the values and techniques of the Colas group are transmitted to field workers.

Securing acceptance of production sites

Colas manages a large number of sites producing construction materials such as aggregates, ready-mix concrete, asphalt mixes, bitumen and emulsions. Acceptance of production sites, especially by local residents, is a highly sensitive issue. Action plans focus on two aspects in particular.

Exemplary production sites

Each site must go beyond mere compliance with the regulations, implying a policy of seeking environmental certification such as ISO 14001. Progress is measured and documented by means of environmental checklists that form an integral part of the operational internal control system, covering most materials production worldwide. Nearly 2,000 Colas sites and plants around the world conduct an annual self-assessment of their progress based on a questionnaire containing over 100 factual questions on matters such as conditions for storing chemicals and liquids, risk prevention measures (water, air, waste, safety, noise) and formal procedures for dialogue with local stakeholders. Colas' Environment Department consolidates and analyses the answers and communicates the results and the resulting action plans, helping to stimulate continuous improvement within individual operating units and the performance of the group as a whole.

Rehabilitation of a former gravel pit at Les Laurons in Provence (southern France)

At end-2010, 80% of sales from Colas' industrial output in France and elsewhere were covered by either a certification scheme or an environmental checklist and the aim is to rapidly increase the coverage rate to 90%.

Initiating regular dialogue with local residents

Dialogue with local residents is a means of listening to expectations, explaining the practical requirements of the production sites, moving towards better mutual understanding and heading off crisis situations. In 2010, 46% of sales from Colas' industrial output

(10) See Detailed sustainability indicators on pages 100-101 of this document (11) Professional Qualification Certificates

were covered by a local dialogue structure (32% in 2009), slightly below the target of over 50%.

The direct environmental impacts of Colas' works activities are relatively slight.

- New construction projects account for a little less than 20% of total works sales. The environmental impact is assessed at the design stage and Colas' action is generally limited to implementing customers' environmental protection plans during the construction phase and improving them at the margins.
- Regular business (the price tag for an average Colas project is under €100,000) involves maintaining or redeveloping existing roads or railway track. Land used has already been prepared and environmental issues are mostly limited to the proper management of liquid products and waste, most of it inert.

In addition to initiatives designed to encourage peaceful coexistence between industrial sites and local residents, some construction techniques and methods for rehabilitating pipes and mains without digging have been developed, along with the Nanosoft® noise-reducing surfacing. Popular with local residents and users (surface noise is a pet hate), over 130,000 sq metres of the surfacing were laid in 2010.

Business ethics

Compliance with business ethics is an inalienable principle at Colas and a key element of the internal control system. The absolute necessity of applying ethical principles is regularly reaffirmed at meetings with staff most exposed to the risk of ethical failings in their line of work. A systematic policy of executive training is in place and updated each year and the Bouygues group Code of Ethics is circulated to all employees. Fair and open competition offers the best conditions for Colas to promote its know-how and develop long-term partnerships with its customers. Transparency and the circulation of information are also guarantees of effective cooperation and self-fulfilment at managerial level: loyalty and motivation are encouraged when individual and corporate values coincide.

Colas takes a range of practical measures, often teaming up with independent partners. With AQP[12] it has introduced a secure weighing system at French asphalt plants to ensure the traceability of deliveries, while auctions of pre-owned civil engineering equipment take place under the supervision of Tracfin[13] to avoid illegal cash transactions and money laundering.

THE FIVE OTHER MAJOR CHALLENGES

Safety

Safety has been a top priority at Colas for many years.

Preventing industrial accidents

The targets for 2010 set five years ago have been achieved: the accident frequency rate[14] in France was under 10, over half the group's units in mainland France were accident-free and over 30% of the workforce worldwide has had first-aid training.


Training in green and safe driving techniques

Many measures have been taken in order to achieve these results, including risk assessment, awareness-raising campaigns using tools and software applications, action plans, presentations of safety instructions, video analysis of behaviour and the creation in 2010 of a unit to monitor serious and fatal accidents. All line managers have been mobilised, backed up by coordinators with a day-to-day accident prevention role on the ground. Units with safety certification (OHSAS 18001, MASE, ILO, etc.) accounted for 37% of sales in 2010 (mainland France and international). First-aid training benefits colleagues, family, friends and society in general while also raising awareness of safety issues. 19,748 employees had workplace first-aid certificates in 2010, representing 31% of the workforce (29% in 2009).

Road safety

Colas has taken a highly proactive approach to preventing road accidents since 1997, when it signed the first road safety charter in France. The charter has been renewed three times and supplemented by a European charter that has also been renewed. A network of over 500 road safety officers pass on

(12) Association Qualité Pesage (13) French money-laundering watchdog (14) Indicator subject to possible correction since it has to be validated after publication by the relevant authorities

safe driving and accident avoidance advice and help with the organisation of work. 30,000 handbooks on safe and fuel-efficient driving were issued to plant operators and vehicle drivers in 2010, while an energy-saving campaign provided an opportunity to remind drivers of the safety benefits of smooth driving.

The accident frequency rate involving company vehicles in France improved from 0.084 in 2009 to 0.082 in 2010. The frequency rate has fallen by 63% in 13 years even while the plant and vehicle fleet increased by 96%. The road safety policy is gradually being extended to all the countries where Colas operates.

Health

Colas has a health protection policy designed to encourage healthy living, including measures like a "back clinic" at Colas Belgium and healthcare partnerships in the United States. Better equipment design, less use of noisy and vibrating plant and measures to reduce dust at quarries are current priorities for progress. Many subsidiaries have introduced anti-addiction training, and random on-site drug and alcohol testing is carried out in those countries that permit it. A stress prevention agreement was signed with the social partners in France in 2010. Exposure to chemicals and bitumen fumes is dealt with elsewhere in this document.

TESTIMONIAL

Mangou Orou-gani,

chief of Gosso village in Benin

"When carrying out work on the Djougou-Ndali road, Colas decided to give our village school, which we had originally built with our own hands, a permanent building made of lasting materials, free of charge.
As well as rebuilding our school and giving it a new extension with three classrooms, an office for the headmaster and a store-room, Colas continues to take an interest in it. They come to visit us shortly before the beginning of the new school year, to check the condition of the building, especially the roof and the paintwork, to provide teaching materials and to organise a session to raise awareness of the importance of hand-washing.
We were already happy that a bitumen-surfaced road would be coming to our village, because we all know that improving the road network is essential for the country's development. The rebuilding of our school has enabled us to steadily increase our intake since June 2009 and to give the children better support. In addition, a growing number of children can now cycle to the secondary school in the next village on the Colas road instead of having to board there with a willing volunteer. With Colas, we now have the same interest at heart: our children's success!"

CSR in southern hemisphere countries

Infrastructure is not exportable. It is built locally, with local human resources. Infrastructure work is highly sensitive to the cost of transporting bulk materials and subject to very short lead times (a few hours for setting of concrete or applying asphalt mix). For Colas, the aim of an international presence is not to relocate operations to low-cost countries but to seek opportunities for growth and to balance country risks.

In Morocco and Madagascar, where the group has had extensive operations for over 50 years, and countries like South Africa, Benin, Djibouti, Togo and Gabon, where its operations are more recent or on a smaller scale, Colas contributes to economic, social and cultural development, growth and environmental protection in addition to carrying out its regular projects.

- **Labour relations:** Colas implements a progressive human resources policy in terms of pay and benefits, training and promotion, etc.
- **Health:** initiatives focus not only on staff and their families but also on local populations, including health visits, dispensaries, HIV/AIDS prevention, anti-malaria campaigns, etc.
- **Environment:** priority is given to protecting biodiversity, combating deforestation and cutting waste.
- **Society:** Colas builds site installations so that they can subsequently be left to local authorities. It also participates in water distribution and installation of main services during its operations and mobilises its resources when disasters like fires or floods hit local populations.
- **Human rights:** Colas' policy is based on dignity and recognition of local staff and ethical behaviour towards local people in order to set an example to others, especially subcontractors and suppliers. If staff are themselves respected, they naturally promote human rights in their professional relations with the rest of society.

Energy and greenhouse gases

The carbon constraint will affect the entire economic environment. Aware of the need to adapt, Colas offers a range of lower-carbon products and technologies and is rolling out action plans to improve its own energy efficiency.

Energy consumption and efficiency

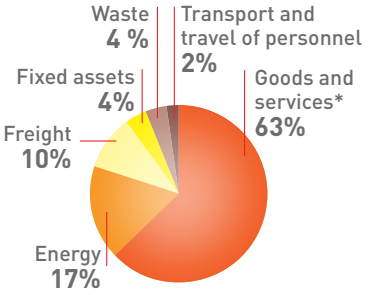
- **Overall assessment:** Colas has finished calculating its consolidated global carbon footprint (Scope 3a, internal and upstream, using the ISO 14064 methodology). The figure of 12 million tonnes of CO_2 equivalent is consistent with expectations. Segmentation highlights the dominant share of bulk materials.

  The exercise took Colas over 100 man-months in 2009 and 2010. However, it is important to bear in mind that there is still a 20% margin of error with this kind of consolidated figure despite the quality of the work carried out and the fact that vertical integration gives Colas relatively easy access to most upstream data. Most of the uncertainty lies in the disparity

Using the Novacol® process for cold on the RD119 *in situ* recycling of pavement in Ariège (southern France)

of emission factors in available national and international databases and the difficulty of estimating the carbon costs of certain services provided by suppliers and subcontractors. However, the calculation gives a useful and necessary order of magnitude for evaluating the amount of CO_2 emissions avoided by the Colas group (130,000 tonnes in 2010 compared with 230,000 tonnes in 2009, representing 1% of the total). It also provides a better foundation for the breakdown of the carbon footprint from which action plans can be drawn up.

Breakdown of the carbon footprint



(*) For Colas, these are raw materials and construction materials (29% asphalt mixes, 21% concrete and 13% other)

- **Measurement:** making Colas more energy-efficient means measuring its fossil fuel consumption (electricity accounts for only a small proportion of its energy footprint). While it is relatively simple to track the consumption of burners at its 600 mixing plants and asphalt plants, it is much more complicated to track the consumption of the 70,000 vehicles and items of plant used in the group. Colas has equipped 2,000 of its machines and vehicles with tracking devices and held discussions with equipment suppliers on transmission standards and real-time data recovery.
- **Workforce mobilisation:** Colas launched a major national and international campaign at the end of 2009, aimed at vehicle drivers and plant operators with the objective of reducing fuel consumption by 20% through smooth driving techniques and by encouraging drivers not to leave engines idling. The campaign has a "three times better" theme: better for efficiency, better for safety, better for the environment. The first measurable outcomes are still modest (4,000 tonnes of CO_2 not emitted) because quantification is difficult. However, the level of commitment is obvious and the campaign has been taken up in the workforce as a whole.
- **Asphalt plants:** burner fuel consumption rose for the first time in 2010, by 3% in terms of CO_2 equivalent, or 16,000 tonnes. Steps are being taken to identify the reasons for the rise, which may lie in a change in the scope of the new international reporting software, adverse weather conditions in France and North America, the specific energy cost of recycling more asphalt mix (see p. 97), a decline in activity and data entry errors in some countries. The underlying trend is favourable, however, and switching a growing number of mixing plants to natural gas should help to continue the improvement.

Energy content of products and services

- **ÉcologiciеL®** (Colas) was the first software package to calculate lower-carbon variants for roadbuilding projects, as was Spac's Eco-Cana for pipes and mains. So that firms' eco-variants can compete on a level playing field, Colas and the rest of the industry in France, through the trade body USIRF, have developed a shared online eco-comparer called **Seve®,** which came online in July 2010. The scheme received official encouragement from the Ecology Ministry with the signature of a charter in March 2009. Later that year, the French government changed its general procurement conditions to authorise eco-variants in maintenance and construction contracts. Public-sector clients no longer hesitate to choose eco-variants since they now have an impartial and generally available tool for comparing and evaluating them. After just three months in 2010, eco-variants proposed by Colas and accepted by customers represented 21,000 tonnes of CO_2 not emitted, almost twice as much as in the whole of 2009, with a success rate of 28% for proposed

eco-variants compared with just 7% in the previous year. Colas and USIRF are promoting Seve® in a number of other countries, since the package was designed with easy translation and easy adaptation of the database in mind.

- **Néophalte BT®, 3E® asphalt mix, Ecomat®,** etc. Industrial production of warm mixes and other mixes rose from 2% of total output in 2009 to 6% in 2010. The target is to almost double this figure in 2011 to 11% on a consolidated basis. The highest levels of production as a proportion of total output were achieved by American roads subsidiaries and Smac. As well as offering energy savings of 10 to 30%, the products also cut emissions of fumes by 70 to 90%. Despite those advantages, they are unlikely to entirely replace conventional asphalt mixes in the short term, though a target of over 50% in 2018 is regarded as achievable.

- **Végéroute products** use plant-based instead of oil-based components which cut application and manufacturing temperatures and even reduce the quantities required. The range includes Végéflux®, a fluxing agent, V, Végécol® and Végéclair® binders, Ostréa®, a hot road marking product, Neogreen emulsion and various asphalt mixes such as Compomac V®. With each usage the "carbon sink" effect ensures a positive CO_2 balance.

- Over 112,000 sq metres of **photovoltaic roofing** were installed in 2010 compared with 100,000 sq metres in 2009, representing an installed capacity of 18.5 MWc compared with 13 MWc in 2009.

Recycling

Recycling is a natural growth area: Colas is a major producer and user of construction materials, since the civil engineering industry is a particularly large consumer of bulk materials. Roadbuilding is therefore an important area for the use of recycled materials.

Recycling platforms

Production of recycled materials rose by 4% while output from Colas quarries and gravel pits fell by a further 4%[15]. 9 million tonnes of materials (spoil, mastic asphalt from pavements, concrete demolition rubble, slag and clinker) were recycled in 2010 compared with 8.7 million tonnes in 2009 and 10.2 million tonnes in 2008. This figure was equivalent to 11% of Colas' total production of aggregates or the output of 32 quarries[16].

Asphalt mixes

Colas' production of asphalt mixes incorporated an average of 10% of recycled asphalt pavement (9% in 2009), representing the recycling of almost 4 million tonnes of aggregates and about 200,000 tonnes of bitumen, equivalent to the output of a medium-sized refinery and 76,000 tonnes of CO_2 not emitted. Recycling rates vary considerably, from 18 to 21% in Belgium, Switzerland and the United States to 7.2% in France (5.2% in 2009), less than the 10% target.

Given that a rate of 20 to 25% would mean that all the asphalt mix that could be recycled had been recycled, Colas is half-way to the theoretical maximum.

In situ recycling

In situ recycling continued to make progress, representing over 7.8 million sq metres of pavements in 2010 (7.6 million sq metres in 2009), mostly in West Africa, North America, Central Europe, France, New Caledonia and the United Kingdom, using a whole range of techniques (Valorcol®, Recycold®, etc.).

Chemical hazards

Colas aims to actively control the risk of chemical hazards and has set itself a number of priorities.

- **Solvents:** scrapping the use of solvents in laboratories, solvent-based degreasing fountains in workshops and toluene in road paints.
- **Pigments:** scrapping the use of heavy metal-based pigments in paints, research into a non-powder formulation.
- **Non-stick products:** scrapping the use of fuel oil for the application of asphalt mix and replacing it with plant-based alternatives.
- **Bitumen fumes:** Colas has led the way in France and Europe, giving independent research bodies access to its data and its worksites. International studies indicate that there is no link between lung cancer and exposure to bitumen fumes. Although the issue remains controversial in France, the scientific consensus is unequivocal. Germany and the Netherlands, for example, have entirely removed any mention of a link between cancer risk and bitumen or bitumen fumes from their regulations. A new IARC[17] study due in late 2011 should bring the state of knowledge on the subject fully up to date.
- **Resins:** launch of the Greencoat research project with several partners and support from ANR[18], in the context of the ChemSuD foundation and chair.
- **Waste oil:** control over disposal or recycling in all countries, since oil waste is the main form of hazardous waste produced by Colas. Consolidated global figures indicate that 56% of waste oil is recovered. The optimum figure is estimated to be around 80%, taking account of inventory effects and the amount consumed by plant and machinery.

DIALOGUE WITH CIVIL SOCIETY

In addition to these strategic and major challenges, Colas is attentive to issues that have caught the attention of society at large and engages in debate on them.

The road-rail debate

As Colas has a substantial share of the market for both road and rail works in many countries, including France and the UK, it is able to see both sides of the debate between the two forms of transport. Since there are relatively few cases where one mode of transportation tends to replace the other, Colas' priority is to improve the situation in each one, applying a policy of technical and methodological innovation that favours balanced, multimodal transport in the service of

(15) Based on comprehensive proportional consolidation, not a notional "group share" of output (16) On the basis of the average output of a Colas quarry (17) International Agency for Research on Cancer, a World Health Organisation agency (18) French national research agency

a regional development policy that seeks to reduce unnecessary journeys[19].

Lifecycle cost of public infrastructure

Colas defends a partnership approach that focuses on lifecycle cost and favours innovative forms of public procurement like PPP[3], PFI[4], MAC[5] and concessions. Infrastructure that is designed and built for the long term and regularly maintained offers the best return on investment and reduces the consumption of resources. Contracts in various stages of completion and operation include the Reims tramway and the A41 and A63 motorways in France, the M6 motorway in Hungary, urban road maintenance for the city of Portsmouth in the UK, public lighting in the French town of Libourne, four MAC maintenance contracts in the UK covering a third of the national road network, five similar CMA[20] contracts in Alberta and Red Deer County in Canada and two MAC-type rail contracts in the UK.

Responsible purchasing

Colas' network of more than 100,000 suppliers and subcontractors around the world can be divided into six categories: local subcontractors, local materials suppliers, global raw materials suppliers, national or international equipment suppliers, national or international service providers and miscellaneous suppliers.

Work has been carried out to identify each category and the extent of freedom in relation to them, and to define responsible purchasing priorities such as safety, quality, controls of illegal labour, compliance with payment terms and conditions, design and proper use of equipment, etc. Colas is trying out various methods for rating suppliers, though it is not possible to rate all of them. At the same time, a risk assessment is being conducted to target priority categories of purchases.

As far as purchasing from southern hemisphere countries is concerned, the question of transferring production is of negligible importance for Colas because of the nature of its business, though its presence in these countries is an issue[21].

Involvement in community life, support for projects

Initiatives in these areas are mainly local, managed by subsidiaries and their establishments. In mainland France, Colas sponsors about 90 cultural projects and 270 sports teams and is involved in a hundred or so humanitarian or educational projects, spending about €2.4 million. Outside France, the company devoted €1.1 million in 2010 to 1,160 initiatives, including 480 educational and humanitarian actions, 120 cultural initiatives and 300 sporting events and sponsorships.

The parent company rehabilitated pathways in the grounds of Château de Versailles under a skills sponsorship agreement, commissioned paintings for the Colas Foundation and sponsored Akram Khan, an international dance company, at a total cost of €1.5 million.

OUTLOOK FOR 2011 – COLAS

The order book at end-December 2010 stood at €6.14 billion, 2% lower than at the end of 2009 (-1% in mainland France and -3% overseas and on international markets).

It is a high level nevertheless and means that Colas can start 2011 with confidence, even though there are differences between regions. It is difficult to identify market trends with certainty.

- **In France,** the roadbuilding sector is likely to remain under pressure even if no major drop in volumes is expected, given the proactive approach of local authorities, a number of tramway projects and a modest upturn in private-sector investment. The outlook remains bright in the railway segment.
- **In North America,** markets are likely to remain buoyant, especially in Canada but also in the United States, where there are possibilities for external growth.
- **In Europe,** business conditions will remain difficult in Central Europe but action already taken should do much to stem the losses seen in 2010. Markets in Northern Europe will be less buoyant.
- **In the rest of the world,** activity is likely to remain stable overall, with some growth in Asia.

An initial sales target of €11.8 billion has been set for 2011. Adaptation strategies, especially in Central Europe, right-sizing across the group and Colas' other advantages, notably an international network with operations in 40 countries, vertical integration and control over supplies of materials and the capacity to bid for PPP and concession projects, should make it possible to aim for improved profitability in 2011.

(19) See www.colas.com for a fuller analysis (20) Contract Maintenance Area (Canada) (21) See CSR in southern hemisphere countries on page 95

COLAS SUSTAINABLE DEVELOPMENT: challenges and key indicators

	AIM	INDICATOR	UNIT	2009	2010	ACTION IN 2010	PROGRESS*	2011 OBJECTIVES
FINANCIAL AND BUSINESS CHALLENGES	Promote and develop concessions and PPPs[a] to favour a lifecycle cost approach for the benefit of customers	**Contracts[b] in progress or concluded,** in France and elsewhere	Number	13	17	▶ Creation of multidisciplinary teams for concession and PPP projects.		▶ Keep five to ten contracts of this type on the books.
	In most countries, propose variants that reduce greenhouse gas emissions	**Savings proposed to customers as variants**	Tonnes CO_2 eq.	175,000	75,000	▶ Rollout of ÉcologicieL®, developed by Colas and gradually replaced since mid-2010 by Seve®, an eco-comparison tool developed by the roads industry which uses lifecycle analysis to model energy consumption and greenhouse gas emissions.		▶ In France, continue to roll out Seve® (roads) and Éco-Cana (pipes and mains). ▶ Internationally, roll out the multilingual version of Seve® in at least one country, with a country-specific database.
		Savings accepted by customers	Tonnes CO_2 eq.	13,000	21,000			
SOCIAL/HR CHALLENGES	Promote local dialogue and the acceptance of materials production sites	Sales from industrial output **covered by a local dialogue structure** (scope: global)	%	32	46	▶ Action plans with a target for each subsidiary to favour listening and dialogue with local authorities and local residents.		▶ Achieve the equivalent of 50% of sales from Colas' global industrial output covered by a local dialogue structure.
	Give staff first-aid training	Percentage of the workforce with a **workplace first-aid certificate** (scope: global)	%	29	31	▶ Staff training to raise awareness of health and safety issues for the benefit of colleagues, friends and relatives and society as a whole.		▶ Ensure that one-third of the Colas workforce worldwide has a current workplace first-aid certificate.
ENVIRONMENTAL CHALLENGES	Encourage the recycling of asphalt mix during production to save aggregates and bitumen and reduce greenhouse gas emissions	**Recycled asphalt pavement** as a proportion of Colas' global production of asphalt mixes	%	9	10	▶ Recycling: upgrading of asphalt plants when needed, organisation of the recovery of planed materials (existing asphalt pavement recovered for recycling), indicator-based tracking, action plans with a target for each subsidiary.		▶ Achieve an average recycling rate of 12% in global production of asphalt mixes.
		Bitumen saved by recycling	Tonnes	180,000	200,000			
		Reduction of greenhouse gas emissions	Tonnes CO_2 eq.	70,000	76,000			
	Promote low-temperature 3E[(c)]® asphalt mixes to save energy and reduce greenhouse gas emissions	**Low-temperature 3E® asphalt mixes** as a proportion of Colas' global production of asphalt mixes	%	2	6	▶ Production of warm asphalt mixes: upgrading of asphalt plants when needed, training of technical and sales staff, promotion to customers.		▶ Achieve the objective of 10% of warm asphalt mixes in Colas' production worldwide.

Measures introduced in 2010 | Ongoing measures in 2010 | Mature measures (continuous improvement)

(*) Compared with 2010 objectives
(a) Public-Private Partnerships (b) PPP, PFI, MAC (Managing Agent Contractors) and concessions (c) Environment-friendly, Energy-Efficient

DETAILED SUSTAINABILITY INDICATORS at 31 December

FAMILY	INDICATOR	SCOPE	UNIT	2008	2009	2010	REPORTING FRAMEWORK
Quality	Sales covered by a quality certification scheme	Global (excl. US and Canada[a])	%	88	92	90	GRI PR5
Lifecycle cost	Public-Private Partnerships (PPP) and concessions: contracts concluded or in progress favouring a lifecycle cost approach for the benefit of customers	Global	Number	6	13	17	Internal
Eco-variants	Success of variants with eco-comparer	France	%	37	7	28	Internal
Workforce	Average headcount	France	Number	39,522	38,896	38,367	GRI LA1
		International		34,072	32,422	30,528	
		Global		73,594	71,318	68,895	
Women	Site workers	France	%	0.52	0.56	0.57	GRI LA1
		International		4.86	4.35	5.77	
	Managerial staff	France		19.70	18.85	18.74	
		International		23.33	24.63	23.07	
	Total	France		8.36	8.21	8.12	
		International		8.65	9.16	10.23	
Recruitment	Site workers	Global	Number	4,826	3,645	2,930	Internal
	Managerial staff			2,617	2,125	1,608	
	Total			7,443	5,770	4,538	
	Interns			3,500	2,495	2,258	
Pay	**Total workforce in France**	France	Number	39,522	38,896	38,367	GRI EC5
	Average pay, Colas plant operator		Multiple of statutory minimum wage	1.49	1.48	1.51	
	Average pay, Colas site manager			2.05	2.04	2.12	
	Total workforce in United States	United States	Number	4,885	4,518	4,548	
	Average pay, Colas plant operator		Multiple of statutory minimum wage	3.41	3.48	3.59	
	Average pay, Colas site manager			4.23	4.99	4.07	
	Total workforce in Madagascar	Madagascar	Number	6,080	4,817	2,839	
	Average pay, Colas plant operator		Multiple of statutory minimum wage	4.60	4.94	3.43	
	Average pay, Colas site manager			7.38	9.74	7.82	
	Total workforce in Morocco	Morocoo	Number	2,056	2,223	1,941	
	Average pay, Colas plant operator		Multiple of statutory minimum wage	2.84	2.40	2.43	
	Average pay, Colas site manager			6.03	6.28	5.93	
Training	Training dispensed	France	Number of actions	26,400	29,500	30,200	GRI LA10
		International		24,700	64,300	71,900	
		France	Hours	475,000	530,000	490,600	
		International		450,000	454,100	484,800	
	Site workers	France	Hours (% of hours dispensed)	50	51	52	
	Clerical/technical/supervisory			28	27	27	
	Managerial			22	22	21	
	Safety			36	32	38	

FAMILY	INDICATOR	SCOPE	UNIT	2008	2009	2010	REPORTING FRAMEWORK
Safety	Occupational safety index	France	-	5.58	4.06	4.79	GRI LA7
		International	-	1.47	1.14	0.97	
	Road accidents (number of accidents involving a third party per vehicle)	France	%	0.088	0.084	0.082	Internal
	Employees with up-to-date occupational first-aid training	Global		24	29	31	
Society	Sales from materials production sites covered by a local dialogue structure	Global	%	23	32	46	GRI SO1
Certification	Sales from materials production sites covered by an environmental certification scheme	Global	%	50	57	58	Internal
Control	Sales from materials production sites covered by an environmental certification scheme or a formal internal control system (self-assessment checklists combined with validated actions plans)	Global	%	-	-	80	Internal
Recycling	Quantity of raw materials recycled in Colas plants in relation to output from Colas quarries and gravel pits	Global	%	12	10[c]	11	GRI EN2 & EN27
	Proportion of planed materials[b] in production of asphalt mix			8	9	10	
	Pavement recycled *in situ*		Million sq m	4.9	7.6	7.8	
Greenhouse gas	Eco-comparer: savings proposed to customers	Global	Tonnes CO_2 eq.	40,000	175,000	75,000	GRI EN5, EN6 & EN18
	Eco-comparer: savings accepted by customers			15,000	13,000	21,000	
	Emissions avoided by recycling asphalt mix	Global	Tonnes CO_2 eq.	70,000	70,000	76,000	GRI EN5, EN6 & EN18
	Emissions avoided in asphalt plant burners			40,000	100,000	-16,000[d]	
	Emissions avoided by the use of Végécol® and Végéflux®			10,000	7,000	6,000	
	Emissions avoided by the production of warm asphalt mix	Global	Tonnes CO_2 eq.	-	-	7,000	GRI EN5, EN6 & EN18
	Emissions avoided by *in situ* recycling of pavement			-	-	31,000	
	Emissions avoided in plant operation			-	-	4,000	
Energy	Production of warm asphalt mix(3E®)[(e)]	Global	Tonnes	210,000	750,000	2,375,000	Internal
Waste	Waste oil recovery rate	Global	%	-	-	56	

Financial and business challenges Social/HR challenges Environmental challenges

GRI: Global Reporting Initiative

(a) Excluded on account of dissimilar reporting frameworks, certification rules and legal doctrine (b) Existing asphalt pavement surfacing recovered by planing (c) The fall is mainly due to an extension of the scope to aggregate production plants not wholly owned by Colas (d) Currently under analysis: change in the scope of the new international reporting software, adverse weather conditions in France, specific energy cost of recycling more asphalt mix (see above), decline in activity, data entry errors in some countries (e) Environment-friendly, Energy-Efficient

No. 1 privately-owned **TELEVISION** group in France

A year of recovery

KEY FIGURES

2010 sales
€2,622m (+11%)

Current operating margin
8.8% (+4.5 pts)

Net profit att. to the Group
€228m (x2)

Employees
4,082

2011 sales target
€2,630m (=)

HIGHLIGHTS OF 2010

- **Best audience in 2010** (all channels), with the match between France and Mexico in the FIFA Football World Cup on TF1: 15.2 million* viewers on 17 June.
- 32 million viewers a day* watch **TF1, a true mass media.**
- Acquisition of the additional stake of **TMC** (5th nationwide channel) and **NT1** on 11 June.
- TF1: the **leading TV group on the internet in France.** Record 19.3 million unique visitors set in October.**
- **A first in the media sector:** on 14 December, the TF1 group was awarded the Diversity label*** after an audit by Afnor Certification.

(*) Médiamat 2010 by Médiamétrie (**) NNR-Médiamétrie panel (***) Independent certification of the company's commitment to prevent discrimination and promote equal opportunity and diversity in its human resources management (www.afnor.org)

The FIFA Football World Cup on all TF1 channels

The role of the **TF1** group is to inform and entertain. While continuing to strengthen its position in its core television business with free and pay channels, it has diversified into the internet, audiovisual rights, production and licences.

The GLOSSARY can be found in ▶ *Additional information*

TF1 PROFILE

France's leading general-interest television channel, TF1 is also an integrated media group developing activities in growth markets around its core business.

In **freeview television,** the group is present with:

- TF1, the events channel, France's No. 1;
- TMC, the leading DTT channel and No. 5 in France, and NT1 (since 1 July 2010).

Its **pay channels** are:

- Eurosport, the leading pan-European platform reaching 123 million households;
- TV Breizh, the leading cable/satellite channel[1];
- the Discovery Unit (Ushuaïa TV, Histoire, Stylía), affinity channels that set the benchmark for multi-channel offerings in France;
- LCI, news and current event analysis;

(1) For women under 50 with purchasing responsibility (Médiamétrie)

- TF6 and Série Club, jointly owned (50%) with M6.

Since 1987, when TF1 was privatised and Bouygues became the largest shareholder, TF1 has created new, high value-added activities, drawing on its operations as a producers and broadcaster of programmes.

The TF1 group's businesses now span the entire audiovisual value chain.

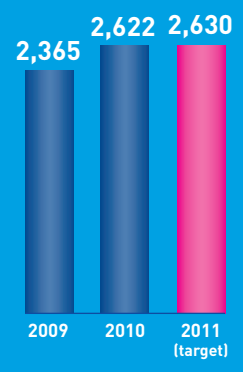
- **Upstream, they include:**
  - audiovisual and film production,
  - acquisition and sale of audiovisual rights,
  - film distribution.
- **Downstream, they include:**
  - sale of advertising space,
  - publishing and distribution of DVDs and music CDs.

TF1 has also created a **wide range of merchandising spin-offs** in areas such as home shopping and e-commerce, video on demand and catch-up TV, licensing, musicals and board games.

Building on the spread of the internet and new technologies, TF1 is producing, developing and publishing new, **interactive and complementary content and services** for the internet, smartphones, tablets and Internet-connected TV sets.

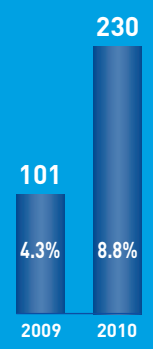
Going forward, the TF1 group's strategy will be to combine the broad and effective reach of mass media with the closeness of digital media, offering compelling content

Sales
€ million

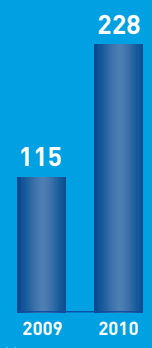


Current operating profit
€ million

Current operating margin as %



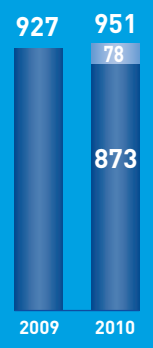
Net profit*
€ million



(*) Attributable to the Group

Programming costs
€ million

Exceptional sporting events



Focus

- **Europe's most-watched free-to-air TV channel:** 24.5% audience share (individuals aged 4 and over, in France)*
- **Leading TV media group on the internet:** 17.5 million unique visitors** a month
- **Eurosport International:** 59 countries, 123 million households
- **S&P rating:** BBB with outlook raised from stable to positive in July 2010
- **Net cash surplus** of €17 million

(*) Source: Médiamétrie (**) Source: NNR-Médiamétrie panel – 2010 average

CONDENSED BALANCE SHEET at 31 December

(€ million)	2009	2010
ASSETS		
• Property, plant and equipment and intangible assets	329	333
• Goodwill	507	884
• Non-current financial assets and taxes	307	198
NON-CURRENT ASSETS	**1,143**	**1,415**
• Current assets	1,960	1,871
• Cash and equivalents	571	39
• Financial instruments*	9	-
CURRENT ASSETS	**2,540**	**1,910**
TOTAL ASSETS	**3,683**	**3,325**
LIABILITIES AND SHAREHOLDERS' EQUITY		
• Shareholders' equity attributable to the Group	1,397	1,539
• Minority interests	-	9
SHAREHOLDERS' EQUITY	**1,397**	**1,548**
• Non-current debt	1	16
• Non-current provisions	44	44
• Other non-current liabilities	1	11
NON-CURRENT LIABILITIES	**46**	**71**
• Current debt	501	4
• Current liabilities	1,734	1,700
• Overdrafts and short-term bank borrowings	4	2
• Financial instruments*	1	-
CURRENT LIABILITIES	**2,240**	**1,706**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,683**	**3,325**
Net surplus cash	**73**	**17**

(*) Hedging of financial liabilities at fair value

CONDENSED INCOME STATEMENT

(€ million)	2009	2010
SALES	**2,365**	**2,622**
• Net depreciation and amortisation expense	(100)	(91)
• Net charges to provisions and impairment losses	(14)	(14)
• Other income and expenses	(2,150)	(2,287)
CURRENT OPERATING PROFIT	**101**	**230**
• Other operating income and expenses	-	83
OPERATING PROFIT	**101**	**313**
• Cost of net debt	(22)	(18)
• Other financial income and expenses	36	(3)
• Income tax expense	(15)	(69)
• Share of profits and losses of associates	15	6
NET PROFIT	**115**	**229**
• Minority interests	-	(1)
CONSOLIDATED NET PROFIT (attributable to the Group)	**115**	**228**

A record 9.4 million viewers watched *Clem* on 22 February 2010

and seizing opportunities to reach audiences everywhere thanks to the onward march of technology.

A YEAR OF RECOVERY

Although 2009 was a difficult year, affected by the economic crisis, it was also marked by a number of initiatives that the TF1 group sought to consolidate and build on in 2010.

The outcome was a turnaround in almost all group entities and the full consolidation of two digital terrestrial television (DTT) channels, TMC and NT1, from 1 July 2010.

Sales

The TF1 group reported sales of €2,622 million in 2010, 11% up on 2009. Net advertising revenue from the TF1 core channel rose 8% to €1,550 million, mostly due to higher levels of advertising spend throughout the year.

Revenue from diversification activities rose 15% to €1,072 million, including €33 million from the resale of rights to the 2010 FIFA Football World Cup in the second quarter of the year and €40 million corresponding to full consolidation of TMC and NT1 from 1 July 2010. Like-for-like, diversification revenue rose 7%, largely driven by organic growth at TMC and a fine performance by Eurosport International.

Advertising revenue for the TF1 group as a whole rose by €189 million to €1,793 million, an improvement of 12%, due to a significant increase in revenue across all group media.

In geographical terms, the TF1 group generated 85% of its sales in France, 10% in the European Union excluding France and 5% in other countries.

Optimisation plan

The TF1 group continued to optimise programme schedules in 2010, renegotiating unit programme costs and making better use of existing programmes.

Over the year as a whole, programming costs for the TF1 channel (including €78 million for the 2010 FIFA Football World Cup) amounted to €951 million compared with €927 million in 2009. Excluding non-recurring sporting events, programming costs fell by €54 million, of which €19 million may be regarded as recurrent savings.

Cuts in other costs amounted to €13 million and were achieved by renegotiating contracts with suppliers (excluding rights contracts) and discontinuing certain activities.

The TF1 group thus achieved recurring savings of €32 million in relation to 2009, taking the three-year figure to €138 million.

Results

Current operating profit in 2010 amounted to €230 million, compared with €101 million a year earlier.

The current operating margin rose to 8.8%, compared with 4.3% in 2009.

Operating profit included a gain of €96 million from the remeasurement of previously-held equity interests in TMC and NT1, performed by an independent expert on a fair value basis as at 30 September 2010, and a charge of €13 million from depreciation of goodwill in connection with SPS (EurosportBET) and 1001 Listes. Operating profit in 2010 thus amounted to €313 million.

The cost of net debt fell by €4 million to €18 million. TF1 redeemed its 2003 seven-year €500 million bond issue on 12 November 2010.

Other income and expenses showed a net expense of €3 million at 31 December 2010, compared with a net gain of €36 million in 2009. The difference was mainly due to recognition of the fair value remeasurement of the put option on the 9.9% equity interest in Canal+ France in 2009.

Net profit attributable to the TF1 group amounted to €228 million in 2010, compared with €115 million in 2009.

Financial structure

Shareholders' equity at 31 December 2010 amounted to €1,548 million for a balance sheet total of €3,325 million.

Rigorous cash management throughout the year enabled the TF1 group to post a net cash surplus of €17 million at 31 December 2010 compared with €73 million at end-December 2009, including €744 million from the sale of the group's equity interest in Canal+ France.

BROADCASTING – FRANCE

Sales from French channels rose 12% in 2010 to €2,110 million.

Current operating profit rose by €112 million to €201 million, giving an operating margin of 10%.

TF1 channel

(Source: Médiamat by Médiamétrie)

The French TV market is undergoing structural change as a result of the discontinuation of advertising on France Télévisions channels after 8pm, a rise in the number of channels and the switch from analogue to digital, which gives French viewers a wider range of free channels to choose from. TF1 has responded by adapting its market positioning at times of high potential audience, focusing on strong entertainment and news brands.

Over the year as a whole, TF1 confirmed its leading position in France and its unique position in Europe with an audience share of 24.5% for the category "individuals aged 4 and over" and 28.1% for the category "women under 50 with purchasing responsibility". At end-December 2010, 98% of French households received 19 channels or more. TF1 was the only major legacy TV channel to increase its prime-time audience in 2010, attracting an average of 6.3 million viewers, a year-on-year increase of 2%.

Faithful to its mission as a family-oriented, general-interest channel, TF1 obtained 97 of the top 100 TV audience ratings in 2010 (all programmes).

As well as leading the field across all programme genres, TF1 continued to cover major events, especially sporting events. It attracted 15.2 million viewers for the FIFA Football World Cup match between France and Mexico on 17 June, a record audience for 2010.

Advertising

The French advertising market for all forms of television (legacy, DTT, cable and satellite channels) grew by 15% in 2010 to €8 billion gross, driven by strong revenue growth in DTT channels. Television attracts more expenditure on advertising than any other media (source: Kantar Media).

The TF1 channel recorded an 8% increase in gross revenue over the year and an all-channel market share of 40.3%.

Net sales also rose by 8% year-on-year to €1,550 million. After a volume-driven sales strategy in 2009 in the wake of an unprecedented economic crisis, the focus in 2010 switched to value. Various measures were taken to rebuild advertising value, including segmentation so that rates can be raised for slots most likely to attract advertisers, the development of a resource to measure the effectiveness of TV campaigns and new pricing terms that prioritise high-potential advertising slots.

Home shopping

The traditional home shopping market increased by 1% in 2010 (source: Fevad[2]), buoyed by a recovery in household consumption. The online market increased by 24%, reflecting a shift in consumption patterns from traditional home shopping to e-commerce.

The contribution of the group's home shopping business to consolidated sales in 2010 (restated after the reclassification of 1001 Listes) rose by 3% to €102 million, driven by growth in the Infomercials[3] business and the Place des Tendances e-commerce website.

Current operating profit (restated after the reclassification of 1001 Listes) amounted to €4 million, compared with €5 million in 2009.

French theme channels

On 11 June 2010, Groupe AB and TF1 completed the purchase by TF1 of the 100% interest in the NT1 channel and the 40% interest in the TMC channel owned by Groupe AB. The transaction strengthened the TF1 group's television business: it gives advertisers more choice through two additional independent and competing offers of advertising space while also providing an opportunity for making better use of existing programmes and pooling back-office costs. French theme channels generated sales of €253 million in 2010, an increase of 30%, mainly due to the full consolidation of TMC and NT1 from 1 July 2010.

Extreme Makeover Home Edition **on TMC: helping families in difficulty**

(2) E-commerce and Distance Selling Federation (3) A long-format television commercial that gives more scope for developing the sales pitch for a product, sometimes including testimonials from users

Growth on a like-for-like basis would have been 10%, driven by higher subscription revenue, enhanced services including high-definition, and increased advertising revenue (€130 million) from theme channels, especially TMC, NT1 and TV Breizh.

Current operating profit for theme channels in 2010 again rose sharply to €28 million, €12 million more than in 2009, due to the effects of the reorganisation of the News division around LCI, rigorous cost controls at Discovery division channels (Ushuaïa TV, Histoire and Stylía) and good performances by TMC, NT1 and TV Breizh.

TMC took a 3.3% audience share[4] for the category "individuals aged 4 years and over" in 2010, compared with 2.6% a year earlier. TMC remained the leading DTT channel for the fourth year running and became the fifth most watched channel in France.

In 2010, Eurosport France[5] had an audience share of 0.9% of viewers with access to the channel. Recognised as the benchmark multimedia sporting platform, it had a base of 7.6 million paying subscribers at 31 December 2010, a year-on-year increase of 1%.

TV-RELATED ACTIVITIES

TF1 Entreprises

TF1 Entreprises houses various activities linked to the TF1 channel, such as games, music, licences and performing arts. Sales in 2010 rose 12% to €44 million, giving a current operating profit of €2 million, an increase of €4 million on 2009.

18,000 budding chefs, 5.9 million viewers for the *MasterChef* final

TF1 Games

The French games market (excluding jigsaw puzzles) contracted by 1% over the year (source: NPD). TF1 Games-Dujardin had a market share of 8% at end-December 2010, having acquired the *Cochon qui Rit* (Laughing Pig) board game and a marketing licence for France Télévisions tie-in games.

TF1 Licences

TF1 Licences is still one of France's leading brand licensing agencies. Brands like *Barbapapa, Hello Kitty* and *Ushuaïa* continued to thrive in their respective segments, while the new *MasterChef* licence got off to a good start.

TF1 Musique

The music market continued to contract in 2010. Store sales fell 9% and digital sales rose 14% (source: Snep[6]) in an overall market that fell 6% by value.

TF1 Musique achieved some notable successes thanks to partnerships with well-known artists: seven of the ten best-selling albums in 2010 were TF1 partnerships.

TF1 is also reaping the reward of the success of the musical *Mozart Rock Opera.*

Production

The Production division of TF1 Entreprises generated sales of €17 million in 2010, €5 million down on the previous year, and an operating loss of €2 million, down €4 million.

TF1 Films Production

Cinema attendance in France was estimated at 207 million entries in 2010 (source: CNC[7]), 3% more than in 2009. The share of French films was estimated at 36%, compared with 37% in 2009.

A number of the films released by the TF1 group in 2010 were box office successes. Six of the 13 films coproduced by TF1 Films Production, including *Camping 2* and *Arthur 3*, were among the 19 French films that took more than 1 million entries at the box office (source: CBO - Box Office).

TF1 Production

TF1 Production played a key role during the 2010 FIFA Football World Cup, providing coverage to all TF1 group channels.

e-TF1

Following numerous developments throughout 2009, e-TF1 continued to grow in 2010. The group's various websites attracted 19.1 million unique visitors[8] in December 2010, up 13% on December 2009, cementing the TF1 group's position as France's leading TV media group on the web.

Video proved a particularly attractive feature on TF1.fr. 1.4 billion free videos were viewed on the group's sites in 2010, including 700 million catch-up videos, far outstripping the 400 million watched in 2009.

The rollout of MyTF1 continued. Following the initial distribution partnership with Bouygues Telecom's Bbox platform announced in November 2009, TF1's free interactive service became available through Orange set-top boxes in June 2010.

As a result, e-TF1's sales rose 7% to €78 million in 2010. This increase was mainly due to growth in interactivity and internet advertising. Operating profit amounted to €3 million despite a tax on interactive services, compared with an operating loss of €3 million in 2009.

(4) Source: Médiamat by Médiamétrie (5) Source: Médiamétrie – MédiaCabSat/Médiamat'Thématik. Médiamat'Thématik replaced MédiaCabSat in March 2010. It covers TV via cable, satellite and ADSL in France. (6) French recording industry body (7) National Centre for Cinema and Animation Film (8) Source: NNR panel (benchmark tool for measuring the internet audience in France) – Médiamétrie

AUDIOVISUAL RIGHTS

The audiovisual rights division reported a 5% drop in sales over the year to €143 million. The operating loss of €5 million marked an improvement of €17 million on 2009.

Catalogue

TF1 has concluded a partnership with UGC to help minimise the risks inherent in film production and distribution and is continuing its video activities with the development of the Blu-ray disc and Video On Demand (VOD).

The catalogue business generated sales of €54 million in 2010, 6% less than in 2009 due to unfavourable seasonal differences in film release schedules (eight films in 2010 compared with 12 in 2009), and an operating profit of €4 million, an improvement of €14 million.

TF1 Vidéo

TF1 Vidéo operated in a stable market that showed contrasting trends.

- In volume terms the market grew by 3%.
- In value terms the market was stable over the year, sustained by the success of the new Blu-ray disc, a segment which grew 62% by value. The DVD market fell by 5% and the pressure on sales margins increased further in 2010 (source: CNC[7] – GFK[9]).

Against this background, TF1 Vidéo reported a 5% drop in sales to €89 million, due to fierce price pressures and lower volumes as a result of fewer releases, and an operating loss of €9 million in 2010 (€13 million in 2009).

BROADCASTING – INTERNATIONAL

Eurosport International

Eurosport International reported a 14% increase in sales to €364 million, driven by international growth, higher subscription revenue and increased advertising revenue.

Operating profit at 31 December 2010 rose by 42% to €60 million, giving a current operating margin of 16%.

A remarkable achievement in a year of big sporting events, it reflects tight control of overheads, optimisation of costs and a good balance between acquisition costs (the key to building audiences and securing the channel's reputation) and associated revenue streams.

The Eurosport channel reached 123 million households at end-2010. Present in 59 countries and shown on all pay channels in Europe, it is available in 20 different languages.

The Eurosport group had 82.6 million paying subscribers at 31 December 2010, up 7% over the year, of which almost two-thirds are new customers in Central and Eastern Europe. Growth was buoyed by the screening of targeted and sought-after sporting events, and by high definition.

RESEARCH AND DEVELOPMENT

Most R&D expenditure is incurred with a view to marketing a new product or service or broadcasting a new programme.

R&D spending in 2010 amounted to approximately €6 million.

A substantial proportion of the TF1 group's business consists in creating and innovating for light entertainment, drama and films, the results of which may be uncertain. The following steps are involved in creating new and innovative concepts for programmes:

- acquisition of a format, programme concept or script rights;
- sociological research to identify the potential audience for new programmes;
- consultancy;
- location scouting, casting, set design and production of a pilot episode.

Programme-related R&D spending therefore includes:

- the cost of new drama and entertainment formats that have never been broadcast in that form on TV, whether they are suitable

Eurosport International is shown in 20 languages in 59 countries

(9) Growth From Knowledge Institute

for screening or not and as they affect expenses for the year (ie, whether they are scrapped or shown);

- the cost of script rights for new concepts (never broadcast on TV) scrapped during the year.

The TF1 group gave fresh impetus to its Innovation division in 2010, strengthening its organisation by:

- creating a Network, Innovation and New Technologies unit within the Technology department;
- setting up a specific innovation unit within e-TF1;
- setting up cross-cutting working groups on key innovation issues.

SUSTAINABLE DEVELOPMENT

Challenges

As a leading media operator, TF1 has a dual challenge to address: the company has a duty both to its audience, through the content it produces and broadcasts, and to its employees and stakeholders. The Corporate Social Responsibility (CSR) policy implemented since 2006 has four strands.

- responsible content and schedules and a key role to play in raising public awareness of major issues;
- an ambitious social framework and a CSR policy that involves employees;
- reducing the environmental footprint of activities;
- getting suppliers to support the group's CSR commitment through a responsible purchasing policy.

DIALOGUE WITH STAKEHOLDERS – TF1 GROUP

STAKEHOLDERS	PLAYER(S) IN TF1	EXAMPLES OF TYPES OF DIALOGUE
Regulators: CSA and ARPP	▶ Compliance department, corporate secretary, external communications, Broadcasting and TF1 Publicité divisions	▶ Participation in task forces, drafting of reviews, proposals
General public	▶ Viewer relations service, news moderator, editorial department	▶ Personalised answers (e-mail, telephone, letter) ▶ High school debates with editorial staff
Advertisers	▶ TF1 Publicité sales department, calling on in-house CSR expertise	▶ Joint participation in workshops, publication of general conditions of sale, www.tf1pub.fr website
Employees Trade unions	▶ Management, HR and labour relations managers	▶ Dialogue, negotiation of agreements with employee representatives, internal communications, annual appraisal
Producers	▶ Programme units and Compliance department	▶ Compliance department in attendance at all shoots, Ecoprod communication campaign to raise awareness of the need to reduce the environmental footprint of activities
Charities, associations and Non-Governmental Organisations (NGOs)	▶ Broadcasting division, Solidarity Committee, Labour Relations department (including Disability task force)	▶ Free airtime donated through SNPTV, donations in kind, long-term contracts and partnerships
Suppliers Service providers	▶ Group purchasing department	▶ Questionnaires on CSR policy, inclusion of sustainable development criteria in all specifications
Shareholders and financial community Sustainability rating agencies	▶ Financial communication, CSR coordinator	▶ AGM, annual report, roadshows for institutional investors, meetings and conference calls with analysts, regular telephone contacts, website

ARPP: French advertising regulator; CSA: French broadcasting authority; CSR: Corporate Social Responsibility; SNPTV: French TV advertising association

Organisation

CSR policy is overseen by a deputy CEO of the TF1 group, with a full-time coordinator for CSR initiatives and sustainability reporting. Each entity draws up its own road map designed to place sustainable development at the heart of its business. Three groupwide committees have been set up, focusing on responsible purchasing, diversity and solidarity. All those involved, including communication departments and business unit coordinators, meet in the CSR Committee to review and compare initiatives and indicators together. The agenda for board meetings now also includes an item on CSR actions.

Recognising sustainability performance

Sustainability rating

Several sustainability rating agencies have recognised the ethical and responsible nature of the TF1 group's action. TF1 is included in three sustainability indexes:

- Aspi Eurozone®,
- FTSE4Good Europe Index,
- Ethibel Europe.

TESTIMONIAL

Eric Bellion,

organiser of Défi Intégration*

"The partnership with TF1 could not have been better in human terms. Relations with our contact people at TF1 and our discussions and meetings with TF1 staff were particularly rewarding.
TF1 played the game at all levels, up to and including media coverage of the event and the unwavering commitment of the Chairman and CEO, Nonce Paolini. If we were able to reach people and help them change the way they perceive disability, it was due in no small measure to that partnership."

(*) Their yacht, with an equal number of able-bodied and disabled crew, set a sailing record in 2010. The TF1 group entered into a three-year partnership with Défi Intégration in 2008

The Diversity label

After signing the Diversity Charter in January 2010, TF1 obtained the Diversity label in the following December, becoming the first media group to be awarded the distinction. The Diversity label reflects the recognition by an independent body, Afnor Certification[10], that the system to ensure equal treatment and non-discrimination in recruitment, career management, training, communication and relations with customers and partners is compliant and effective.

TF1 awarded first prize for diversity in television news

Media Tenor[11] measures the diversity of the news in 29 TV evening news bulletins in 15 countries. On 27 October 2010, TF1's flagship 8.00pm evening news was awarded first prize in the 11th Media Tenor Global TV Awards for the diversity of its news coverage. It is the first time since the awards were created that a French channel has come top. The programme was also runner-up in the Global Media Peace Award for its coverage of international conflicts and action taken by NGOs to promote peace.

Content-related challenges

As a family channel, TF1 has a role to play in strengthening the social fabric. It has a duty to provide programmes for all, to reflect the diversity of the audience, to act and promote action for solidarity and to help raise viewers' awareness of social and environmental issues.

Responsible content and scheduling

Ethics

TF1 has made ethical commitments to the community that are set out in its agreement with the CSA, the French broadcasting authority. TF1 has set up an internal control system to ensure that it fulfils these commitments, including a compliance unit staffed by lawyers and attached directly to the broadcasting division. These commitments were extended in 2010, with the same exacting standards, to programmes broadcast by NT1 and TMC. The agreement can be consulted on the CSA website www.csa.fr.

Accessibility of programmes to the disabled

All programmes shown on TF1 in December 2010 (excluding advertisements) were subtitled. TV Breizh, LCI and TF1 Digital

(10) French standardisation body responsible for certifying a firm's commitment to preventing non-discrimination and promoting equal opportunity and diversity in its human resources management (www.afnor.org) (11) German independent research institute that analyses media content and its influence on social change. The study cited was carried out between July 2009 and July 2010

channels have also gone beyond statutory requirements in their subtitling. TF1 has taken account of the 1 million French people with impaired vision by developing audio description, a technique that enables blind or sight-impaired people to experience a film through an appropriate voice description of the action and setting.

New media challenges: child protection on TFou websites

TFou.fr has nearly 600,000 unique visitors to its three websites each month. Particular attention is paid to safety issues in all parts of TFou.fr. Children cannot reach a non-validated website from the TFou.fr portal. The TFou 7+ and 3-6 sites open automatically in full screen so that children do not have access to the URL bar and cannot therefore surf other websites. All forums are monitored. A parents charter, drawn up with the NGO Action Innocence, gives parents information and advice about responsible behaviour, while the TFou.fr site gives commitments and provides information about internet security. TFou.fr also partners leading internet security pressure groups such as Action Innocence, e-enfance and Internet Sans Crainte.

FIND OUT MORE

Child protection on the internet

About TFou's commitment
▶ http://tfousengage.tfou.fr/

Action Innocence
▶ www.actioninnocence.org

e-enfance
▶ www.e-enfance.org

Internet Sans Crainte
▶ www.internetsanscrainte.fr

New media challenges: content compliance on connected TVs

TF1 and other content providers have signed a charter relating to the display of online content and services on connected TV and other connected video devices. The aim of the charter is to ensure that content complies with prevailing regulatory requirements, conventions and specifications and fulfils contractual obligations undertaken with the rights-holders of the works or programmes shown.

Raising public awareness and getting closer to the public

Visibility for charities and associations

TF1 Publicité and the TF1 channel offer charities and associations both direct help and greater visibility on air. The value of airtime, donations made during game shows, free advertising slots for campaigns and direct gifts to charities and associations amounted to €21 million in 2010, equivalent to 1% of annual sales.

The ECO2climat indicator and raising public awareness of environmental issues

The news division introduced ECO2climat, an indicator of French carbon consumption, in December 2009. Featured in the main evening news bulletin once a month, it is intended to encourage French people

to reduce their greenhouse gas emissions. The first of its type in Europe, the indicator increases the quality and coherence of TF1's information on sustainable development.

Ushuaïa TV and sustainable development

Ushuaïa TV, shown in high definition since 2008, is the only French TV channel devoted entirely to sustainable development. Flagship programmes include *Passage au Vert,* which depicts environmental challenges as a wonderful opportunity, *Bougez Vert,* a weekly round-up of green events, and *Green Trip,* an eco-tourism magazine, as well as special features and exceptional documentaries.

Getting closer to the public

Through initiatives such as outside visits, meetings in schools, screenings of TF1 drama programmes in the presence of the actors and tours of TF1 headquarters, the external communications department, backed up by the TF1 corporate foundation, brought around 10,000 people in 27 French towns and cities into contact with TF1 executives and well-known figures from the channel. The initiative is part of a broader policy of promoting the dialogue between TF1 and the public. A first viewer conference was organised in September 2010 and the viewer relations service handled 231,000 calls, e-mails and letters during the year.

FIND OUT MORE

About the Foundation
▶ www.fondationtf1.fr

About Ecoprod
▶ www.ecoprod.com

Social challenges

TF1 is committed to maintaining a high-quality working environment by promoting the well-being, security and professional fulfilment of its employees. It encourages their involvement in good causes.

Integration and continued employment of disabled workers

The results of the three-year agreement concluded in 2008 were reviewed in 2010. Targets were greatly exceeded, for both recruitment (71 disabled employees were hired on all forms of contracts over the three-year period, for a target of 30) and the use of services provided by the sheltered sector (sales reached €1 million over the three-year period, for a target of €660,000). The extensive internal communication campaign, which won an award at Top Com 2010, had direct benefits as well as increasing the number of voluntary declarations (RQTH[12]) and raising the profile of the Disability task-force. Measures will be stepped up under a new three-year agreement.

Conclusion of a "Working better together" agreement

The TF1 group concluded a groupwide agreement in 2010 on stress prevention and better working conditions. The agreement provides for measures such as training, a stress monitoring unit, awareness-raising about the prevention of repetitive strain injuries, consideration for the work/life balance, rules on the scheduling of meetings, the sending of e-mails and the use of mobile phones, solidarity leave, etc.

The "Working better together" agreement: improving working conditions

TF1 does what it can to create a pleasant working environment, for example providing a gym and convenience services for staff.

It also has a proactive family policy, including leave for employees who form a civil partnership, bonuses for employees who get married or have a child, the reservation of nursery places, a home childcare allowance and reduced and flexible working hours for pregnant women from the sixth month of pregnancy.

The corporate foundation

The corporate foundation has continued its initiatives to encourage young people into employment, recruiting the third intake for its training and integration scheme in 2010 and hiring three employees from the first intake. The foundation also supports the internal communication department in establishing contacts with local people and organises work experience for 15-year old pupils and mentors for high school students.

(12) Reconnaissance de la Qualité de Travailleur Handicapé = Recognition of disabled worker status

Environmental challenges

The TF1 group takes practical steps to limit the direct environmental footprint of its activities and to raise awareness among employees and suppliers of the need to behave differently.

Introduction of a travel plan

TF1 introduced a corporate travel plan for its Boulogne site in 2010. The plan, drawn up in cooperation with local authorities, aims to encourage employees and visitors to the site to use the least polluting forms of transport.

A review of the existing situation was carried out in 2010 and employees were consulted as a preliminary to setting up working groups and defining targets for switching to alternative transport modes.

The Ecoprod awareness-raising campaign

TF1 is a partner of the Ecoprod campaign to raise awareness among producers in the audiovisual industry of the environmental impact of their activities. In 2010, Ecoprod developed and implemented Carbon'Clap®, an online carbon balance calculator designed specifically for the audiovisual sector. Regular sessions are also organised to raise awareness among producers and other stakeholders.

Responsible purchasing

Since its creation in 2007, the TF1 group's purchasing department has sought to extend the CSR policy to the group's suppliers. The social and environmental performance of 89 suppliers has been evaluated to date using the EcoVadis platform.

The issue of diversity was incorporated in 2010 by means of a survey of how suppliers and partners promote diversity. The purchasing department encourages greater use of the sheltered sector, with the result that the group has significantly exceeded its target for sales with the sheltered sector.

Among other green opportunities in 2011, responsible purchasing initiatives will include electric vehicles for a self-managed car pool scheme.

TESTIMONIAL

Patrick Bézier,

Executive director of Audiens*

"Our membership of Ecoprod helps us to pursue a twin social aim: backing the other partners in the project – several of whom are clients of Audiens, including TF1 – and supporting the several thousand firms that operate in the sector. Ecoprod is a way for us to raise their awareness of best practice so that they can be better prepared for carbon-related constraints and forthcoming regulations."

(*) Welfare for the audiovisual, communication, press and live entertainment sectors

OUTLOOK FOR 2011 – TF1

In 2011, as in 2010, the TF1 group will be operating in a still-uncertain economic environment in which the shape of future developments remains unclear.

Consequently, the TF1 group has made the assumption that consolidated sales will remain stable in 2011. Full-year consolidation of the equity interests in TMC and NT1 acquired in 2010 will be offset by the absence of revenue from the resale of rights to the 2010 FIFA Football World Cup.

The group is confident in its ability to leverage growth in advertising revenue, from both the TF1 core channel and the group's other media (DTT channels, digital media and Eurosport). Growth is expected to continue in most diversification activities, although with a less favourable comparative.

The group has confirmed its aim of **improving profitability** and **stabilising programming costs** for the TF1 channel, which are likely to be in the region of €950 million on average in 2011 and 2012.

Disposals and restructuring in 2010 and the introduction of new organisational structures should have a positive impact on the group's operating expenses.

The TF1 group will be more motivated than ever in 2011 to strengthen its positions and make further progress by continuing to actively implement the strategy in place for the last three years:

- offer **distinctive and unifying content** designed to inform, entertain and move, on all the group's media – free and pay channels and internet – while keeping costs under control;
- use technological progress to **reach all types of audience** by increasing the number of contact points with them (affinity channels, VOD* and SVOD**, music, games and e-commerce).

The group's capacity to combine mass-media effectiveness with the enhanced potential for contact offered by personal digital media should enable TF1 to consolidate its leading position in its core business (entertainment and information in all their forms), and hence to offer advertisers wider opportunities to reach their target audience.

The TF1 group will continue to act as a **responsible corporate citizen** by rolling out initiatives to promote social cohesion and diversity.

With a very **healthy financial structure,** the TF1 group is therefore entering 2011 in good shape.

(*) Video On Demand, with payment per programme. (**) Subscription Video On Demand, with access to a catalogue of programmes

TF1 SUSTAINABLE DEVELOPMENT: challenges and key indicators

	AIM	INDICATOR	UNIT	2009	2010	ACTION IN 2010	PROGRESS*	2011 OBJECTIVES
FINANCIAL AND BUSINESS CHALLENGES	Guarantee compliance with the CSR Charter and ARPP recommendations Reflect the diversity of the public, in programmes and within the company Raise public awareness of social and environmental issues Get closer to the public	Compliance with programming and broadcasting quota obligations	%	100	100	▶ Increase in subtitling on all TF1 group channels. ▶ Showing of prime-time charity fundraising events, free airtime for charities and associations. ▶ Mobilisation of editorial staff for the job week campaign "Une semaine pour l'emploi", organised on the group's channels in April and October. ▶ Monthly screening of the ECO2climat indicator. ▶ Development of the *TF1 et Vous* website and presence of TF1 on social networks to promote interaction and get closer to the public.		▶ Continue to screen charity fundraisers and raise public awareness of sustainable development issues. ▶ Launch a communication project on the subject of green consumption with TF1 Publicité. ▶ Step up initiatives to get closer to the public.
		Programmes subtitled (average over the year)	%	85	95			
		Advertising sales[a] offered to charities and associations	€m	18.5	21			
		Items about the environment in news bulletins	Number	Over 600	Over 1,000			
		Calls, e-mails and letters handled by the viewer relations service within 48 hours	Number	245,000**	231,000			
SOCIAL/HR CHALLENGES	Favour equal opportunity (gender equality, diversity, disability) Maintain a high-quality working environment Support staff throughout their career Encourage employee involvement in good causes	Disabled employees hired	Number	17	19	▶ Targets set in the 2008/2010 disability agreement exceeded. ▶ Strong mobilisation of the whole group in favour of diversity: signing of the Diversity Charter in January, award of the Diversity label by Afnor Certification in December. ▶ Introduction of diversity training for 400 managers and 300 staff responsible for programmes. ▶ Conclusion of the "Working better together" agreement on stress management and better working conditions in general. ▶ Recruitment of the corporate foundation's third intake. Three young people from the 2008 intake hired on permanent contracts. ▶ Mentoring by group employees of high school students from disadvantaged neighbourhoods in the Paris region.		▶ Negotiate renewal of the three-year disability agreement. ▶ Continue to fulfil the commitments given in agreements on older and disabled workers. ▶ Conclude a groupwide diversity agreement and roll out a set of related indicators. ▶ Start an annual diversity review.
		Sales with the sheltered sector	€' 000	417	433			
		Employees given training in how to take account of diversity in their working life	Number	70	404			
		Young people from disadvantaged neighbourhoods on the scheme run by the TF1 corporate foundation[d]	Number	9	10			
ENVIRONMENTAL CHALLENGES	Limit the TF1 group's direct environmental footprint Raise awareness among staff and suppliers of the need to behave differently	Water consumption (in relation to the previous year)	%	-16**	-1**	▶ Update and extension of the group's carbon balance. ▶ Launch of a corporate travel plan[b]. ▶ Continuation of the campaign to have suppliers' CSR policies assessed by EcoVadis, an outside consultant. Incorporation of the diversity issue by means of a questionnaire on action to promote diversity (108 suppliers questioned). ▶ As part of the Ecoprod[c] partnership, launch of Carbon'Clap®, the first carbon calculator for audiovisual productions (see www.ecoprod.com).		▶ Continue action to reduce water and energy consumption. ▶ Energy reduction: carry out a study of the NF EN 16001 standard. ▶ Corporate travel plan[b]: set up working groups and define targets for switching to alternative transport modes. ▶ Ecoprod[c]: draw up a green filming charter, promote measures taken by producers.
		Suppliers assessed on their CSR[c] performance by EcoVadis	Number	45	89			

Measures introduced in 2010 | Ongoing measures in 2010 | Mature measures (continuous improvement)

(*) Compared with 2010 objectives (**) Restated figure

(a) Value of advertising slots, cost of trailers, special programmes and donations made during game shows and programmes. Advertising slots donated to campaigns. Donations in kind handled by TF1 group's Communications Department (b) Encourages employees and visitors to use the least polluting forms of transport (c) Campaign launched with five partners to raise awareness among producers of the environmental impact of audiovisual activities. See the website www.ecoprod.com (d) 17 young people in all since 2008, 56 interns accepted in 2009

ARPP: French advertising regulator; CSA: French broadcasting authority; CSR: Corporate Social Responsiblity

DETAILED SUSTAINABILITY INDICATORS at 31 December

FAMILY	INDICATOR	SCOPE	UNIT	2008	2009	2010	REPORTING FRAMEWORK
Compliance	Ethics ▸ news ▸ programmes	TF1 channel	Number*, issued by the CSA	1 caution 0	1 reprimand 0	1 caution 0	GRI SO8
	Surreptitious advertising ▸ news ▸ programmes			0 0	1 warning 0	1 caution 0	
	Child protection ▸ news ▸ programmes			0 1 warning	0 0	0 0	
	Remarks on guidance labels ▸ news ▸ programmes			n/a[d] 0	n/a[d] 1 warning	n/a[d] 0	
	Compliance with production and broadcasting quotas		%	100	100	100	
Accessibility of programmes	Subtitled programmes as a proportion of all programmes (excl. advertising), on average	TF1 channel	%	70	85	95	GRI SO8
Viewer feedback	Calls, e-mails and letters handled by the viewer relations service	France	Number	147,000	245,000	231,000	GRI PR5
Society	Value of donations to charities and associations	TF1 channel	€m	16	18.5	21	GRI EC1
	Charities and associations given airtime		Number	75	80	146	
Awareness-raising	News items relating to climate change	TF1 channel	Number	450	600	> 1,000	GRI SO1
Diversity**	Young people from disadvantaged neighbourhoods on schemes run by the TF1 corporate foundation (two-year contract)	TF1 group	Number	8	9 (17 in all)	10	Internal
	Young people from disadvantaged neighbourhoods on work experience			20	56	60	
Gender equality	Female staff on permanent contracts as a proportion of the total workforce	TF1 group	%	47.6	47.2	46.7	GRI LA13 - NRE 111
	Women as a proportion of new hires			49	44.8	43.2	GRI LA13
	Women promoted as a proportion of the total			45.2	49.8	47.5	
	Female staff receiving training as a proportion of the total workforce			48.1	47.2	49.2	GRI LA10
	Female managerial staff as a proportion of total managerial staff			47.7	47.4	46.8	GRI LA13
	Female senior executives as a proportion of total senior executives			27.6	28.9	31.9	GRI LA13 - NRE 316
Disabled people	Disabled people hired on permanent or temporary contracts	TF1 group	Number	9	16	19	GRI LA13 - NRE 135
	Sales generated with the sheltered sector		€	221,000	417,000	433,000	NRE 135
Reduction of job insecurity	Full-time equivalent/casual employees	TF1 group	%	9.8	7.3	7.0	NRE 113
Labour relations	Meetings with social partners	TF1 group	Number	397	334	309	GRI HR5 - GRI LA3 GRI LA4 - NRE 310 NRE 320
	Employees in permanent positions (works committee representative, employee representative, board of directors)			126	121	122	NRE 318
	Collective bargaining agreements in the year			25	27	9	NRE 321
Health and safety	Industrial accidents with time off work	TF1 group	Number	58	25	42	GRI LA7 - NRE 322
	Frequency rate[a]	TF1 SA	(b)	5.6	3.6	6.2	GRI LA7 - NRE 322
	Severity rate[a]		(c)	0.3	0.1	0.2	
	Absenteeism rate	TF1 group	%	4.1	4.0	5.2	NRE 221
	Employees with health and safety training		Number	373	372	484	GRI LA8 - NRE 322

(*)The figures take account of the comments made by the CSA (French broadcasting authority) at end-January 2011 for programmes in 2010. The comments may still be undergoing processing or awaiting a response from TF1. The final figures will be known when the CSA publishes its official report on TF1 in late 2011. The figures should be seen in relation to the number of items shown in TV news bulletins (14,000) and the number of programme hours (7,525). (**) Backing up work carried out in connection with the Diversity label, a set of indicators will be introduced in 2011 once the works council has given its agreement

(a) Indicator subject to possible correction since it has to be validated after publication by the relevant authorities. (b) Number of industrial accidents involving time off work x 1,000,000 / number of hours worked (c) Number of days off work x 1,000 / number of hours worked (d) Not applicable

FAMILY	INDICATOR	SCOPE	UNIT	2008	2009	2010	REPORTING FRAMEWORK
Living environment, services to employees	Employees benefiting from housing schemes during the year	TF1 group	Number	25	18	15	Internal
Family policy	Part-time employees	TF1 group	Number	232	225	311	Internal
Employee benefits	Membership of the company savings scheme	TF1 group	%	83	81	78	Internal
	Membership of the collective retirement savings scheme (Perco)			11.9	12.6	13.2	
	Average net amount of contributions per employee		€	2,036	944	683	
Integration	Interns under agreements with schools	TF1 group	Number	784	487	321	NRE 326
Training	Employees given training	TF1 group	Number	2,335	2,777	2,334	GRI LA10 – NRE 326
			%	63	76.3	61.4	
	Proportion of payroll spent on training		%	3.25	3.78	2.81	
	Total hours of training under the training plan		Number	55,459	62,483	35,405	GRI LA10 – NRE 330
	Hours of training per employee per year			14 hrs 45 mins	17 hrs 10 mins	15 hrs 10 mins	
	DIF (individual right to training) requests granted			289	1,221	1,125	Internal
Action in the community	Employees mentoring high school students from disadvantaged neighbourhoods	TF1 group	Number	-	60	60	Internal
Consumption	Electricity consumption	EMS***	MWh	29,791	32,520	32,171	GRI EN3 – NRE 1
	Water consumption		cu m	61,658	51,964	52,054	GRI EN8 – NRE 1
	Paper consumption		Tonnes	114	133	125	GRI EN1 – NRE 1
Waste, raw materials	Waste collected	EMS***	Tonnes	991 (TF1)	1,134 (TF1)	1,678 (TF1 and Eurosport)	GRI EN22 – NRE 1
Suppliers	Suppliers assessed by an outside consultant (EcoVadis)	Centralised purchases	Number	n/a[d]	45	89	Internal

Content-related issues Social issues Environmental issues

GRI: Global Reporting Initiative

(***) TF1's Environment Management System (EMS) now covers the sites in Boulogne and Issy-les-Moulineaux (Eurosport France), which accommodate 85% of staff

Content-related issues - Compliance

The data are taken from the CSA review. Given the publication date, they are for year N-1 (excluding subtitling, which is calculated by the Broadcasting division for the current year).

Social issues

All data are managed by the Human Resources information system.

Environmental issues

Electricity and water consumption are measured on internal meters and checked against utility bills. Waste is weighed by the service provider (billing by weight).

Mobile, fixed, TV and internet **SERVICES**

Sustained growth in mobile and fixed broadband businesses

KEY FIGURES

2010 sales
€5,636m (+5%)

Current operating margin
12.3% (-1.3 pts)

Net profit att. to the Group
€444m (-6%)

Employees
9,182

2011 sales target
€5,730m (+2%)

HIGHLIGHTS OF 2010

- **February:** 2010 Top Employer award from the CRF Institute.
- **March:** launch of "Eco" versions of the Classic and Evasio service plans, offering customers a reduced rate if they keep their existing handset.
- **May:** market introduction of ideo 24/24, the first quadruple play offer with unlimited calls to mobiles, 24/7.
- **June:** No. 1 in the mobile customer relations rankings for the fourth year running*.
- **November:** launch of Bbox fibre with speeds of up to 100 Mbit/s.
- **December:** co-investment agreement with SFR on the rollout of optical fibre.

(*) TNS Sofres-BearingPoint customer relations league table

A provider of mobile, fixed, TV and internet telecommunications services, **Bouygues Telecom** offers innovative products and services that have already attracted 11 million customers, backed up by acknowledged service quality and a distribution network of over 630 Clubs stores.

The GLOSSARY can be found in ▶ *Additional information*

STRENGTHS AND ADVANTAGES

An operator on the mobile telecommunications market since 1996 and on the fixed market since 2008, Bouygues Telecom's growth is founded on:

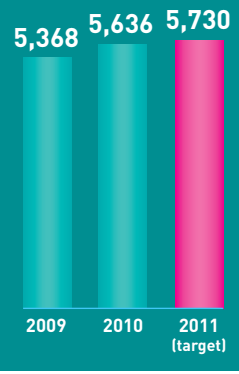
- a mobile network **covering 99% of the French population and over 170 countries worldwide** through roaming agreements, a fixed network covering 60% of the population and very high speed broadband reaching over 6 million households in France;
- an **extensive distribution network** comprising over 630 Clubs Bouygues Telecom, outlets in supermarkets and specialist chain stores, a website that attracts over 6 million unique visitors a month and telesales customer advisers;
- **acknowledged service quality** delivered by over 2,500 customer advisers and a free voice server. Bouygues Telecom took first place in the 2010 TNS Sofres-BearingPoint mobile phone customer relations league table for the fourth year

running and is the only operator to have NF Service certification for its customer relations centres for both mobile and fixed services;

- a **capacity to propose innovative products and services that enhance customers' lives,** including the first call plan (1998), the first unlimited offers on three numbers (Millennium, 1999), unlimited offers covering all operators (Neo, 2006) and the first quadruple play offer (ideo, 2009). That capacity enables Bouygues Telecom to offer attractively priced products and services that meet customers' needs and desires while also creating value;
- a **presence on the mobile/fixed convergence market** that secures customer loyalty and ensures a new source of growth. Buoyant business activity in 2010 was sufficient to offset the adverse effects of regulatory changes;
- a **robust financial situation:** the figures for 2010 show strong organic sales growth (up 14%, stripping out the effect of the cut in call termination rates), an improvement in EBITDA to €1,367 million, free cash flow of over €400 million and shareholders' equity in excess of €2.4 billion.

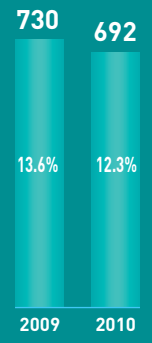
These very healthy fundamentals, plus the backing of the Bouygues group, ensure that the company has the resources to pursue growth and to grasp any opportunities that arise in 2011.

Sales
€ million



Current operating profit
€ million

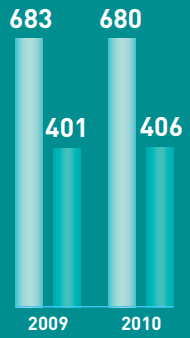
Current operating margin as %



Net profit*
€ million

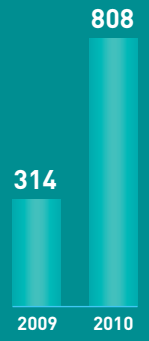
(*) Attributable to the Group

Cash flow
€ million



(*) Before change in working capital requirement

Fixed broadband customers ('000)



Mobile customers
'000

CONDENSED BALANCE SHEET

at 31 December

(€ million)	2009	2010
ASSETS		
• Property, plant and equipment and intangible assets	3,478	3,496
• Goodwill	8	8
• Non-current financial assets and taxes	27	16
NON-CURRENT ASSETS	**3,513**	**3,520**
• Current assets	1,292	1,267
• Cash and equivalents	15	194
• Financial instruments*	-	-
CURRENT ASSETS	**1,307**	**1,461**
TOTAL ASSETS	**4,820**	**4,981**
LIABILITIES AND SHAREHOLDERS' EQUITY		
• Shareholders' equity attributable to the Group	2,371	2,410
• Minority interests	-	-
SHAREHOLDERS' EQUITY	**2,371**	**2,410**
• Non-current debt	294	331
• Non-current provisions	166	148
• Other non-current liabilities	-	-
NON-CURRENT LIABILITIES	**460**	**479**
• Current debt	15	31
• Current liabilities	1,973	2,059
• Overdrafts and short-term bank borrowings	-	-
• Financial instruments*	1	2
CURRENT LIABILITIES	**1,989**	**2,092**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,820**	**4,981**
Net debt	**295**	**170**

(*) Hedging of financial liabilities at fair value

CONDENSED INCOME STATEMENT

(€ million)	2009	2010
SALES	**5,368**	**5,636**
• Net depreciation and amortisation expense	(604)	(664)
• Net charges to provisions and impairment losses	(24)	(41)
• Other income and expenses	(4,010)	(4,239)
CURRENT OPERATING PROFIT	**730**	**692**
• Other operating income and expenses	-	-
OPERATING PROFIT	**730**	**692**
• Income from net surplus cash	(10)	(9)
• Other financial income and expenses	(3)	(7)
• Income tax expense	(246)	(232)
• Share of profits and losses of associates	-	-
NET PROFIT	**471**	**444**
• Minority interests	-	-
CONSOLIDATED NET PROFIT (attributable to the Group)	**471**	**444**

Bouygues Telecom continued its growth strategy in 2010 attracting 25.7% of new mobile phone customers

2010, ANOTHER YEAR OF GROWTH

In 2010, against a background of slower market growth, fiercer competition and regulatory pressure, Bouygues Telecom:

- won more new customers for its fixed broadband service than any other operator and passed the milestone of 11 million mobile customers,
- achieved 14% organic growth in sales from network (stripping out the effect of the cut in call termination rates),
- stabilised EBITDA and free cash flow.

Bouygues Telecom generated sales from network of €5,060 million, 4% more than in 2009. Stripping out the effect of the cut in call termination rates, organic growth in sales from network would have been 14% and average revenue per customer[1] would have been stable overall.

Consolidated EBITDA rose by €23 million on 2009 to €1,367 million, an improvement of 1.7% despite considerable regulatory pressure:

- a 73% cut in the voice termination rate differential on 1 July 2010, following an initial cut of 25% on 1 July 2009, and a 66% cut in the SMS termination rate differential on 1 February 2010. Overall, the cut in call termination rate differentials (voice and SMS) had a negative impact of €121 million on EBITDA in 2010;
- a €56-million increase in taxes and licence fees.

Operating profit fell 5.2% due to higher amortisation charges linked to commercial success in the fixed broadband business (Bbox router and service access costs are capitalised).

Consolidated net profit amounted to €444 million.

Capital expenditure in 2010 amounted to €680 million, in line with the 2009 figure. Most of the investment went on developing the 3G network and services and equipping new fixed broadband customers.

Free cash flow amounted to €406 million, the same level as in 2009.

Bouygues Telecom had net debt of €170 million at year-end, €125 million less than a year earlier.

BUSINESS ACTIVITIES

The mobile phone market

The French mobile phone market grew by 4.6% in 2010, driven by an 8.6% rise in the number of contract customers. The number of prepaid customers fell by 4.5%, in a market segment that shrank for all three operators.

Within the contract SIM[2] segment in mainland France:

- machine-to-machine (M2M) SIM cards accounted for 5.8% of the customer base in mainland France at end-2010 and 29.3% of new contract customers in 2010;
- internet SIM cards (mainly USB keys) accounted for 6.1% of the customer base in mainland France at end-2010 and 18.5% of new contract customers in 2010;
- the corporate market is also growing.

MVNOs (Mobile Virtual Network Operators) accounted for 16% of new customers in 2010, compared with 21% in 2009, and for 6.3% of the total SIM base.

Bouygues Telecom, the third operator on the French mobile phone market after Orange and SFR, stands out from its competitors through its capacity to innovate and the quality of its customer relations. Bouygues Telecom continued its growth strategy in 2010, attracting 732,000 new customers (25.7% of the market total) and passing the milestone of 11 million mobile customers (11,084,000). Bouygues Telecom signed up 842,000 new contract customers in 2010, representing 23% of annual net market growth. With contract customers representing 79.1% of the customer base, the mix (proportion of contract to prepaid customers) improved by 2.5 points in relation to 2009.

The fixed broadband market

As Arcep[3] data for end-2010 are not available until early March 2011, the figures for the fixed broadband market are given as at end-September 2010.

The French fixed broadband market grew by 7% to over 20 million customers.

Over the first nine months of 2010, Bouygues Telecom attracted more fixed broadband customers than its rivals, coming first ahead of SFR and Free and accounting for 38% of net market growth. Over the year as a whole, Bouygues Telecom's fixed broadband customer base increased by 494,000 to over 800,000. As in the mobile segment, this achievement justified Bouygues Telecom's strategy of putting the customer first, in terms of both marketing, with the creation of generous and attractively priced offers, and customer relations.

(1) Rolling 12-month ARPU for the Arcep base (2) Subscriber Identity Module. See the Glossary in Additional information *(3) French electronic communications and postal service regulator*

Mobile: more generous offers

Bouygues Telecom owns a network of over 16,000 base stations covering 99% of the French population. In 2010, Bouygues Telecom continued to invest in rolling out its 3G+ network, which covered 83% of the French population at year-end, the coverage obligation in the terms of its licence being 75%. That new investment is helping Bouygues Telecom to expand the market for mobile internet access, guaranteeing comfort and ease of use for business users and consumers alike.

A responsible challenger, Bouygues Telecom continued to enhance its service packages in 2010, in particular by increasing the unlimited component:

- **prepaid:** cut in the price per minute, extension of 24/7 unlimited text messages to all operators, doubling of credit time;
- **Universal Mobile restricted service plans:** integration of legal downloads, extended internet, option of unlimited access to social networks, launch of a Blackberry restricted service plan;
- **service plans:** launch of Neo 24/24, an all-unlimited package offering 24/7 unlimited calls to all operators, SMS/MMS, internet, e-mail and mobile TV and launch of low-cost versions of Classic and Evasio service plans, which customers can sign up to at a reduced cost if they keep their existing handset;
- **business:** enhanced unlimited services have also been added to packages for business customers with the launch of Neo Pro 24/24, a comprehensive, 24/7 unlimited call plan, and Neo Entreprises 24/7, all-unlimited packages for professional and corporate customers respectively;
- **MVNOs:** agreements are continuing to come on stream as a result of attractive pricing and appropriate technical solutions.

Fixed broadband: successful diversification

A new entrant to the fixed broadband market in 2008, Bouygues Telecom has its own ADSL network comprising Digital Subscriber Line Access Multiplexers (DSLAM) integrated in 622 subscriber connection nodes and a comprehensive information system for consumers. Bouygues Telecom also has access to a further 1,250 subscriber connection nodes unbundled by SFR, giving it coverage of over 60% of the population.

Bouygues Telecom continued its useful innovation strategy in 2010, offering consumers new features that fulfil their expectations and meet their changing needs. The Bbox got a new remote control, a new, more fluid and more intuitive TV interface based on Flash technology, a wider choice of channels and a new TV and services portal that brings together all the latest fixed and mobile content and services to give customers a seamless digital experience. The portal provides rapid access to services like e-mail, digital recording, an applications library and consumption tracking plus direct access to content from providers like Météo France (weather), Allociné (cinema listings) and Mappy (location finder and journey planner).

The Bbox fibre package includes very high speed internet access (up to 100 Mbit/s)

Combining the Bbox router with an unlimited mobile service plan in the All-in-One **ideo 24/24** package launched on 25 May 2010, Bouygues Telecom became the first network operator to offer consumers 24/7 unlimited calls from a mobile to all operators, plus unlimited 3G+ SMS/MMS, internet and television.

Very high speed fixed network: fast fibre

In 2009, Bouygues Telecom concluded a partnership agreement with Numericable under which it can use Numericable's optical fibre network to the last amplifier (FTTLA). The agreement means that Bouygues Telecom can now offer a very high speed service to over 6 million households via the most extensive very high speed fixed network on the French market to date.

Adding its own Bbox routers and service platforms, Bouygues Telecom has created an original and high-quality package that allows a mass consumer market to discover the advantages of fibre at attractive prices.

Launched on 2 November, the **Bbox fibre** package includes:

- very high speed internet access (up to 100 Mbit/s),
- high definition TV (including a digital recorder and time shifting),
- unlimited calls to fixed phones and over 100 international destinations.

The capacity of the network plus separate bandwidth for TV and the internet mean that users can experience all three features simultaneously without any loss of quality.

The Neo 24/24 range for business users has been extended and priced even more attractively

On 9 December 2010, Bouygues Telecom concluded a joint investment agreement with SFR for the construction of the horizontal part of an optical fibre network to the customer's home (FTTH) in certain districts of high-density areas. The network will offer even high speeds than FTTLA (fibre to the last amplifier).

Bouygues Telecom is planning to launch Bbox fibre on its new FTTH network in the second half of 2011. In doing so, it will become the first French operator to offer services tailored as closely as possible to its customers' needs in all three fixed technologies (ADSL, FTTLA, FTTH).

SUBSIDIARIES AND AFFILIATES

Réseau Clubs Bouygues Telecom (RCBT)

There were 634 stores in the Clubs Bouygues Telecom network at end-2010, 275 of them in shopping centres. RCBT reported a 10% increase in sales in 2010 to €537 million.

Extenso Telecom

A wholesale distributor of telecommunications products and services, Extenso Telecom coordinates and supplies an expanding network of 3,800 sales outlets. It reported sales of €266 million in 2010.

Bouygues Telecom Initiatives

Bouygues Telecom Initiatives is a subsidiary created in December 2008 to support innovative new firms in the electronic communication services sector. In 2010, the company took a stake in Recommerce (mobile handset recycling) and concluded co-development agreements with Axible Technologies (remote control functions) and Broadpeak (video content delivery).

Business distributors

Bouygues Telecom took minority interests in two companies in 2010: a 27% stake in Azeïde Groupe, a business phone services distributor in southwest France, and a 24% stake in 1913, an independent business phone services distributor for SMEs and professionals.

LEGISLATION AND REGULATION

Legislation

Illegal downloads

Hadopi, France's copyright enforcement agency responsible for combating illegal downloads of cultural works, asked internet service providers to send its first warning e-mails to web pirates. The e-mails were sent on 1 October.

Suppression of dual-rate VAT

The 5.5% reduced rate of VAT on subscriptions that enabled customers to receive television services as part of a bundled or mobile package including phone, internet and television services was scrapped in the 2011 Budget Act. The standard 19.6% rate of VAT is now charged on such subscriptions.

Supplementary contribution to IFER

In addition to the flat-rate tax on network businesses (IFER) applicable to radioelectric stations, the 2011 Budget Act introduced a supplementary contribution of up to 5% to finance research into electromagnetic waves and the measurements taken by Anses, the National Agency for Food, Environmental and Occupational Health and Safety.

Regulation

Call termination rates

Arcep, the French electronic communications and postal services regulator, took a decision that extends prevailing maximum voice call termination rates (3.4 euro centimes per minute for Bouygues Telecom, 3 euro centimes per minute for Orange and SFR) from 1 January to 30 June 2011. The regulator will set maximum rates for the remainder of the three-year cycle (July 2011 to December 2013) at a later date.

An Arcep decision defined the level of SMS termination rates from 1 October 2010. Although the decision provided for a steady reduction in prices to 1 euro centime per SMS, it maintained the asymmetry between Bouygues Telecom and its competitors until 1 July 2011. Arcep also maintained and specified the details of regulated prices for SMS wholesalers.

International roaming

On 1 July 2010, in accordance with European regulations, roaming charges for voice calls in an EU country were cut to 39 euro centimes per minute for outgoing calls and 15 euro centimes per minute for incoming calls. The €50 cap on bills for roaming mobile internet use in the EU now applies by default to all customers who have not chosen an alternative option. Operators must also send users a warning message when they reach 80% of the set amount and cut the connection when the limit is reached. The current regulation is due to be revised before June 2011.

Consumer affairs

After submitting a report to Parliament on the unconvincing impact of recent consumer legislation (Act 2008-3 of 3 January 2008 on the development of competition for the benefit of consumers, known as the Chatel Act), Arcep opened a public consultation until mid-January 2011 on 23 proposals intended to improve the offers made to consumers by fixed and mobile operators. The main thrust of the proposals is to limit the periods for which customers are locked in to contracts and ensure more transparent information about the content of service packages.

Optical fibre

Supplementing its decision of 22 December 2009 relating to high-density areas, in December 2010 Arcep adopted a regulatory framework for the rollout of optical fibre outside high-density areas.

The French government launched its nationwide very high speed programme with the objective of rolling out new digital infrastructure in urban and rural areas in order to prevent the emergence of a digital divide. The 2010 National Loan will provide €2 billion of funding for the programme.

Under Act 2009-1572 of 17 December 2009 on fighting the digital divide, Arcep adopted a decision defining the terms of eligibility for financial aid from the digital regional development fund as part of the effort to finance very high speed networks.

Internet neutrality

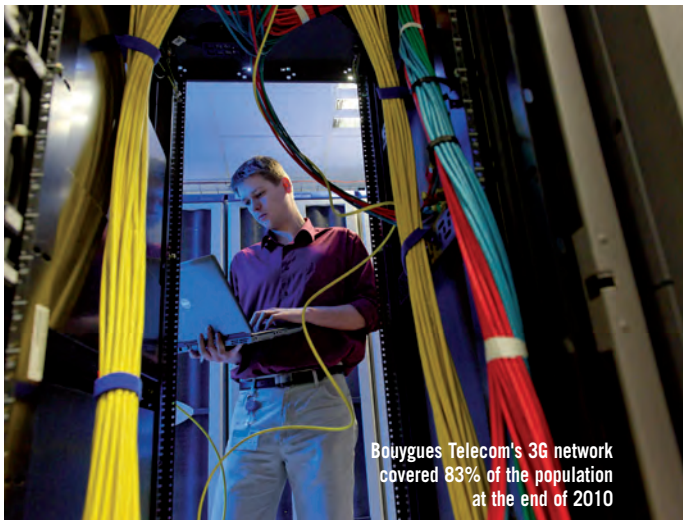
The explosion in data traffic and the need to finance the networks of the future are radically changing the business model for the internet, giving rise to a debate about internet neutrality. Content providers and internet users want to exchange data without restriction, while operators want to manage the traffic on their networks and receive payment from content providers for carrying their data. On 30 September, Arcep published ten proposals and recommendations on the subject, designed to promote a neutral and high-quality internet. This should enable mobile operators to propose differentiated services according to the bandwidth and quality on offer.

2G coverage

The renewal of Bouygues Telecom's authorisation to use 900 MHz and 1800 MHz frequencies from 9 December 2009 included a requirement that 99% of the French population should have 2G coverage by the end of 2010 (blind spots included), which was met.

3G coverage

On 11 February 2010, the existing three mobile operators concluded a 3G network infrastructure sharing agreement under which 3G coverage similar to 2G coverage will be achieved in the areas concerned by the end of 2013. 3G coverage will be extended in about 3,600 municipalities, the majority of them corresponding to those that already have 2G coverage under the blind spot programme. A separate agreement was also concluded with the fourth operator, providing for its subsequent inclusion.


Bouygues Telecom's 3G network covered 83% of the population at the end of 2010

The last rollout requirement for Bouygues Telecom stipulated in the terms of its 3G licence of 3 December 2002 was to cover 75% of the population by 12 December 2010. The company already covered 83% of the population at that date. The coverage requirement for Orange and SFR at end-2010 was 91% and 88% respectively.

4G frequencies

In 2010, Arcep conducted consultations before calling for bids for the allocation of

frequencies in the 800 MHz (digital dividend) and 2600 MHz bands. The licences will pave the way for the rollout of nationwide very high speed mobile networks using the Long Term Evolution (LTE) technology, ultimately offering better performance (especially higher speeds) than 3G. Bouygues Telecom has asked for 800 MHz frequencies to be pooled in low-density areas, given the narrow width of the band. Procedures are due to be launched and final allocations made in 2011.

Revision of the regulatory framework for electronic communications

The telecommunications packet must be transposed into French law by 25 May 2011 at the latest. Provisions under consideration include one-day mobile number portability and wider powers for Arcep in matters relating to consumer affairs.

INNOVATION

Part of Bouygues Telecom's genetic makeup

From its inception, Bouygues Telecom has been a force for innovation in the market, from new technology and usage to mobile and fixed service offerings. The keys to its philosophy are:

- a strategy of participatory innovation based on:
  - a flexible organisation in which all players in the company are involved, starting with Innovation and Creativity teams and Market and Product Watch units in the United States and Japan,
  - methods to stimulate creativity (constitution of small brainstorming groups to come up with innovative concepts and solutions),
  - challenges using suggestion boxes integrated into the intranet site;
- exposure to innovations through a technology demonstration area, theme-based events and an intranet dedicated to innovation.

Mobile: higher speeds, greater bandwidth, more functionalities

The arrival of smartphones has caused an upset in existing mobile networks. Bouygues Telecom is paving the way for its future networks in partnership with other operators and equipment manufacturers. In 2010, Bouygues Telecom:

- carried out a LTE pilot scheme in Orléans so that future generations of LTE mobile broadband systems will be available sooner;
- took an active part in the RCS (Rich Communication Suite) pilot scheme with the other two French mobile operators, offering new, enhanced communication services such as instant messaging, video sharing and enhanced directory services;
- developed mobile applications such as the Ici-Info augmented reality application, available on most smartphones;
- took part in the launch of contactless services as part of the Citizy operation in Nice.

Technology, service quality, sales and marketing: Bouygues Telecom is a force for innovation in the market

The services have been developed with a new technology that opens the door to new ways of using mobile phones.

New services via the internet

In order to give its customers a better experience, Bouygues Telecom is also innovating in internet-related services and IP TV. A new set-top box was developed in 2010 for the launch of Bbox fibre and innovative quality control solutions were implemented.

Bouygues Telecom is preparing for the advent of future generations of boxes, in particular by developing new services such as home automation, energy management and personalised services to complement existing offers and integrating new peripheral devices to run them.

SUSTAINABLE DEVELOPMENT

Organisation

Bouygues Telecom's sustainable development policy is coordinated by the Innovation Architecture Services division in synergy with support and operational units. Under the supervision of the general management committee, the sustainable development unit's remit includes overall coordination of the roadmap, the related reporting, and working groups on cross-cutting issues. An executive committee made up of senior managers from the firm's main lines of business meets monthly to ensure operational coherence. At local level, two-person teams from Staff Services and Human Resources coordinate action on the company's 11 main sites.

Management system

Quality-based management

Bouygues Telecom has had NF Service certification for its customer relations centres since 2006 and for its consumer activities as a whole since 2009; the only operator to date to have achieved that distinction for all its internet, TV and phone services.

High-quality customer relations have always been a strategic priority for Bouygues Telecom, reasserted unequivocally in 2010 with a new identity called CARE. Standing for "Confidence, Accessibility, Responsibility, Enthusiasm", it encapsulates the commitment to support customers in the digital revolution and to guarantee that every single one receives high-quality, reliable, simple and ethical attention and service.

Those efforts were again rewarded in 2010 with first place in the TNS Sofres-BearingPoint customer relations league table for the fourth year running and the accolade Best Internet Service Provider by the consumer magazine *60 Millions de Consommateurs.*

Dialogue with stakeholders

Communication with customers

In April 2010 Bouygues Telecom, as a member of the French advertisers association UDA, signed a charter committing advertisers to responsible communication. Following up on its commitment, the company rolled out a responsible communication charter and reviewed the environmental impact of its communication media.

Dialogue with consumer bodies

Under the aegis of the Conseil National de la Consommation (French national consumer council), Bouygues Telecom took part in the working group on terminology for mobile data services set up within the French Telecommunications Federation (FTT). The aim is to promote more transparent communication and initiate a debate on the terms "internet" and "unlimited". In August 2010, in an initiative welcomed by consumer organisations, Bouygues Telecom became the first operator to change its sales documents, removing the word "unlimited" from its mobile data service literature.

Dialogue with staff

The company's 1,950 managers are regularly invited to chat online with the CEO about a range of subjects, sparking off a spontaneous dialogue. The members of the senior management committee also organise breakfasts with staff, while an in-house social network promotes conviviality and dialogue between people in different parts of the company.

Dialogue with employee representatives

A sustained dialogue took place in 2010 between Bouygues Telecom's management and its 343 employee representatives, at 282 meetings of 31 formal bodies. Discussions were organised with trade unions on subjects such as teleworking and dependent old people.

Special committees made up of human resources managers and employee representatives helped to ensure that the move of nearly 5,000 staff into new premises in Tour Sequana and the Technical Centre went smoothly.

TESTIMONIAL

Alexandre Lecornet,

programme manager at Bouygues Immobilier

"Imagine that you can remote-control the temperature of your apartment from your mobile phone. At Fort d'Issy, a low-energy residential programme, the first phase of which will be delivered in mid-2013, we are offering future occupants smart and eco-responsible management of their home. From a touch screen, they will be able to control lighting, heating and the alarm system, as well as connecting to handy internet services like traffic and weather information.

Through a unique partnership with Bouygues Telecom, it will be possible to control all these home automation functions on the move from a smartphone. In addition, future occupants will have a very high speed service as soon as they move in, with a Bbox preinstalled in their new home. Everyone will be able to control their energy consumption while accessing the latest features of digital life. It really is a win-win situation."

DIALOGUE WITH STAKEHOLDERS – BOUYGUES TELECOM

STAKEHOLDERS	PLAYER(S) IN BOUYGUES TELECOM	EXAMPLES OF TYPES OF DIALOGUE
Customers Consumer organisations (UFC-Que Choisir, Adeic, Familles de France, Familles Rurales, CLCV, etc.), AMCE	▶ Customer Service, Customer Relations, Consumer Affairs, Research, Legal Affairs departments	▶ Customer Service ▶ Customer satisfaction surveys, studies, round tables ▶ Meetings with consumer organisations
Employees Trade unions	▶ Management, Human Resources and Labour Relations managers	▶ Employee perception surveys ▶ Annual assessments ▶ Dialogue and negotiation of agreements with employee representatives ▶ Intranet site including an environment and sustainable development section ▶ Events, in-house magazine
Regulators and consultative bodies (Arcep, ANFR, CNC, etc.), central government (ministries, DGCCRF, etc.) European institutions	▶ Frequencies and Protection, Economic Affairs and Regulation, Consumer Affairs, Legal Affairs, Sustainable Development departments	▶ Responses to public consultations and questionnaires ▶ Meetings, participation in working groups ▶ Drafting of reviews, proposals
Industry organisations and associations, both French (FFT, Afom, Afutt, Afors Telecom, etc.) and international (GSMA, ECTA)	▶ Frequencies and Protection, Economic Affairs and Regulation, Consumer Affairs, Legal Affairs, Sustainable Development departments	▶ Discussions and working meetings with operators on non-competitive issues of mutual interest ▶ Industry responses to public consultations
Local residents associations, national associations, associations with a special interest in radio masts	▶ Frequencies and Protection, Network External Relations departments	▶ Discussion of Grenelle I and II Acts, round tables, public meetings ▶ Website devoted to the issue of radiofrequencies and health
Suppliers and service providers	▶ Purchasing department	▶ Executive committees ▶ Third-party evaluations and audits ▶ Supplier mirror surveys
Mayors and elected officials, prefect Land and building owners	▶ Network External Relations, Asset Management departments	▶ Public meetings ▶ Consultation meetings ▶ Trade fairs ▶ Local residents meetings, exhibitions

Adeic: Consumer Protection, Education and Information Association; Afom: French mobile phone operators association; Afors Telecom: French Association of Telecommunication Networks and Services Operators; Affut: French Telecommunications Users Association; AMCE: Electronic Communications Mediation Association; ANFR: National Frequencies Agency; Arcep: French electronic communications and postal service regulator; CLCV: Consumer, Housing and Lifestyle Federation; CNC: National Consumer Council; DGCCRF: French consumer affairs, competition and fraud watchdog; ECTA: European Competitive Telecommunications Association; FFT: French telecoms federation; UFC-Que Choisir: leading French consumer association

Commitment to the environment

Helping to reduce the environmental footprint of customers and other sectors

Eco-design products

In 2010, Bouygues Telecom Entreprises chose eco-design products like the Samsung Blue Earth and Sony Ericsson Cedar handsets. At the same time, customers' attention was drawn to audio-web and videoconferencing solutions as options for limiting business travel.

The environmental impact of SIM card packs was considerably reduced thanks to new packaging 14 times lighter than the previous type, reducing CO_2 emissions linked to its production by a factor of 30.

A "more responsible" online store was created on the www.bouyguestelecom.fr website in 2010 to promote green behaviour among customers.

It features responsible deals and service plans such as packages without a handset and "Eco" versions of service plans, eco-design mobiles, handsets for older and disabled people, eco-services such as handset recycling and electronic billing, as well as energy-saving tips such as turning handsets off at night.

In the context of a partnership between Bouygues Telecom and Bouygues Immobilier and the market launch of apartments in the Fort d'Issy eco-community in Issy-les-Moulineaux, future occupants have been able to sign up to a turnkey package including a preinstalled very high speed Bbox

integrated into their apartment plus a year's subscription. Buyers will also have access to innovative home automation services such as remote-controlled blinds and heating and control of energy consumption.

The European Commission has announced the arrival on the European market in 2011 of the first universal chargers and computerised mobile phones that meet new harmonised standards. In 2005 Bouygues Telecom, first with Adeic[4] then with Afnor[5], initiated work on standardising accessories subsequently submitted to French standardisation bodies for approval. The universal charger will mark another step forward in making life easier for consumers while also reducing waste.

Collecting and recycling handsets

New services for recycling used handsets were introduced in 2010:

- for the general public, via the internet or in stores: users can receive a cash payment or donate the value of their handset to a charity supported by the Bouygues Telecom foundation;
- for businesses: the proceeds from recycling mobile fleets are used to finance reforestation projects coordinated by EcoAct as part of the United Nations Environment Programme (UNEP) Plant for the Planet scheme.

After collection, handsets are processed and reconditioned by Ateliers du Bocage, an offshoot of the charity Emmaus France, which employs people in situations of exclusion. They are resold in France and on emerging markets. Those that no longer work are passed on to companies that process electrical and electronic waste.

Reducing the environmental footprint of our activity

Electricity consumption

Energy efficiency is a powerful short- and medium-term means of leveraging Bouygues Telecom's 3R policy (Reduce, Reuse, Recycle) and actions to reduce greenhouse gas emissions, measured in its annual carbon balance.

Initiatives to optimise consumption include better supplier selection, software solutions, energy recovery, new and more energy-efficient premises, new monitoring and analysis tools and the adjustment of contracts with utilities.

Through such initiatives, Bouygues Telecom has stabilised its energy consumption even while usage is growing strongly.

In 2010, the company also expanded its range of alternative energy solutions for powering base stations: two new base stations using solar- and wind power were designed for installation in the Paris region.

Sustainable building operation

Having obtained HQE®[6] Construction certification for its most recent sites, Bouygues Telecom is now seeking HQE® Operation certification. After the Bourges customer relations centre in 2009, the two new sites in the Paris region will be audited in 2011 and 2012 respectively.

Paper consumption

Six years after its creation, Bouygues Telecom became the first mobile phone operator to offer its customers interactive e-billing, giving them easier access to information and making them more autonomous. Half of its customers had opted for e-billing by the end of 2010.

The company has cut quantities and optimised the format and weight of its sales and marketing media, enabling it to keep paper consumption below the increase in the number of customers.

Within the company, new-generation mopiers (photocopier, printer, scanner) have been installed at the two new sites in the Paris region, encouraging the digitisation of documents and reducing office paper consumption by over 35%.

Managing waste from base stations and offices

Cleaning days[7] were organised before the move into the new premises, providing an opportunity to remind staff about waste sorting.

Bouygues Telecom has continued its collaboration with Esope and ATF, companies in the sheltered sector which process and recycle used network and computer equipment.

Commitment to society and employees

Health and safety

In 2010, Bouygues Telecom actively contributed to the work of Comop[8], a stakeholder body whose members include ministries, elected officials, associations and experts. The body has conducted a survey of exposure to electromagnetic fields in five municipalities. The first results, for the city of Grenoble, confirm that exposure levels are

TESTIMONIAL

Hervé Allart,

chairman of Delta Process

"Deaf people have always been excluded from customer service call centres. And yet direct contact with an adviser, as opposed to just an anonymous e-mail, is a basic right. Bouygues Telecom, always full of bright ideas, wanted to offer its hearing-impaired customers that access by calling on transcription and sign language specialists. That is one of our skills at Delta Process. Bouygues Telecom was already using our experts for its deaf employees so they asked us to develop Acceo, a translation service between its advisers and hearing-impaired customers. It is a partnership rooted in a shared conviction that effective customer service must be universal."

(4) Consumer Protection, Education and Information Association (5) French standardisation body (6) High Environmental Quality (7) Day spent by employees tidying their office, filing papers and storing archives (8) Operational committee responsible for a study of exposure to radio waves

620 volunteers worked on schemes backed by the Bouygues Telecom Foundation in 2010

very low. They will be followed in 2011 by consolidated results for all the municipalities taking part in the experimental scheme.

To provide customers and potential customers with information, Bouygues Telecom helped to update the Afom brochure on mobile phone use and health and has distributed over 12 million copies in all. Comprehensive information about the Specific Absorption Rate (SAR) of radio-electric terminals is provided, together with a recommendation to use the hands-free kit, in compliance with the provisions of the landmark Grenelle I and II environment laws. Regular information about the state of scientific knowledge is also published on the www.bouyguestelecom.fr website, including the results of the Interphone international study. Bouygues Telecom has also shown, as part of a study, that exposure levels with a handset in 3G mode are 100 times lower than with a handset in 2G mode. The results will be published in scientific papers in 2011.

Maintenance technicians working in isolated areas are equipped with a device, developed in-house, that enables them to raise the alarm if they fall or are unable to move for an extended period. A signal is sent to the network control centre, which is then able to locate the technician and alert the emergency services.

An agreement on preventing psycho-social risks linked to workplace stress was concluded with the trade unions. Under the agreement, the stress and well-being unit created in 2000 has been made available to all employees, a counselling service has been set up and a wellness area has been created on the company intranet.

Making telephony and the internet more widely available

Coverage of blind spots

Under the blind spots and arterial roads programmes designed to reduce the digital divide, by the end of 2010 Bouygues Telecom provided 2G coverage to 2,900 municipalities and over 99% of the arterial roads with a priority listing. Under a resource sharing agreement with the other network operators, Bouygues Telecom is committed to bringing 3G to rural areas (mostly the 3,310 municipalities in the blind spots programme) by the end of 2013. Resource sharing, the test phase of which began in September 2010, has a threefold benefit: it brings broadband to users in low-density areas, ensures greater social and geographical cohesion and minimises environmental impacts since existing infrastructure is pooled.

Giving disabled people access to electronic communications

Since March 2010, Bouygues Telecom's customer service has been accessible to deaf and hearing-impaired customers in French sign language and in supplemented spoken language via a webcam or simultaneous written transcription. Work has continued in the stores network to ensure that furnishings are compliant with disability requirements and an accessibility audit of all sales outlets has been conducted. The Bouygues Telecom website also features a selection of mobile phone handsets suited to various types of disability.

Supporting customers in their mobile phone and Bbox usage

Protecting children from harmful content

The parental control service on mobile phones was extended to the entire internet in May 2010, when Bouygues Telecom became the first mobile operator to offer a comprehensive parental control solution for mobile phones. Enhanced and more reliable, the new service is based on a solution developed by Xooloo which is also used by the National Education Ministry to protect children using the internet in schools.

Protecting consumers

In the mobile phone segment, new guarantees have been provided through transparent communication about internet and e-mail use in service packages. An antispam application alerts Android customers to premium-rate text messages and numbers.

New fixed phone services

New support services have been proposed in the fixed phone segment, including the loan of a 3G key if a Bbox ADSL fails, a complete Bbox ADSL removal service, a self-diagnosis tool to give customers greater autonomy and solve problems in real time on the Bbox fibre and a Bbox customer area on smartphones with Android and iPhone apps to track phone and TV consumption, pick up voice messages and check call logs.

Favouring equal opportunity

Diversity in the workforce

Bouygues Telecom is continuing to promote diversity, convinced that its workforce should reflect the diversity of its customers and of French society as a whole. A number of diversity agreements have been concluded with the social partners, in areas such as disability, gender equality and older workers,

as part of a wider policy that includes the introduction of anonymous CVs for all positions vacant throughout the company.

Integrating disabled workers

As well as renewing its cooperation with training bodies (Tremplin and Arpejeh[9]) and a number of higher education institutions that promote the integration of disabled people (IGS), Bouygues Telecom implemented a third disability agreement in 2010 and set up a new partnership with Passerelle ESC, an association of business schools.

The company had 196 disabled employees at the end of 2010 and 60 workstations were adapted during the year with equipment such as special screens, special chairs, a system to transcribe sign language, etc. An accessibility audit of the new sites in the Paris region was carried out as part of the moving-in process.

Skills development and career enhancement

92% of employees received training in 2010, representing 20,500 training actions, most of them focusing on improving service quality and adapting skills to technological change.

Bouygues Telecom has developed an e-learning platform as a flexible and quick way of providing training.

Employees are also encouraged to acquire new skills through internal mobility.

Responsible purchasing

Bouygues Telecom continued its CSR[10] assessment of suppliers. Almost 130 suppliers had been assessed by the end of 2010.

CSR criteria were emphasised in the process for selecting eco-design packaging and eco-design furniture for the new sites. Purchases worth €1.4 million were made with the sheltered, adapted and integration sectors.

Bouygues Telecom is also a member of Pas@Pas, an association that promotes and facilitates subcontracting to the sheltered, adapted and integration sectors. A website acts as an interface and lists associations like Handeco in the sheltered sector and Avise, which promotes integration through employment.

Supporting good citizenship initiatives

In 2010, the Bouygues Telecom corporate foundation continued its work in its three chosen areas:

- medical and social, with the Association Petits Princes association that makes the dreams of seriously-ill children come true (12 dreams fulfilled in 2010),
- environmental, with the Nicolas Hulot Foundation to raise awareness of biodiversity and Surfrider Foundation Europe to clean up beaches and rivers (160 employees took part),
- cultural, with the Bouygues Telecom Foundation – *Métro* New Talent prize for a first novel, which is then published by Calmann-Lévy.

The Foundation provided a focus for 620 volunteers in 2010, involved either in one of its major projects or in the 28 local associations it supported during the year.

(9) Helping disabled schoolchildren and students to achieve their educational goals (10) Corporate Social Responsibility

OUTLOOK FOR 2011 – BOUYGUES TELECOM

Carrying on from 2010, Bouygues Telecom's objectives for 2011 are:

- **to strengthen its competitive position and continue its high level of organic growth,** in particular through attractively-priced quadruple play packages;
- **to offset some of the negative impacts of regulatory changes** (cut in voice and SMS call termination rates, decision not to pass on the VAT increase to mobile service plans that include television). Bouygues Telecom estimates that the cut in call termination rates had a negative impact on sales of at least €250 million and that the reduction in call termination rate differentials had a negative impact on EBITDA of at least €90 million.

Bouygues Telecom projects a 2% increase in sales in 2011 to €5,730 million.

Bouygues Telecom is also planning to **increase capital spending in 2011** to support the development of digital technology usage and enhance the growth potential of the fixed broadband and very high speed fixed market. Excluding the possible purchase of 4G frequencies allocated by Arcep* and investment in the optical fibre network, capital expenditure will be an estimated €750 million in 2011. The company expects to spend around €150 million on the optical fibre network in 2011.

Having signed in 2010 the telecom industry's voluntary sustainable development charter with the Ministry of Ecology, Sustainable Development, Transport and Housing, Bouygues Telecom has also made firm commitments relating to **Corporate Social Responsibility,** setting formal targets and establishing indicators.

In 2011, Bouygues Telecom will maintain its 3R policy (Reduce, Reuse, Recycle) and its handset recycling service by **strengthening the steering system** in all its lines of business.

Bouygues Telecom will also step up initiatives relating to **energy efficiency** and the **eco-design of its products.**

(*) French electronic communications and postal service regulator

SUSTAINABLE DEVELOPMENT: challenges and key indicators

	AIM	INDICATOR	UNIT	2009	2010	ACTION IN 2010	PROGRESS*	2011 OBJECTIVES
FINANCIAL AND BUSINESS CHALLENGES	Support customers in their mobile phone and Bbox use	Personalised customer consumption analysis[a]	Number	750,000	937,000	▶ Enhancement and personalisation of customer relations in order to optimise subscriptions. ▶ Customer awareness and messages about responsible behaviour (hands-free kit, low-SAR handsets, energy saving, handset recycling). ▶ Signature of a responsible communication charter for advertisers. ▶ Ongoing participation in government research and consultation exercises on radiofrequencies and health.		▶ Raise the visibility of responsible communication. ▶ Roll out the objectives set by Comop, the operational committee set up after the round table on radiofrequencies in May 2009, and communicate with consumers.
		Parental controls activated		115,000	118,000			
		Afom brochures on mobile phone use and health distributed		4,900,000	5,200,000			
	Deliver high-quality service to all customers whatever their products, services and contact channels	Position in the TNS Sofres-BearingPoint mobile phone customer relations league table	Ranking	1st (third year running)	1st (fourth year running)	▶ Preservation of service quality levels for Bbox and mobile phone customers. ▶ Development and promotion of customer autonomy, in particular via the internet.		▶ Emphasise the capacity of customer advisers to provide advice on both fixed and mobile services in order to ensure a level of service quality acknowledged by all customers. ▶ Develop local coordination of contact channels to further improve customer perception of service quality.
		Operator to be awarded NF Service certification for customer service centres by Afnor for all consumer activities (mobile and fixed services)	Ranking	1st	1st (under the new NF EN 15838 standard)			
		Customer relations activities covered by Afnor NF Service certification	%	100	100			
		Best ISP award from consumer magazine *60 Millions de Consommateurs*	Ranking	n/a	1st			
	Purchase responsibly	Sales with the sheltered, adapted and integration sectors	€ ' 000	996	1,462	▶ Ongoing EcoVadis CSR assessments of suppliers, in some cases including on-site audits. ▶ Launch of the online platform for procurement with the protected sector under the auspices of the Pas@Pas association.		▶ Step up reference to CSR criteria when choosing suppliers. ▶ Provide training in sustainable purchasing to 60 purchasers, raising their awareness of the adapted sector.
		Companies assessed[b] (suppliers and potential suppliers)	Number	46 (within under two years at end-2009)	95 (within under two years at end-2010)			
SOCIAL/HR CHALLENGES	Monitor employee health and safety	Workplace accidents - Frequency rate - Severity rate	%	(at 2 February 2010) 2.60[c] 0.069[d]	(at 8 February 2011) 2.99[c] 0.083[d]	▶ Negotiation of an agreement on stress. ▶ Awareness-raising of workstation ergonomics at the new Technical Centre and Sequana sites. ▶ Emergency alarm devices for the 200 base station technicians.		▶ Launch new initiatives to prevent psycho-social risks: sophrology, physical activity, etc. ▶ Roll out a road safety policy (motorcycle/scooter riding, driving audits for itinerant staff).
		Health and safety training actions	Number	Over 2,000	Over 2,000			
	Favour equal opportunity and develop employees' skills	Employees given training in how to take account of disability in working life	Number	280	389	▶ Official approval of the third agreement on the integration of disabled workers. ▶ More initiatives to keep disabled employees in work. ▶ Adaptation of workstations for disabled employees. ▶ Continuation and development of partnerships with associations (Tremplin, Arpejeh, Passerelles ESC, etc.) and higher education institutions (IGS) that promote the training and employment of disabled people. ▶ Training in mentoring skills for employees aged over 55. ▶ Help for employees to find new positions within the company through training. ▶ After the top corporate citizenship prize awarded by AFRC, the French Customer Relations Association, in 2009, award of the Top Employer label and special Talent Management Prize in 2010.		▶ Obtain the CSR label for the quality of relations with outside customer relations centres. ▶ Obtain the Afnor Diversity label. ▶ Continue commitments given under disability and older worker agreements. ▶ Launch mentoring initiatives for talented women ▶ Train managers in the promotion of diversity via e-learning. ▶ Continue to use training to develop the necessary skills to cope with changing technology and new products and services.
		Disabled employees	Number	178	199			
		Women managers	%	33	33			
		Employees given training	%	90	92			

Measures introduced in 2010 | Ongoing measures in 2010 | Mature measures (continuous improvement)

	AIM	INDICATOR	UNIT	2009	2010	ACTION IN 2010	PROGRESS*	2011 OBJECTIVES
SOCIAL/HR CHALLENGES	Give as many people as possible access to Bouygues Telecom services	Municipalities covered in the blind spots programme	Number	2,876 (at end-2009)	2,935 (at end-2010)	▶ Continuation of the extension of 2G coverage to blind spots and priority arterial roads. ▶ Conclusion of agreements on the active sharing by mobile operators of access to the 3G network from blind-spots base stations. ▶ Establishment of a service centre that puts hearing-impaired customers in contact with customer advisers.		▶ Continue to extend the coverage of blind-spot municipalities (target: over 3,300 municipalities). ▶ Launch RAN sharing in rural areas. ▶ Organise the third "Rencontres du Handicap" event.
		Priority arterial roads covered by Bouygues Telecom	km	200	500			
		Clubs Bouygues Telecom stores[e] accessible to disabled people	Number	304 (out of 388 Clubs stores)	352 (out of 413 Clubs stores)			
		Talking screen-readers provided to sight-impaired users	Number	326	321			
	Support good citizenship initiatives	Amount spent on sponsorship	€m	1 (including €130,000 to local associations)	1 (including €130,000 to local associations)	▶ Information about the Nicolas Hulot Foundation's "Evolution Chapter 2" programme provided to employees and customers. ▶ Involvement of 160 employees in operations to clean up beaches and rivers and encouragement of customers to take part. ▶ Continued support of the Association Petits Princes association to make seriously ill children's dreams come true.		▶ Renew the partnership with the Nicolas Hulot Foundation until 2013. ▶ Launch an internet platform to support and connect budding writers. ▶ Launch customer sponsorship of associations.
		Volunteer employees for the Bouygues Telecom foundation's initiatives	Number	508	620			
ENVIRONMENTAL CHALLENGES	Help to reduce customers' environmental impact	Used handsets collected	Number	13,400	19,857	▶ Roll-out of a new service to take back any used mobile handset through all distribution channels in order to encourage recycling. ▶ Eco-design of stand-alone SIM kits. ▶ Creation of a "more responsible" store on www.bouyguestelecom.fr, featuring responsible offers, service plans, handsets and services. ▶ Launch of Eco versions of service plans. ▶ Creation of an energy management system in Fort d'Issy apartments in partnership with Bouygues Immobilier. ▶ Interactive e-billing giving customers easier access to information.		▶ Introduce green product signage. ▶ Continue eco-design initiatives. ▶ Continue the shift to paperless documents.
		Consumers with service plans on e-billing	%	40	50			
	Reduce the environmental footprint of the activity	Overall energy consumption	%	+24 (in relation to 2008)	+4 (in relation to 2009)	▶ Roll-out of an action plan to keep energy consumption stable despite greater usage. ▶ Move of 5,400 employees to the Technical Centre and Tour Sequana, new HQE® buildings. ▶ Introduction of a pilot car pooling scheme at the Technical Centre.		▶ Continue action to control energy consumption and launch an EN 16001 policy. ▶ Optimise energy consumption at the two new sites in the Paris region. ▶ Introduce a plan to reduce greenhouse gas emissions. ▶ Obtain HQE® Operation certification for the Technical Centre. ▶ Introduce a company fleet of electric vehicles and try out a self-regulated car pooling scheme.
		HQE® Operation certification for the Bourges customer relations centre	-	n/a	n/a			
		Award of the Special Jury Prize (sustainable development category) at the Business and Information Society Awards	-	n/a	n/a			
		Electronically placed purchasing orders	%	41	56			

(*) Compared with 2010 objectives - n/a: not applicable

(a) Service introduced in 2007 at customer service centres, in February 2009 in Clubs Bouygues Telecom stores and in May 2009 on the internet (b) Assessments are valid for two years (c) Number of industrial accidents involving time off work x 1,000,000 / number of hours worked (d) Number of days off work x 1,000 / number of hours worked (e) Agencies and branches

Afom: French mobile phone operators association; Afnor: French standardisation body; Arpejeh: Helping disabled schoolchildren and students achieve their educational goals; SAR: Specific Absorption Rate, a measurement of the level of radiofrequencies emitted by a mobile phone handset; CSR: Corporate Social Responsibility

DETAILED SUSTAINABILITY INDICATORS at 31 December

FAMILY	INDICATOR	SCOPE	UNIT	2008	2009	2010	REPORTING FRAMEWORK
Health	Afom brochures on mobile phone use and health distributed	France	Number	2,587,648 (from April 2008)	4,960,005	5,221,447	GRI PR1
	Radiofrequencies and health: ▸ answers to letters ▸ answers to e-mails			215 324	120 63	40 13	
	Electromagnetic field measurements requested by stakeholders			437	900	703	
Employee benefits	Average gross amount of employee profit-sharing	Bouygues Telecom group	€	2,843 (received in 2008 in respect of 2007)	2,624 (received in 2009 in respect of 2008)	1,268 (received in 2010 in respect of 2009)	Internal
	Membership of employee savings scheme		%	66	63.2[a]	66.1	
Women	Women in managerial positions	Bouygues Telecom group	%	33	33.1	33.4	GRI LA13
Disabled people	Disabled employees	Bouygues Telecom group	Number	150	178	199	GRI LA13
	Disabled people hired			43	31	21	
	Sales with the sheltered, adapted and integration sectors		€ ' 000	795	996	1,462	
Absenteeism	Hours off work/working hours (excl. maternity leave)	Bouygues Telecom group	%	3.6	3.9	3.9	GRI LA7
Accidents	Frequency rate	Bouygues Telecom group	(b)	2.21[d]	2.60[e]	2.99[f]	GRI LA7
	Severity rate (o/w number of deaths, subcontractors included)		(c)	0.062[d]	0.069[e]	0.083[f]	
	Workplace accidents		Number	41 o/w 28[a] with time off	55 o/w 41 with time off	78 o/w 51 with time off[(f)]	
	Accidents on the way to and from work		Number	58 o/w 40[a] with time off	101 o/w 62 with time off	111 o/w 70 with time off[(f)]	
Training	Hours dispensed	Bouygues Telecom group	Number	247,529	278,783	298,898	GRI LA10
	Employees given training		%	90	90	92	
Solidarity	Expenditure	Bouygues Telecom group	€	1,000,000	1,000,000	1,000,000	Internal
Health	Action plan	Bouygues Telecom SA (excl. subsidiaries)	n/a	▸ Involvement in healthy eating programmes ▸ Involvement in programmes of regional events relating to relaxation, wellness, addiction prevention and healthy living	▸ Involvement in awareness programmes for first aid (eg, how to use a defibrillator) and occupational risks (eg, road safety, fire, etc.) and flu vaccination campaigns ▸ Involvement in programmes of regional events relating to relaxation, wellness, addiction prevention and healthy living	▸ Conclusion of an agreement on psycho-social risks and introduction of a counselling service ▸ Introduction of an emergency alarm system for field technicians ▸ Regional events on addiction prevention, wellness (HIV/AIDS, smoking, sleep, sophrology, etc.) ▸ Road safety programmes (training, driving audit, events and forums, especially for motorcycle/scooter driving) ▸ Preventive measures against flu and gastro-enteritis pandemics	GRI LA8

FAMILY	INDICATOR	SCOPE	UNIT	2008	2009	2010	REPORTING FRAMEWORK
Customer relations	Awards received in recognition of social, ethical and environmental achievements	France	n/a	▶ Top of the 2008 TNS Sofres-BearingPoint customer relations league table (mobile phone sector) ▶ Top in the Score - BVA and AAC customer relations survey (telephone and ISP sector) ▶ Renewal of NF Service certification for customer relations centres awarded by Afnor Certification in 2006	▶ Top of the 2009 TNS Sofres-BearingPoint customer relations league table (mobile phone sector) ▶ Extension of customer service centre quality certification awarded by Afnor Certification for all consumer activities (mobile and fixed-line services). First operator to obtain such certification ▶ Sustainable Purchasing Trophy awarded by French purchasing organisation CDAF, silver award from the trade magazine *Décision Achats* ▶ Second place in the ranking of best companies to work in organised by the Great Place to Work® Institute ▶ 2009 CSR prize awarded by AFRC, the French customer relations association	▶ Top of the 2010 TNS Sofres-BearingPoint customer relations league table (mobile phone sector) ▶ 6 sites with NF Service certification for customer relations centres under the new European standard NF EN 15838, for all consumer activities (mobile phone and fixed-line services: internet, TV, phone) ▶ Best ISP award from the consumer magazine *60 Millions de Consommateurs* ▶ Award of the 2010 Top Employer label and special Talent Management Prize ▶ Award of the Special Jury Prize (sustainable development category) at the Business and Information Society Awards	Internal
Recycling	Recycled handsets: ▸ collected in stores ▸ business customers ▸ internet ▸ employees ▸ through after-sales	France	Number	173,640 4,021 5,560 659 54,000	9,218 3,628 0 538 43,876	5,366[g] 3,261 7,873[h] 3,357[i] 93,651	GRI EN15
	Recycled network equipment: ▸ batteries ▸ excl. batteries	France	Tonnes	1 280	3 415	0 332	GRI EN11
E-billing	E-billing of general public service plan customers	France	Aggregate	23%	40%	50%	GRI EN1
Consumption	Electricity consumption per occupied workstation in offices	France	MWh	3.51	3.38	4.22	GRI EN3
	Paper consumption per occupied workstation	France	Number of reams	5.89	3.91	2.77	GRI EN1

Financial and business challenges Social/HR challenges Environmental challenges

GRI: Global Reporting Initiative

n/a: not applicable

(a) Scope: Bouygues Telecom SA excl. subsidiaries (b) Number of industrial accidents involving time off work x 1,000,000 / number of hours worked (c) Number of days off work x 1,000 / number of hours worked (d) Based on decisions communicated by social security organisations at 25 February 2009 (e) Based on decisions communicated by social security organisations at 2 February 2010 (f) Based on decisions communicated by social security organisations at 8 February 2011 (g) Relaunch of the scheme to take in used handsets at stores in November (h) Relaunch of the scheme with donation to charity in January and/or cash payment in March (i) In-house actions and cleaning day

Commentaries on trends

Answers to letters and e-mails on the subject of radiofrequencies and health: the fall in 2010 is because the regular and comprehensive information provided by the company means that stakeholders are now more knowledgeable.

Recycled handsets: the introduction of a new collection scheme on the internet in January and in-house actions caused an increase in the number of handsets collected through these two channels in comparison with 2009. The scheme was not rolled out in Clubs Bouygues Telecom stores until November 2010. The increase in the number of handsets through the after-sales channel is due to the postponement until 2010 of a special campaign initially planned for 2009.

Electricity consumption per occupied workstation: the rise in 2010 is due to the move to new sites in the Paris region, which entailed consumption at both the old and new sites for a few months.

Paper consumption per occupied workstation: the introduction of new-generation mopiers at the two new sites in the Paris region reduced office paper consumption.

BOUYGUES

As the parent company of an industrial group, **Bouygues SA** focuses entirely on the development of the Group's businesses. It is the place where decisions are taken that determine the Group's activities and the allocation of its financial resources.

KEY FIGURES

2010 sales
€66m (-4%)

Operating loss
€28m (ns)

Net profit
€894m (-12%)

Employees
185

ns: not significant

The GLOSSARY can be found in
Additional information

BOUYGUES SA

INTERNAL CONTROL AND RISK MANAGEMENT

In 2010, Bouygues SA in liaison with its subsidiaries continued its work on internal control and risk management within a new system that draws on the recommendation and the reference framework issued by the AMF (Autorité des Marchés Financiers) on 22 July 2010. As in 2009, each business area assessed its internal control system and drew up a risk map using the method recommended by the Group. In 2010, for the first time, a risk map for the Bouygues group as a whole was presented to the Audit Committee and to Bouygues' Board of Directors.

In December 2010, Bouygues SA established a Group Internal Control and Audit department, tasked in particular with overseeing and coordinating internal control and audit systems Groupwide.

A fuller description of the Group's internal control and risk management system is given in the Chairman's report in the Legal and Financial Information section of this document.

MANAGEMENT

Bouygues SA pays particular attention to Group management, taking steps to encourage exchanges between support structures and businesses, motivate staff and develop team spirit within the Group. The main actions in this sphere in 2010 are described in The Group section of this document, under Sustainable development, research and innovation, human resources in the Group.

SERVICES RENDERED TO SUBSIDIARIES

As well as being responsible for the overall management of the Group, Bouygues SA provides a range of general and expert services to Group businesses in areas such as finance, communications, sustainable development, sponsorship, new technologies, insurance, legal affairs, human resources, etc. For that purpose, Bouygues SA and the main Group companies conclude annual agreements under which each business area can call on general and expert services as necessary. The amounts invoiced for such services in 2010 are shown in the Financial flows section below.

SHAREHOLDING IN ALSTOM COOPERATION WITH ALSTOM

Bouygues had 30.77% of Alstom's shares and voting rights at 31 December 2010.

The AMF amended its regulations governing tender offers on 31 January 2011. Inter alia, the threshold for triggering a mandatory tender offer was reduced from one-third to 30% of the capital or voting rights. However, Article 234-11, paragraph 2 of the AMF General Regulation states that the one-third threshold continues to apply to any person "who, after 1 January 2010, directly or indirectly holds between 30% and one-third of the capital or voting rights as a result of a firm commitment prior to that date, as long as the holding remains between these two thresholds".

On 25 November 2009, Bouygues gave a binding undertaking to acquire 4,400,000 Alstom shares in exchange for the shares in Alstom Hydro it held at the time. After the competition authorities had completed their review of the transaction, on 12 March 2010 Bouygues increased its holding in Alstom to 30.81% of the capital and voting rights, as stated in the Registration Document published in April 2010.

Consequently, the rule whereby companies that crossed the threshold of 30% of the capital or voting rights of a listed company after 1 January 2010 without a binding commitment prior to that date must reduce their holding below 30% by 1 February 2012 or file a draft tender offer does not apply to Bouygues.

The threshold applicable to Bouygues remains one-third as long as its holding is maintained at between 30% and 33.33% of Alstom's capital or voting rights. Bouygues is not therefore required to reduce its holding below 30% before 1 February 2012 or make a takeover bid for Alstom.

FINANCIAL TRANSACTIONS

On 12 February 2010, Bouygues launched a €500-million 8-year bond issue with a historically low 4% coupon. The aim was to take advantage of low interest rates to partially prefinance the redemption of bonds maturing in February 2011. The market responded very favourably to the issue.

In October 2010, Bouygues launched a bond exchange offer relating to the €1.15-billion 4.5% May 2013 bond and the €1-billion 4.375% October 2014 bond. On the occasion, Bouygues issued €1 billion of new bonds with a 3.641% coupon maturing in October 2019, mainly to exchange for bonds tendered in response to the offer. The transactions took place in good conditions and enabled Bouygues to extend the average maturity of its debt.

EMPLOYEE SAVINGS

It is Bouygues' belief that Group employees should be closely associated with the success of their companies, in which they play a key role. That is why it implements a proactive employee share ownership policy. In that context, in July 2010 Bouygues' Board of Directors decided to undertake a new capital increase reserved for employees. The leveraged scheme, called Bouygues Confiance 5, was completed successfully on 30 December 2010. It attracted over 30,000 employees, nearly 40% of those eligible. Detailed information about the scheme may be found in the Board of Directors' and Auditors' supplementary reports in the Combined Annual General Meeting of 21 April 2011 section of this document.

At 31 December 2010, Group employees owned 18.99% of the capital and 22.59% of the voting rights through a number of mutual funds. With over 60,000 employee shareholders, Bouygues is the CAC 40 company with the highest level of employee share ownership.

Two employee shareholder representatives have had seats on Bouygues' Board of Directors since 1995.

FINANCIAL FLOWS

In 2010, Bouygues SA received dividends totalling €977 million from its subsidiaries as follows:

- Bouygues Construction €170m
- Bouygues Immobilier €77m
- Colas €213m
- TF1 €40m
- Bouygues Telecom €361m
- Alstom €112m
- Other €4m

In 2010, Bouygues SA invoiced its main subsidiaries the following amounts under service agreements:

- Bouygues Construction €12.5m
- Bouygues Immobilier €2.9m
- Colas €15.1m
- TF1 €3.5m
- Bouygues Telecom €7.5m

There are no significant flows of funds between Group subsidiaries. Cash management is centralised within financial subsidiaries wholly owned by the Bouygues SA parent company. This arrangement ensures optimum management of financial expenses, since the surplus cash generated by certain companies can be used in addition to or in place of confirmed lines of credit granted by credit institutions to other subsidiaries.

When investing surplus cash, Bouygues has always avoided speculative instruments like securitisation vehicles, hedge funds, etc.

RESEARCH AND DEVELOPMENT, HUMAN RESOURCES

See The Group section of this document, under Sustainable development, research and innovation, human resources.

OTHER ACTIVITIES

Finagestion

When Bouygues sold Saur in 2004, Finagestion was the holding company that took over Saur's water and power interests in Côte d'Ivoire and Senegal. Bouygues owned 21.5% of Finagestion at 31 December 2010. Finagestion has been consolidated by the equity method since 2009.

Serendipity Investment

Alongside Artémis, Bouygues has had a 50% stake in Serendipity Investment, an investment fund, since 2008. Serendipity Investment's portfolio at 31 December 2010 comprised the following equity interests:

- 30.6% of F4 (online video games);
- 25% of Légende (film production);
- 25.6% of Michel & Augustin (food);
- 50% of Geny Infos (horse-racing information);
- 11.1% of Wonderbox (gift packs);
- 50% of Massecom (pooling of stakes for online horse-racing bets).

Serendipity Investment sold its stake in SPS (online games and betting) to TF1 in March 2010. Serendipity Investment also sold part of its stake in Légende (film production) in December 2010, reducing its interest from 35% to 25%.

Serendipity Investment sold its entire stake in Geny Infos (horse-racing information) to PMU on 9 February 2011.

ALSTOM

Ready for the recovery

KEY FIGURES

Figures for H1 FY2010/11
(1 April/30 September 2010. Grid included, consolidated over four months from June to September 2010)

Sales
€10,432m (+8%)

Operating margin
7.3% (-1.3 pts)

Net profit att. to the Group
€401m* (-29%)

Orders received
€7,038m (-1%)

Employees
94,500 approx.

(*) After a negative impact of €75 million linked to Grid acquisition costs and provisional allocation of the acquisition price

HIGHLIGHTS

Strategic acquisition

- June 2010: creation of the **Grid** sector, following the acquisition of Areva T&D's Transmission business.

Innovation

- September 2010: unveiling of the **Speedelia** non-articulated high speed train.

FY2010/2011 major contracts

- July 2010: **combined cycle power plant** in India (€450 million).
- September: Chennai **metro** in India (€243 million); **wind farm** in Scotland (€200 million).
- December 2010: **high speed trains** in Morocco (€400 million).
- January 2011: **power plant** in Estonia (first phase: €540 million).

THREE BUSINESSES:
Power, Transport, Grid

Tours tramway project

Operating in over 70 countries, more than 90,000 employees of **Alstom** apply their skills and expertise in three sectors – Power, Transport and Grid – at the heart of sustainable development challenges. Bouygues owned 30.77% of Alstom's capital at 31 December 2010. The two groups are developing their industrial synergies while allowing themselves to work independently according to the project.

BOUYGUES AS AN ALSTOM SHAREHOLDER

In June 2006, Bouygues acquired the French government's stake in Alstom, representing 21.03% of the capital, at a cost of €2 billion.

Since then Bouygues has gradually increased its stake, which stood at 30.77% at 1 March 2011. The three-year commitment to keep the Alstom shares bought from the government expired in June 2009. Bouygues consolidates its interest in Alstom by the equity method.

NON-EXCLUSIVE COOPERATION BETWEEN BOUYGUES AND ALSTOM

In April 2006, Alstom and Bouygues concluded a non-exclusive commercial and operational cooperation agreement. By sharing best practice in project management and pooling their commercial resources, the two groups plan to jointly develop integrated projects worldwide as they arise, drawing on Bouygues' expertise in civil engineering as well as Alstom's know-how in systems, equipment and services for power generation and transmission and rail transport.

However, the cooperation agreement does not contain any exclusivity clause and the two groups work together or separately, with or without other partners, in the interest of their clients.

ALSTOM HYDRO HOLDING

As part of the cooperation between the two groups, in April 2006 Bouygues also invested €150 million in a 50% stake in Alstom Hydro Holding, an Alstom subsidiary that supplies hydropower equipment.

The agreements gave Bouygues the option, in November 2009, of exchanging its shares in Alstom Hydro Holding for shares in Alstom or payment in cash.

On 25 November 2009, Bouygues notified its decision to exchange its 50% interest in Alstom Hydro Holding for 4,400,000 Alstom shares. The new shares were issued on 12 March 2010.

OVERVIEW OF ALSTOM

Alstom is an international group. In FY2009/10, the group generated 50% of its sales in Europe, 20% in Africa and the Middle East, 19% in North and South America and 11% in Asia-Pacific. Its financial year ends on 31 March. In FY2009/10, it reported a 5% rise in sales to €19.7 billion.

On 20 January 2010, Alstom and Schneider Electric concluded the acquisition of Areva T&D from Areva. Having obtained authorisation from the relevant authorities, the transaction was completed on 7 June 2010. Alstom thus added a third sector, Alstom Grid, corresponding to Areva T&D's Transmission business and enabling Alstom to offer services spanning both power generation and transmission. Areva T&D generated sales of over €3.5 billion from power transmission in 2009.

RAIL TRANSPORT

Alstom is one of the world's leading providers of rail transport equipment and services. Alstom covers the entire rail transport market, from very high speed to light urban transport, including metro and tramway systems, suburban and regional trains and locomotives. In addition to rolling stock, Alstom also provides infrastructure, signalling equipment, maintenance services and turnkey rail systems. It is the world's leading maker of high speed and very high speed trains and a world leader in urban light railway systems: Alstom makes a quarter of the world's subway cars and a third of its tramways.

POWER GENERATION

Alstom develops and markets a wide range of systems, equipment and services for the power generation sector and industrial markets.

Alstom is the world's leading provider of turnkey power plants, power generation services and air quality control systems. It provides solutions for all energy sources (coal, gas, oil, nuclear, hydro, wind), offering some of the most advanced technologies available for coal- and gas-fired plants.

A leader in clean power (technologies to reduce CO_2, NOx, sulphur and dust emissions), Alstom supplies, integrates and maintains all components necessary to deliver clean power solutions, from turbines and boilers to air quality control and energy recovery systems. It is also developing CO_2 capture processes that are currently being tested in pilot plants.

Alstom is a leading supplier of conventional islands for nuclear power plants and a key player in renewable energy, with solid positions in the hydro and, more recently, wind and solar power segments.

In addition, Alstom has extensive experience in retrofitting, upgrading, refurbishing and modernising existing power plants. It has supplied major equipment for 25% of the world's operating power plants.

POWER TRANSMISSION

Alstom Grid, created following the acquisition of Areva's transmission business (Areva T&D) in June 2010, develops electrical grid solutions including the most advanced technologies in the field. The world's third largest power transmission specialist, Alstom Grid has four main lines of business: products (electrical equipment for power transmission), systems (network management

Alstom is world leader for turnkey power plants

Creation of the Grid sector in June following the acquisition of Areva T&D's Transmission business

and major turnkey projects), automation (advanced information systems for real-time network management) and services. Alstom Grid offers solutions designed to make grids smarter.

ALSTOM'S BUSINESS ACTIVITY IN 2010

In the financial year ended 31 March 2010, orders taken by Alstom fell by 39% on the previous financial year to €14.9 billion, taking the order book to €42.6 billion, representing 26 months' sales.

In the first nine months of FY2010/11, Alstom booked orders worth €12.5 billion. Sales, at €15.7 billion, were 9% higher than in the same period of the previous year. The order book at 31 December 2010 stood at €46.2 billion, representing nearly two years' sales.

Rail transport

The Transport sector took orders worth €1.6 billion in the third quarter of FY2010/11 (1 October to 31 December 2010).

A number of major contracts have been concluded since 1 April 2010:

- equipment for the first metro line in Panama and 45 cars for Santo Domingo's Line 2 metro (€300 million);
- a further 23 Régiolis regional trains for SNCF (€135 million);
- 168 cars for the Chennai metro in India (€243 million);
- 468 new cars for the Montreal metro in a consortium with Bombardier (Alstom share: €345 million);
- 14 high speed trains for Morocco (€400 million).

Power generation

The Power sector took orders worth €2.8 billion in the third quarter of FY2010/11 (1 October to 31 December 2010).

A number of major contracts have been concluded since 1 April 2010:

- construction and maintenance of two units for a combined cycle gas power plant in India (€450 million);
- contract with Iberdrola to add a 217-MW extension to Whitelee wind farm in the UK (€200 million);
- air quality control systems for a coal-fired power plant in South Africa (€160 million);
- construction and maintenance of a combined cycle gas power plant for KMC in Singapore (€320 million);

- construction of a combined cycle gas power plant for Tuas Power in Singapore (€260 million);
- maintenance and renovation of part of EDF's nuclear fleet in France (€340 million);
- new power plant in Estonia (Phase 1: €540 million);
- equipment for the Belo Monte hydropower plant in Brazil (€500 million);
- construction and maintenance of a combined cycle power plant for Sembcorp in Singapore (Phase 1: €300 million).

Power transmission

Sales of €2.7 billion were generated and orders worth €2.4 billion taken between 7 June and 31 December 2010, reflecting sustained activity in the sector.

Alstom Grid has concluded a number of major contracts since 7 June 2010:

- equipment for an offshore substation in Germany;
- an energy management system in Egypt;
- a new smart management system for Sweden's national grid;
- an energy management system in Kuwait.

ACQUISITIONS PARTNERSHIPS INVESTMENTS

In March 2010, Alstom and Transmashholding (TMH), Russia's leading maker of rolling stock, signed the documents setting out the details of the strategic partnership entered into on 31 March 2009, including Alstom's acquisition of a 25% stake in Transmashholding, currently being finalised.

In May 2010, Alstom entered the solar power market by taking a stake in BrightSource Energy Inc., an American company that designs, builds and operates tower-based solar thermal power plants.

In June 2010, Alstom and its partner Transmashholding concluded a cooperation agreement with Kazakh Railways to create a joint company that will make electric locomotives in Kazakhstan. Alstom and Transmashholding concluded a contract to manufacture the EP20 locomotive for Russian Railways.

In July 2010, Alstom concluded a cooperation agreement with the Iraqi government concerning development of the country's power generation capacities.

In September 2010, Alstom concluded an agreement with two Chinese companies, CNR and SEC, formalising a strategic partnership between the three companies to jointly develop new markets for mass transit products in China.

In October 2010, Alstom concluded a cooperation agreement with RusHydro for the development of hydropower in Russia. Alstom Grid also concluded a cooperation agreement with OAO FSK EES for the modernisation of Russia's electricity network.

In December 2010, Alstom concluded strategic agreements with Russia's leading energy firms relating to hydropower, conventional and nuclear power plants and power transmission.

The group also signed a cooperation agreement with China's Railway Ministry to participate alongside Chinese industrial partners in intercity rail projects on the domestic market and some export markets.

FY2009/10 RESULTS

Alstom managed to maintain solid operating results even though the economic slowdown hit the order intake hard, especially in the conventional power generation segment.

The operating margin improved from 8.2% to 9.1%, yielding an operating profit of €1,779 million, up 16%. Sales amounted to €19.7 billion, 5% higher than in the previous financial year. Net profit attributable to the Group amounted to €1,217 million, compared with €1,109 million in FY2008/09.

FIRST-HALF FY2010/11 RESULTS

Operating results in the first half of the financial year, which ended on 30 September 2010, were in line with Alstom's guidance for the year as a whole. The order intake and free cash flow suffered from weak demand for new conventional power plants.

However, Alstom achieved a sound operating performance, confirming its capacity to control overall project execution.

Half-year sales amounted to €10.4 billion, 8% higher than in the first half of the previous year. The operating margin was 7.3% compared with 8.6% in first-half FY2009/10. Net profit attributable to the Group fell 29% to €401 million. Alstom generated negative free cash flow of €963 million, affected by the decline in orders and the lack of major turnkey contracts.

THE ALSTOM SHARE

The Alstom share price stood at €35.81 at the close on 31 December 2010.

OUTLOOK

Alstom remains **in good financial health.** The company is adapting in response to changing markets. With the assurance of **a substantial order book,** the Group has confirmed that its operating margin in FY2010/11 and FY2011/12 is likely to be between 7% and 8%.

Over 3,000 Bouygues Telecom employees have moved into the Technical Centre at Meudon-la-Forêt since the start of 2010. The 57,000-sq metre HQE® High Environmental Quality building combines high technology with well-being, scoring high performance ratings on seven criteria. The Technical Centre is the result of successful cooperation between Bouygues Immobilier, Bouygues Bâtiment, Bouygues Telecom and the municipality of Meudon. *Photo: Augusto Da Silva/Graphix-images - Architect: Valode & Pistre*

RISK factors

A glossary is available at the end of this Registration Document.

RISK factors

Bouygues and its business areas are aware that they are operating in a degraded economic and financial environment. The Group continues to monitor very closely the development of the economic crisis that emerged from the 2008 financial crisis.

The GLOSSARY can be found in
Additional information

Every subsidiary of the Bouygues group has been instructed to remain vigilant in the prevention of counterparty risk by rigorous analysis of the risk relating to customers, subcontractors, suppliers, partners, retailers (for Bouygues Telecom), advertisers (for TF1) and banks. Particular areas for attention include contractual payment terms; regular checks on the solvency of partners, suppliers and subcontractors; and consideration of alternative solutions.

The Group, and especially Bouygues Telecom, is also monitoring trends in household consumption, though no significant change has been identified to date.

BUSINESS-SPECIFIC RISKS

Bouygues Construction

Risk management policy

In accordance with the Bouygues group's *General Principles of Internal Control,* Bouygues Construction identifies and evaluates the principal risks to which it may be exposed, and assesses the financial impact and probability of those risks.

Based on the method described on pages 186-192 of this Registration Document, it was confirmed that the principal risks identified in 2009 continued to apply in 2010.

Operational risk in the design phase

Even before the execution phase begins, Bouygues Construction may be exposed to risks arising from mis-estimation of project design and/or construction costs, failure to adequately address the client's objectives or the local environment, or incomplete contractual analysis.

Bouygues Construction has appropriate structures to reduce these risks, backed up by substantial human resources with expertise in project costing. Specialist technical units are involved alongside the legal and finance teams in all stages of the commercial process, from analysis of calls for tenders to contractualisation of the group's commitments. Some subsidiaries have their own in-house technical departments, and skill-sharing between operational units is encouraged by the use of themed experience-based guides.

On the highest-risk technical issues, independent consultants are invariably retained to back up the group's own expertise by benchmarking internal design solutions.

Operational risk in the execution phase

During the construction phase, Bouygues Construction may be exposed to risks arising partly from construction defects with potential repercussions for the cost of the project, the quality of workmanship or the time to completion, and partly from the failings of counterparties such as clients, partners or subcontractors.

These risks are mitigated by ensuring project teams have the requisite professionalism and are adequately staffed, plus proactive project management and a tightly-controlled contract monitoring process that allows actual experience to feed back into the system.

Specific steps to reduce execution risk include creating specialist works divisions, strengthening support functions (such as procurement), and enhancing the professionalism of project teams (especially through training).

Where projects present specific risks, the executive management of the company in charge of the project plays an active role in monitoring progress on the contract by holding specific Executive Committee meetings at appropriate intervals.

The pre-execution phase is a particular focus of attention, especially costing, the drafting of contracts, and scheduling.

In addition, the group has adequate insurance cover contracted with leading insurers.

Finally, strict approval and control procedures are applied, especially on technical issues for large-scale projects and for projects with specific risk exposures. These procedures build in a highly selective approach, designed to ensure firstly that such projects do not account for a disproportionately large share of recurring business, and secondly that risk allocation on long-term contracts – in particular Public-Private Partnerships (PPPs) in which the group provides full-service design, build and maintenance solutions – is commensurate with the group's capacity to assume risk.

Country risk

Bouygues Construction generates 45% of its sales outside France (and 11% in the European Union).

This substantial international presence generates various risks. These include political risks relating to governmental actions or policies, such as embargoes or the seizure of assets or bank accounts; social risks, such as strike action or civil disturbances; and economic and financial risks arising from currency devaluation, currency shortages or payment default.

Bouygues Construction uses a variety of means to limit these risks. Thorough investigations are conducted before prospecting for business in a new country. It is company policy to suspend commercial activities in regions with particularly serious political risk, and not to prospect for business in the most risky countries (in particular those experiencing serious civil or military unrest, or subject to United Nations embargoes). The company also operates preventive legal, financial and insurance measures: multilateral international financing is preferred, and political risk cover is contracted whenever it is available on the insurance market.

Regularly-updated business continuity plans are in place, a key aim of which is to safeguard people. Bouygues Construction ensures that the guidelines issued by French embassies are strictly followed in the countries concerned, and liaises with the embassies to develop evacuation plans for various alert levels. In addition, the group's flexible organisational structures make it possible, in exceptional circumstances, to withdraw its resources from countries where such risks crystallise while keeping its losses to a minimum.

Recession-related risk

Despite the nature and diversity of its activities, Bouygues Construction may – in the event of a serious economic crisis – face specific problems relating to delays in or abandonment of construction projects, difficulties in obtaining payment for projects currently in progress, or contraction in certain markets as some clients find it harder to raise the necessary funding.

Bouygues Construction addresses these risks by diversifying its geographical locations and partnerships and by closely analysing counterparty risk, in particular the solvency of its clients and their ability to raise funding.

In addition, tightly-managed business forecasting gives Bouygues Construction reasonably good visibility on its short-term prospects, helping the company anticipate adverse trends and reallocate resources to markets less affected by recession.

Bouygues Construction also encourages staff mobility between business lines and regions and the development of synergies between its various entities, and hence is always well placed to anticipate, react and adapt to changes in the economic environment.

Compliance risk

Bouygues Construction operates a decentralised organisational model that fits well with the quantity and size of its projects, and enables it to be highly responsive in its commercial dealings with clients.

While this model is essential from an operational standpoint, it does make it more difficult to prevent anti-competitive practices, despite numerous staff awareness and training programmes.

This risk has a potentially significant financial impact given the methods used by the French Competition Authority to calculate fines, and the possibility now open to project owners to claim compensation for losses incurred as a result of practices penalised by the Authority.

More generally, Bouygues Construction is committed to promoting exemplary commercial practices that comply with the principles contained in the Bouygues group Code of Ethics.

In line with this commitment, during 2010 Bouygues Construction introduced:

- a whistle-blowing procedure;
- a dedicated ethics training programme, scheduled to continue throughout 2011;
- an Ethics Committee.

Bouygues Immobilier

Bouygues Immobilier has an internal control system that aims to ensure that:

- laws and regulations are complied with;
- instructions and guidelines issued by senior management are followed;
- internal processes operate correctly, and procedures are applied;
- financial information is reliable.

Internal control is predicated on identifying and analysing risk factors that may prevent objectives from being achieved. Every year, Bouygues Immobilier carries out a risk mapping exercise, backed up by action plans.

Bouygues Immobilier has renewed its ISO 9001 certification (2000 version), which expired at end 2009. ISO 9001 certification – obtained from Afnor Certification, a highly-regarded independent body – uses audits to provide customers with assurance that quality procedures are being correctly applied.

To further strengthen standards in this area, Bouygues Immobilier has set up new organisational structures focusing on quality, including group Sustainable Development, Quality & Safety Department, plus dedicated Quality Directors in the Residential Property and Commercial Property divisions and the creation of a Quality/After Sales Manager post in each regional division.

In 2010, following an audit by Cerqual (an independent certification body), Bouygues Immobilier won the right to use the "NF Logement" quality mark. In addition, all residential programmes for which building permit applications have been filed from 1 July 2010 onwards are subject to the BBC-effinergie® low-energy accreditation process, which requires each programme to undergo an on-site assessment and audit by an independent body (Cerqual).

Property development risk

Bouygues Immobilier is a property developer. This involves specifying and arranging the construction of property complexes for customers, having first ascertained the administrative, commercial and financial feasibility of the project and acquired the site. Bouygues Immobilier specifies the project, but does not assume responsibility for either the design (for which an architect is retained) or the construction (which is usually contracted out to an engineering consultant). Once the necessary building permits have been obtained and the land has been acquired, Bouygues Immobilier delegates the construction work to building companies under the direction of the engineering consultant. The company also uses the services of technical inspection firms to ensure that building regulations are being complied with. Although Bouygues Immobilier does not assume responsibility for design or construction, it may nonetheless be held liable in its capacity as project owner in the event of an accident or claim; the company has adequate civil liability insurance in place to meet such claims. The company may also face claims from customers for defects in properties sold to them. Under the terms of the completion warranty, Bouygues Immobilier arranges for contractors to remedy defects on the snagging list as soon as possible. The company also ensures that all parties (contractors, engineering consultants, etc) scrupulously abide by their obligations under the terms of the standard ten-year construction insurance policy, including those related to specific surface area.

Commitment committees and acquisition of land Commencement of works

Bouygues Immobilier's business hinges on its ability to secure (once the period for appeal against the necessary administrative permits has expired) building land that meets the location and price criteria required by its customers. The resulting land bank is regularly monitored to ensure that it is in line with market demand in each region.

There are strict procedures governing decisions to purchase land. Any legal document intended to secure land (or a building) and that binds the company (even with a get-out clause) requires prior approval from a Commitment Committee. Membership of these committees is determined on the basis of internal procedural rules, which may be adjusted at any time to improve risk control. The terms of the transaction, and the decisions taken by the committee, are recorded in minutes that are distributed to all the participants. Until such time as the land is acquired by notarised deed, all approvals granted at committee level and all commitments are reviewed on a monthly basis.

Similarly, the decision to issue the notice to proceed with the works on a project is governed by strict procedures; in particular, a specified level of sales take-up is required.

Industrial and environmental risks

Bouygues Immobilier has further tightened its risk prevention policy, and systematically retains the services of environmental consultancy firms once it becomes interested in acquiring a plot of land. If the report raises question marks, the firm is then asked to perform a more detailed analysis and to prepare a full site rehabilitation programme with an optimal profile in terms of technical, economic and environmental factors. Specialist consultancy firms are retained to carry out soil investigation work designed to prevent geotechnical risk. Where demolition is required, Bouygues Immobilier ensures that regulations on asbestos removal and decontamination are complied with.

Environmental regulations derived from the Grenelle Environment Round Table

Bouygues Immobilier is paying close attention to all the regulatory developments arising from the Grenelle Environment Round Table process in France. These developments are already having a significant impact on the company's projects in both the design and construction phases: since 1 July 2010, all building permit applications filed by Bouygues Immobilier have been for buildings intended to achieve BBC-effinergie® low-energy certification.

Legal, regulatory and administrative permits

Bouygues Immobilier is exposed to the risk of appeal against the administrative authorisations (building permits) needed to carry out its property projects. The company protects against this risk by making sure that when it signs a promise to buy land, the purchase is contingent upon the deadline for appeals and administrative withdrawals having expired.

Business failure of contractors

Bouygues Immobilier is exposed to risks arising from the business failure of contractors working on its projects. Such failures can lead to late deliveries and to cost overruns, which can harm the company's reputation and profits. To prevent such risks, the company has overhauled its tendering process. The company pays close attention to the financial health of successful bidders, to ensuring diversity among suppliers of strategic goods and services, and to economic dependence on suppliers.

Tax regulations

New administrative or tax measures may alter the profile of the property market, and hence impact Bouygues Immobilier's business (such as amendment, abolition or restriction of tax breaks on buy-to-let new-build housing). The company limits the impact of this risk on its business by maintaining a reasonably balanced spread of products and customer profiles.

Counterparty risk

Bouygues Immobilier protects against counterparty risk by a vendor's lien or by obtaining bank guarantees for payment of the balance of the purchase price. The company closely monitors the quality of major service-sector tenants and operators of serviced accommodation. Detailed procedures have been issued in this area.

Economic environment

The property market is directly influenced by economic conditions, primarily the long-term interest rate (buyer loans), the unemployment rate, and the growth rate. Bouygues Immobilier is exposed to the resulting fluctuations in the property market, but its diversified product mix and geographical coverage make it better placed to cope with such fluctuations. Controls over the company's business activities and profitability are designed to build in flexibility.

Country risk

Through its subsidiaries, Bouygues Immobilier is involved in property development activities in other European countries (Poland, Spain, Belgium and Portugal). Activities outside France account for a small proportion of total sales (approximately 8%). The countries where Bouygues Immobilier operates have been affected to varying degrees by the economic and property crisis, and the company has adapted its strategy by scaling back its operations in the worst-affected countries. Exposure to currency risk (Poland) is hedged. The company requires its subsidiaries systematically to use external legal advisers, in order to address the risk of non-compliance with local laws and regulations.

Legal risks

The Legal Department assists operational units in structuring property development programmes, from land purchase through to final delivery. In specific areas, the department has established procedures and standard contracts. The European subsidiaries use local legal advisers, both in structuring programmes and in handling claims and litigation, in order to address the risk of non-compliance with local laws and regulations. In France, all insurance policies are contracted centrally by the Insurance Department in order to retain control both of the risks covered and the cover obtained.

Human resources risks

Bouygues Immobilier has delegated various responsibilities to site managers. Preventive and reactive maintenance measures are in place at the corporate headquarters, and regular evacuation drills are held in the interests of employee safety. The company has also instituted an internal work/life balance programme known as *"BI & Me"*.

Information systems risk

A new data centre, installed in 2009, provides Bouygues Immobilier with a level of service and security commensurate with its needs. The company also has a remote back-up IT site, which can get the business back up to speed quickly if the main site crashes. A dedicated unit monitors the latest IT threats, and adjusts the security systems in response to those threats.

Cash flow risk

The Treasury and Bank Financing Department handles all of Bouygues Immobilier's French cash needs centrally, along with cash transfers to and from the foreign subsidiaries. It also contracts or renews credit facilities, and checks the conditions for the issuance of bank guarantees. The department applies Group rules relating to internal and external security, liquidity, counterparty quality, credit agreement terms, and the measurement and (if necessary) hedging of interest rate risk and currency risk.

Colas

The assessment, monitoring and prevention of risks related to the specific nature of the group's businesses have for many years been core management principles at Colas. The group's decentralised structure is key to managing these risks.

At head office level, risk assessment and overall risk policy relies on feedback from reporting systems and dissemination of best practice. However, individual subsidiaries and profit centres are responsible for handling, controlling and monitoring their own risks. Major risks are identified, documented and assessed annually by executive operational management teams. This risk mapping exercise takes the form of a risk matrix, focusing on risks liable to impair

the attainment of operational, financial and strategic objectives. This matrix is then used to develop action plans to mitigate the identified risks. It is supplemented by a risk prevention policy based on monitoring of loss experience, analysis of causal effects, and feedback. Central co-ordination and leadership – based on reporting tools – serves to improve the risk identification and analysis process, collate feedback that can be passed back to the subsidiaries, and develop risk prevention policies and initiatives.

The business activities of Colas do not appear to have significant exposure to major or systemic risks given their nature, the dispersal of the group's profit centres and the large number of projects in which the group is involved. Apart from normal sensitivity to economic and financial conditions in the countries where Colas operates, the group's businesses are dependent on public procurement policies, changes in which may have consequences in terms of volumes and prices.

Legal risks

The business activities of Colas involve the decentralised awarding and execution of large numbers of contracts. Apart from generally applicable laws and regulations (such as competition law and criminal law), most public-sector contracts are subject to specific regulations, whether at national or international level. Because of the large number of contracts and its decentralised structure, Colas is exposed to legal compliance risk, despite substantial preventive measures (information, training, code of practice, etc.) and strong disciplinary procedures. These risks may lead to financial penalties (imposed by antitrust authorities, for example), criminal or civil liability, loss of contracts (prohibition on tendering for certain projects), or reputational damage. It is very difficult to assess the likelihood of such risks, or to quantify their effect.

Industrial and environmental risks[1]

The extent of fire and explosion risk depends on the size of the site, and the nature of the activities carried on there. This risk is regarded as immaterial at most of the group's sites, since they are relatively small. However, these sites are kept under regular surveillance to reduce the incidence of fires and explosions: preventive maintenance is supplemented by fire permit procedures and by annual audits of thermal and electrical installations using infrared thermography. Specific procedures apply to the largest and most inherently at-risk sites: in addition to regulatory requirements, they are monitored in conjunction with the engineering departments of their insurers, who issue risk prevention recommendations. These sites are:

- the impervious membrane plant at Courchelettes, operated by the subsidiary Axter;
- the bitumen and refined products plant at Dunkirk, France, operated by Société de la Raffinerie de Dunkerque (SRD).

All sites are covered by appropriate insurance policies.

The group's French industrial sites (other than SRD) are subject to regulations governing classified industrial installations. Quarries are also subject to specific regulations, and quarry operating licences incorporate site rehabilitation obligations. Similar principles apply in other countries where Colas has facilities of this type. Provisions are recognised in the financial statements to cover these obligations; these provisions are reviewed periodically. As of 31 December 2010, these provisions amounted to €133 million, compared with €113 million at the end of 2009. Colas has a policy of systematically obtaining environmental certification (ISO 14001, for example). Progress is documented and tracked using monitoring and certification audits, drawing on both external bodies and in-house resources; these are backed up by a global check-list system rolled out two years ago that now covers most of the group's materials production activities and provides a framework for action plans. At end 2010, 80% of the worldwide materials production revenues were covered either by certification or by the internal checklist system. All these arrangements have been incorporated into the French and international internal control system. The decommissioning costs of the SRD site have been provided for in the company's accounts, and the amounts involved are periodically reviewed.

Production sites may accidentally generate pollution incidents due to leaks in pipework or storage facilities, even though installations are designed and maintained so as to minimise the risk of such incidents (e.g. storage tanks). Given the large number of relatively small sites, and the risk management policies applied, any such incident is liable to be limited in scope and immaterial at the level of the Colas group.

The production processes at these industrial facilities generate CO_2 emissions, but the facilities are not subject to quotas (except in the case of SRD, discussed below). They are however subject to regular emission control inspections by external bodies, and to internal checks.

SRD, acquired on 1 July 2010, operates a plant that produces oils, bitumen and specialty products obtained by refining petroleum products. It is governed by regulations that apply to facilities regarded as "classified installations" for environmental protection purposes, and because of the type of products involved is subject to various European directives: the Seveso II directive (high threshold), the Large Combustion Plant (LCP) Directive governing control over emissions, and the Integrated Pollution Prevention and Control (IPPC) Directive. The requirements under these directives are incorporated into operating licences granted by the relevant local authority. Facilities on the site are designed and maintained so as to prevent or minimise the risk of pollution incidents or any other major incident. Specific control programmes are in place, and are checked by an internal inspection team. Government inspectors perform regular audits to check that these programmes are appropriate and are being adequately monitored. Accident scenarios are devised in conjunction with the authorities as part of hazard analysis studies,

(1) emulsion and bituminous membrane plants, quarries, asphalt plants, bitumen refineries, etc.

and emergency response procedures are formally documented in internal action plans.

Risk management is largely down to the professionalism of the onsite teams, who apply strict operating procedures documented in an ISO 14001 compliant safety management system. This system is submitted annually to a local information and consultation committee, made up of representatives from government (including the *sous-préfet)*, local authorities, community groups and industrialists. All minor incidents and accidents are logged and assessed. Any modifications are subject to failure mode, effects, and criticality analysis (FMECA), a standard method for assessing industrial hazards in complex systems. Maintenance work is subject to the strict requirements of the safety management system and to the preventive maintenance recommendations made by insurers' engineering departments. The site is shut down every five years for major upgrading: the 2010 budget for this shutdown was around €20 million.

SRD is also subject to regular inspections by DREAL, the regional environment, development and housing bureau, which is responsible for checking that procedures are being properly applied. Finally, because SRD's production processes emit CO_2, the facility is subject to emissions quotas; its declarations are verified by an approved firm of auditors.

Credit and counterparty risk
Country risk

The roadbuilding, waterproofing, safety/signalling and construction materials businesses have an extremely diversified customer base, including large numbers of private-sector customers and local authorities, so significant counterparty risk is low. In the rail sector, a very high proportion of business is with infrastructure companies or bodies under State control. Private-sector customers are subject to upfront credit analysis, backed up wherever possible with credit insurance, in order to mitigate counterparty risk. Based on statistical analysis, the most significant risks can be quantified at a few hundred thousand euros. Colas has responded to the increased risk level arising from the financial crisis by tightening the procedures applied prior to the signature and start of construction contracts.

Colas generates 92% of its sales in Europe or North America (United States and Canada). Exposure to country risk is therefore low. So is the risk of payment default, given that approximately 70% of sales are generated from the public sector (national, regional or local government), with a large number of low-value contracts.

Operations in high-risk countries with poor ratings from international agencies or credit insurance bodies (such as Coface) usually involve contracts funded by multilateral development agencies such as the European Development Fund or the World Bank. At end 2010, the most significant levels of overdue receivables were those recorded by subsidiaries in Central Europe and Morocco. Average days' sales outstanding has fallen since 31 December 2009 at the Central European subsidiaries, but has risen to more than seven months for the Moroccan subsidiaries. These receivables represent amounts owed by the government or local authorities: while they are generating unforeseen additional recovery costs, there does not appear at present to be a high risk that they will not ultimately be collected.

Operational risks

Colas has detailed procedures in place for the transport of heavy plant and industrial machinery: reminders of the regulations applicable to the carriage of exceptional loads by road, use of standard load calculation software by all subsidiaries, preparation of a transport action plan by each subsidiary, instructions and procedures for securing heavy plant in transit, procedures for the contractualisation of transport and plant hire). Stringent fire prevention procedures are in place, especially in the waterproofing business, and preventive measures are also applied to excavation work where there is a risk of fracturing underground supply networks carrying dangerous substances (such as gas mains).

As regards accidents in the workplace and on work-related journeys, Colas has for many years followed a highly proactive prevention and training policy. This policy has led to significant and lasting reductions in the frequency of workplace accidents and road accidents, and continues to do so (see also the Human Resources chapter in the Sustainable Development, Research and Innovation, Human Resources section of this Registration Document).

Colas regularly monitors occupational health hazards. In particular, the group has been monitoring exposure to bitumen fumes in France and elsewhere for around twenty years, and is represented on most of the task forces dealing with this issue. Within the group, the Human Resources and Environment departments are responsible for this, and report regularly on it to senior management.

Colas has been working on this issue with occupational health authorities and government agencies for some time and regards the risk as low and adequately mitigated, except in confined spaces (tunnels) where specific risk analysis is necessary due to the combined effect of vehicle exhaust fumes. The only proven undesirable health effect is irritation of the respiratory tract.

USIRF[2], the French road construction industry trade body, has posted on its website a list of hundreds of studies on the subject. None of these studies proves a link between bitumen fumes and cancer, while the latest and largest studies conclude much more categorically that there is no such link. In Germany and the Netherlands, bitumen is now classified as non-carcinogenic. In North America, government authorities, trades unions and the road construction industry have never recognized any cancer risk based on the

(2) Union des syndicats de l'industrie routière française

studies conducted to date, and have merely sought to reduce exposure to bitumen fumes because of their irritant properties.

Based on all of the studies conducted, Colas does not regard exposure to bitumen fumes as a potential cause of cancer. Colas is keeping a close eye on this issue in France, with recent lawsuits and media campaigns seeking to cast doubt on the main material used in roadbuilding. The industry has set up a crisis management unit to respond to this challenge, and a round table has been organised with the Ministry of Labour, CNAM-TS (the national health insurance fund), the occupational health authorities, OPPBTP (the construction industry health and safety body), and INRS (the occupational health and safety research institute).

There is no apparent obsolescence risk in terms of patents or processes. Colas has developed a research and development policy that allows for the constant refreshment and upgrading of the company's technical know-how.

General contract execution risk is relatively limited due to the large number of contracts and their low average value. However, some subsidiaries do work on large-scale projects. Although these contracts are subject to specific monitoring procedures, they are nonetheless more exposed to issues relating to complexity, design, unforeseen circumstances (geological or archaeological constraints, making land available for construction), execution, delivery lead-times, etc. For example, Colas is currently experiencing difficulties in Romania on a €175 million design-and-build contract for a 20-kilometre section of the A2 Cernavoda–Constanta motorway, following a major unforeseen change in the road alignment in order to protect archaeological sites and significant delays in the release of land needed for another section of road. Work is just over 10% complete, and negotiations are under way to amend the contract to reflect these latest unforeseen circumstances.

The activities of Colas may also be sensitive to natural phenomena, and particularly to the weather. Adverse weather conditions (rain, snow, frost) may generate additional costs to completion, and fixed costs erode margins more significantly during down time.

Commodities risk

Colas is sensitive to the regularity of supplies of key commodities, and to fluctuations in their cost. The main commodities involved are petroleum-based products in the roadbuilding business (bitumen, vehicle fuel, heating fuel, oils), together with other commodities such as steel, copper and aluminium in the security, signalling, waterproofing and rail businesses.

The biggest risk relates to bitumen and other petroleum-based products.

Supply chain risk

Delays or stockouts in the supply chain may lead to direct and indirect cost overruns in the roadbuilding and waterproofing businesses. This is not a systemic risk, except in the case of conflict and a total breakdown in petroleum supplies. This type of risk may affect a company, or more likely a region, over a variable period of time. Some years ago, Colas took steps to address this risk by setting up a group-level Bitumen unit, supported by similar units in some of the major regions where the company operates (North America), to improve supply chain capacity through bulk purchase agreements and imports. Over the years, Colas has also developed a bulk storage capacity policy in France, Europe, the French overseas departments, in the Indian Ocean, and – on a larger scale – in North America. Storage capacities are substantial relative to bitumen consumption in each region. The policy of building up storage capacity is ongoing, with new capacity being added as opportunities arise to buy existing facilities or create new ones. The acquisition of Société de la Raffinerie de Dunkerque, which produces around 300,000 tonnes of bitumen a year, is a significant factor in securing supplies for roadbuilding in France and Northern Europe.

Price fluctuation risk

There have been significant fluctuations in bitumen prices for several years. A number of factors serve to limit the risk arising from these fluctuations, including the number and average value of contracts (which means that prices can often be reflected in the tender bid), and the fact that many contracts (in France and elsewhere) include revision or indexation clauses. Staff involved in contract negotiations are made aware of this issue, so that it can be factored into the process. In some regions, it is possible to enter into supply contracts that fix prices at a guaranteed level for a specified period. For large-scale contracts, hedging strategies may be implemented on a case by case basis when orders are placed. In some of the Colas group's activities, such as sales of manufactured goods, rises in prices of bitumen and other petroleum-based products are passed on to customers to the extent that market conditions allow.

Given these factors, it is not possible to quantify the sensitivity of operating profits to price fluctuation risk: Colas is involved in thousands of contracts subject to varying degrees of legal protection, and the extent of price rises varies from region to region.

There is also an indirect risk that rises in prices of these products might lead to a reduction in order volumes, as customers respond to higher prices for works and services.

Risks relating to the activities of Société de la Raffinerie de Dunkerque (SRD)

SRD, acquired in June 2010, is sensitive to fluctuations in commodity prices. The profit of a speciality products refinery is based on the difference between the selling price of the refined products (oil, paraffin wax, bitumen, fuel oil) and the price of the raw material inputs to the refining process (atmospheric residue, hydrocrackate and feedstocks). Refining margin reflects this price differential.

The supply/production/sale cycle is short, and supply and sale contracts are drafted so

as to reduce this risk. Purchases of input raw materials are handled by a specialist committee. Raw materials are used in production one month after purchase, and the resulting products are sold that month or in the two following months. A hedging policy has been implemented to reduce this risk.

As of 31 December 2010, these hedges represented 58,000 barrels sold forward for a notional amount of €4 million. In accounting terms, these qualify as cash flow hedges, and their negative fair value (€0.125 million) was recognised in equity.

TF1

Risk of losing key programmes

Thanks to the talent of its creative staff and its privileged, long-standing relations with French and foreign producers, TF1 has always presented superior programming. The expertise of the channel's teams in programming and communication enable TF1 to highlight its key programmes. All these factors considerably reduce the risk that TF1 will lose these programmes, which would result in smaller audiences and, in the pay television field, strained relations with the distributors of channels in a market that is increasingly limited to a handful of players.

Although the level of advertising revenue is correlated with a channel's viewership and audience share, the relationship is not linear. A one-point decrease or increase in audience share does not necessarily result in an equivalent variation in advertising market share or gross or net advertising sales.

Risk of non-reimbursement of advances paid

TF1 enters into long-term contractual agreements for major events (for example, the Football and Rugby World Cups) that require advance payments to be made for broadcasting rights. TF1 is thus exposed to the risk that such advances will not be reimbursed if the event is totally or partially cancelled because of *force majeure.* TF1 negotiates clauses covering the reimbursement of advances, and whenever possible considers the advisability of insuring against this risk.

Risks related to the economic crisis

TF1, like the rest of the global economy, was affected by the 2009 economic crisis. To soften the impact of any future shocks to the economy and to be able to react even more effectively in the event of another downturn, the group has reorganised, introduced new processes, made part of its costs variable, and adapted its business model.

In 2010, the group continued efforts in the area of programming costs and purchasing policy, in particular by better matching rights acquisitions with identified audience strata.

Industrial risks

TF1 programme broadcasting - Risk of signal transmission interruption and execution risk

TF1's programmes are currently broadcast to French homes by:

- radio waves via TDF's 68 main transmission sites and 2,492 retransmission stations in the regions where the transition to all-digital is planned for 2011;
- non-scrambled satellite via a Eutelsat Atlantic Bird 3 transponder operated by Globecast;
- radio waves in free Standard Definition DTT via the 123 main and 892 secondary transmission sites operated by TDF, TowerCast, OneCast, and ITAS TIM;
- radio waves in free High Definition DTT via the 77 main transmission sites operated by TDF, TowerCast, OneCast and ITAS TIM;
- satellite in free-view digital on the Astra 1 position from SES in the DTT SAT offering, and on Eutelsat's Atlantic Bird 3 in FRANSAT's offering;
- cable (the "must-carry analogue" obligation at the cable operators' expense) in SECAM analogue;
- cable in standard definition digital;
- satellite in standard definition digital in the packages offered by CanalSatellite (SES Astra 1) and AB (Eutelsat AB3);
- ADSL and fibre-optic cable in standard definition digital via all Internet service providers: Orange, Free, SFR, Bouygues Telecom and Darty;
- cable, satellite, and ADSL in High Definition digital via a growing number of networks.

TDF is by far the leading national TV signal transmission operator, with a network and technical resources currently unmatched by any other company.

TF1 is therefore dependent on TDF for signal transmission. Despite the emergence of alternative transmission operators, TF1 cannot do without TDF's broadcasting facilities. As a consequence, if the TDF network breaks down, TF1 cannot switch to other terrestrial transmission systems to provide quick and economical coverage of its full broadcast area.

Multi-platform radio wave transmission (analogue, SD DTT, and HD DTT) will gradually reduce the impact of any failures, since these networks are not connected to each other and are staffed separately.

Broadcasting sites are generally reliable because of duplicate coverage from transmitters. However, incidents can occur with the antenna system (antenna, wave guides and frequency multiplexers), and the power supply is not under TDF's control (it is the responsibility of EDF).

There have been disruptions of TF1 signal transmissions for technical reasons such as transmitter failures or power outages. Contractual penalties are not commensurate with potential operating losses to TF1 during these incidents (including loss of audience, damage to TF1's image, rebates claimed by advertisers, loss of merchandising rights, etc.).

The current labour climate brings a risk of malicious actions that could have an impact on TF1's broadcasting. There have been several minor interruptions of service at transmission sites in the past.

The loss that TF1 could incur in the event of a transmitter failure is proportional to the number of television viewers served by the transmitter. A failure in the Paris region (10 million viewers) could have serious economic repercussions. For this reason, TF1 has negotiated an agreement for its digital transmissions requiring TDF to intervene very quickly in the event of a failure, and it has requested reinforced back-up measures. Since analogue transmission is being phased out and will end entirely at the end of 2011, equivalent measures were applied only in the case of the analogue transmitter at the Eiffel Tower, the most strategic for TF1's analogue broadcasting, which shut down on 8 March 2011.

Additionally:

- With the continued phase-out of analogue broadcasting in 2011, new risks are going to arise: first, in high-density population areas (the Paris region, for example), with possible consequences for apartment buildings, and second, in mountainous regions, where there is a risk with regard to the rate of dish antenna installation owing to the lack of digital capability at sites formerly providing analogue coverage to very small areas. Also, TDF's limited capacity to switch second-tier sites from analogue to digital could result in transmission outages lasting several days.
- The reallocation of frequencies with the deployment of new multiplexers (R7 and R8, for example) could have an impact on existing multiplexers and cause local disturbances in the group's networks.
- The transition to fully digital infrastructures (PNS2 – Process News and Sport 2) could result in problems that need to be taken into account when they affect prime-time programming.

Risk management policy

The "Réagir" Committee created in 2003 continues to work on monitoring and preventing the major risks associated with the group's key processes. It also updates and regularly tests rapid recovery plans that may be triggered when an exceptional event results in an interruption in signal transmission or loss of access to the TF1 building.

A secure external backup site set up in 2007 is now operational for programme transmission, the production of newscasts (TF1 and LCI), and the preparation of advertising spots for the TF1 channel. The company's vital functions are included in the security plan through an alert and activity resumption process. Besides real-time security, numerous areas such as accounting, treasury, payroll, Eurosport, e-tf1 and IT are protected by multiple-level security systems. Procedures are tested periodically so that the system can be adjusted, if necessary. Broadcasting continuity is ensured 24/24, and an operations simulation is performed every month.

In 2010, over seventy people in the company took part in a day-long simulation to test the back-up site. This exercise showed that it was possible to resume TV newscasts, ensure broadcast continuity and transmit advertising in conditions as complex as reality. The new news production system (PNS2 – Process News and Sport 2) has been installed at the back-up site to ensure that current stories are always available.

The "Réagir" plan was implemented twice in 2010 for incidents having no direct impact on the broadcast channel.

As with operational risks, TF1 carries insurance (both civil liability and property damage) that covers some of the risks mentioned above.

Competition risks

Risks related to the growth in digital terrestrial television and the internet (source: Médiamétrie)

The TF1 group operates in a constantly evolving competitive environment in which changes have been accelerated by:

- the development of digital terrestrial television (DTT),
- gradual changes in how entertainment is consumed due to the development of web-based media, which will see revenues grow in coming years, in part from below-the-line budgets.

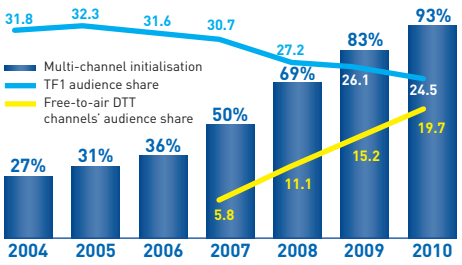
The launch of DTT in March 2005 marked the end of a television landscape in which access to free-to-air terrestrial television was limited by there being only six broadcasters with an analogue broadcasting licence.

The deployment of DTT has brought new channels and split the television audience among a larger number of players. The audiovisual landscape is changing rapidly. In January 2007, 40% of French households received multi-channel offerings; by the end of December 2010, that figure had risen to 98% (or an average of 93% for 2010 as a whole).

With this growth in free television offerings, TF1's audience share would have been expected to decline. However, the channel's audience has held relatively steady: while multi-channel offerings have increased three-fold in five years, TF1's audience share among individuals aged 4 and over declined from 31.8% in 2004 to 24.5% in 2010, or 7.3 points. Meanwhile, DTT's aggregate market share has increased from 5.8% in 2007 to 19.7% in 2010, or 13.9 points. TF1 is the only channel that continues to attract audiences of more than nine million viewers, and also had 97 of the top 100 audience ratings in 2010. The risk of audience fragmentation facing TF1 will be reduced by TF1's move into DTT with the acquisition of exclusive control over TMC and NT1.

With leisure time spent on entertainment – including television – steadily increasing, the group has consolidated TF1's leadership position by limiting the impact of these changes on viewership in three ways: by airing appealing programmes, by becoming a major DTT player with TMC (the leading DTT channel in 2010) and NT1, and by establishing TF1.fr as the leading French media website.

Audience share* of TF1 and free-to-air DTT channels



(*) multi-channel initialisation for individuals aged 4 and over

Risks related to the digital switchover

One risk related to the competitive environment is the reallocation of frequencies to new players (e.g. reallocation to broadcasting of some bandwidth from the digital dividend). Also, the formal notice from the European Commission to France creates some uncertainty concerning the allocation of compensatory channels to incumbent broadcasters once analogue broadcasting has entirely ended. This notice could result in a freeze on compensatory channels or in making the allocation of these new channels contingent on a bidding process.

Regulatory risk

Broadcasting licence and enforcement powers of the CSA

TF1 is an audiovisual communications service that requires a licence. The company's initial licence to use frequencies for a period of 10 years from 4 April 1987 (Act of 30 September 1986) expired in 1997. Based on Decision 96-614 of 17 September 1996, the channel received an initial five-year renewal of this licence effective 16 April 1997, with no requirement for competitive tender.

The TF1 channel's broadcasting licence was automatically renewed for the period 2002-2007 by a decision of the CSA (the French broadcasting authority) on 20 November 2001. Under Article 82 of the amended Act of 30 September 1986, this licence was automatically extended to 2012 in return for the simulcasting of the digital terrestrial free-to-air channel. The CSA, in a decision of 10 June 2003, modified the TF1 licence and contract terms to build in stipulations about the transfer of the channel's programming to DTT.

A law of 5 March 2007 modernising future audiovisual and television broadcasting introduced two automatic five-year extensions of TF1's licence. The first compensated for the early switch-off of the channel's analogue signal on 30 November 2011, and was subject to TF1 joining the economic interest grouping set up to implement the analogue switch-off. The second was in return for the channel's commitment to provide DTT coverage to 95% of the French population.

The TF1 group is subject to a variety of commitments covering general obligations to broadcast and invest in production, either through its schedule of conditions or as a result of regulations applicable to its activity. A change to the regulations could raise the current constraints imposed on TF1, with a possible negative impact on the company's profitability.

If TF1 fails to meet its contractual obligations, the CSA can, after giving formal notice and depending on the severity of the offence, impose one of the penalties set forth in Article 42-1 of the Act of 30 September 1986. These include a fine; a temporary ban (of no more than one month) on producing, broadcasting or distributing the service, or a category of programme, or part of a programme; or reducing the term of the licence to use frequencies by up to one year.

Challenge to the ban on advertising on France Télévisions

Article 53 of the Act of 30 September 1986 established the principle of a complete end to advertising on France Télévisions (the public service broadcaster) in 2012. An amendment to this article in the 2011 Finance Act deferred the ban until 1 January 2016. In exchange for this postponement, the tax paid by the channels to make up the deficit of France Télévisions was lowered to 0.5% of their revenues, a rate that will apply until 1 January 2016.

More generally, television channels are exposed to the risk of new taxes, such as the tax on internet advertising spend. For example, the recently-adopted rise in VAT on triple-play operators may affect future negotiations between pay-TV distribution platforms and TF1's theme channels.

Privacy law and defamation

There are no cases pending that present a major financial risk for TF1.

Bouygues Telecom

Infrastructure access

In a sector characterised by cycles of technological change, one of the major challenges facing Bouygues Telecom is to access infrastructure on the best possible cost terms within a timeframe that enables it to meet consumer needs for new services on a timely basis.

In the fixed broadband business, Bouygues Telecom has embarked on projects that will make it a key player. Since November 2010, Bouygues Telecom has been using the Numericable network and marketing the fibre Bbox, which offers faster speeds than ADSL. And an agreement with SFR to jointly deploy a fibre optic network with 3 million connections, signed on 9 December 2010, will make Bouygues the only internet services provider simultaneously present in ADSL, cable and fibre optic.

In the very high speed mobile business, Bouygues Telecom is adopting a wait-and-see approach and will decide on its position in light of the bidding procedures for the 2.6 GHz and 800 MHz (DN) frequencies, due to be launched by Arcep (the French electronic communications regulator).

Competition

Bouygues Telecom operates in a highly competitive environment, which will shortly change with the entry into the French mobile telephony market of Free, which has been awarded the fourth UMTS licence.

To anticipate future changes in the market, Bouygues Telecom initiated the "Oser" programme in 2009. Still ongoing, this programme aims to increase the pace of new fixed-line and mobile customer capture and to optimise production costs. Bouygues Telecom's approach focuses resolutely on customer satisfaction and a constant search for new ideas, as demonstrated by the launch of ever-more competitive and innovative packages such as:

- "ideo 24/24", the first quadruple play package to include unlimited 24/24 calls to any operator;
- "Neo 24/24", a spin-off package launched in November 2010;
- the "Neo Pro 24/24" and "Neo Entreprises 24/7" packages, which have become the industry standard.

Adverse regulatory and tax developments

In a fast-changing regulatory and tax environment, new taxes and regulatory restrictions are being applied to fixed and mobile services at both European and national level. Because of the potential effect on Bouygues Telecom's profitability, the company is constantly on the lookout for such developments, in order to anticipate and neutralise their impact.

Business failure of a contracting partner or counterparty

The financial crisis has weakened those with whom Bouygues Telecom does business, from suppliers and customers to commercial partners. In the event of business failures of such parties, Bouygues Telecom may be exposed to reputational risk, potential loss of profits, and risks to the continuity of its business activities. To mitigate this risk, Bouygues Telecom monitors major contracting partners on a regular basis, and has action plans that can be rapidly implemented if required.

Prolonged downtime at production sites

Damage to critical network infrastructure or information systems may cause failures or interruptions in the services Bouygues Telecom provides to its customers.

To limit the risk of incidents affecting a production site, computer rooms are secure, with access control, fire protection, air-conditioning, humidity control, duplicate power supplies and standby generators. Regular tests and maintenance are carried out on these security systems.

Since 2003, Bouygues Telecom has had a business continuity plan to cope with incidents of this kind. The plan builds in the phased recovery of systems, applications and data in order of criticality, and offsite back-ups in a secure location. The plan is subject to live testing or simulations at least once a year, and is also tested whenever there is a major software or hardware upgrade.

Erosion of value chain due to innovation in a related market

Some of the growth in the market is driven by innovation in telephone services. Many players are involved in the provision of a service, and some may erode the value of the Bouygues Telecom customer base. Bouygues Telecom addresses this issue by constantly monitoring innovations, and by becoming directly or indirectly involved in the development of high-potential products.

Radio waves and public health

Bouygues Telecom has a dedicated Radio Waves and Protection unit which monitors and studies this issue using a variety of sources (the internet, publications, subscriptions to monitoring bodies, personal contacts, attendance at scientific conferences, etc).

The company is committed to keeping customers informed, and has displayed the Specific Absorption Rate of its handsets at point of sale since the start of 2006, and on its website since 2001. For many years, Bouygues Telecom has provided guidance to customers and potential customers, such as: use the earpiece kit provided in every pack, use your mobile in places where you get good reception, restrict the use of mobiles by children, etc.

Bouygues Telecom participates in the "Comop" operational committee set up in July 2009 as part of the work of the Grenelle Round Table on radio waves. This committee, which includes representatives from all stakeholders (ministries, politicians, environmental groups and experts), has prepared a status report on exposure to electromagnetic fields in the five French communities initially chosen. The preliminary findings, for the city of Grenoble, confirm that levels are very low and below the regulatory guidelines. During 2011, these initial results will be consolidated with those from all the communities chosen to take part in these experiments.

Psychosocial risk

As a major employer in the telecoms sector, Bouygues Telecom takes exposure to psychosocial risk seriously. The company's core values include synergy, solidarity, progress and innovation. As part of its development strategy, Bouygues Telecom relies on controlled internal mobility designed to meet the aspirations of its employees.

In 2010, the CRF Institute granted two distinctions to Bouygues Telecom. Firstly, Bouygues Telecom was named in the Top Employers 2010 list, making it one of twenty French businesses to be recognised for the quality of their human resources policy. Secondly, it received the special "Talent Management" award for its support to employees in the area of human resources.

Bouygues Telecom is constantly monitoring psychosocial risks, using indicators such as:

- employee satisfaction surveys;
- a "stress observatory", set up in 1999, generating findings and action plans for submission to the Health, Safety and Working Conditions Committee and to employee representatives;
- a social worker at each Bouygues Telecom site;
- an agreement arising from negotiations about workplace stress, signed in 2010 and currently being rolled out.

MARKET RISKS

In addition to the information provided below, readers should refer to the tables provided in the following notes to the consolidated financial statements, in the Financial Statements section:

- **Note 4.4** Cash and equivalents
- **Note 8.1** Interest-bearing debt by maturity
- **Note 8.2** Confirmed credit facilities and drawdowns
- **Note 8.3** Liquidity at 31 December 2010
- **Note 8.4** Split of current and non-current debt by interest rate type
- **Note 8.5** Interest rate risk
- **Note 8.6** Split of current and non-current debt by currency
- **Note 17.1** Interest rate hedges
- **Note 17.2** Currency hedges

Management of interest rate risk and currency risk

Some Bouygues group entities use hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates.

The Group's policy on the use of financial instruments is described below.

Risks to which the Group is exposed

Currency risk

In general, the Bouygues group has little exposure to currency risk in routine commercial transactions, given that its international operations (primarily Bouygues Construction and Colas) do not involve exports. Where possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most projects executed outside France, on which local-currency expenses (subcontracting and supplies) represent a much higher proportion than euro-denominated expenses. Exposure to currency risk is therefore limited to contract margins, and to any design work carried out in France. The Bouygues group also pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

Interest rate risk

The Group's financial expenses have low sensitivity to interest rate risk. The bulk of debt is in the form of fixed-rate bond issues (see Note 8.4 to the consolidated financial statements, in the Financial Statements section), and a range of hedging instruments is used to convert variable-rate debt into fixed-rate debt.

Consolidated financial expenses would be only marginally affected by fluctuations in euro interest rates, or by a divergence in interest rate trends between the euro and other major currencies.

On average over the year, the amount of variable-rate debt in the balance sheet is less than the amount of surplus cash invested at variable rates.

Principles applied to all hedging instruments

The only instruments used for hedging purposes are forward currency purchases and sales, currency swaps and purchases of currency options for currency risk hedging purposes; and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes.

These instruments:

- are used solely for hedging purposes;
- are contracted solely with high-quality French and foreign banks;
- carry no liquidity risk in the event of a downturn.

Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of hedging instruments, the selection of counterparties with whom they are contracted, and more generally the management of exposure to currency risk and interest rate risk.

Hedging rules

Currency risk

(see Note 17.2 to the consolidated financial statements, in the Financial Statements section)

Group policy is to hedge systematically all residual currency exposure relating to commercial transactions. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the contract award has been confirmed; if the hedged item ceases to exist (for example, if the service is not provided or the contract is cancelled), the hedge is closed out immediately.

In the interests of efficiency, the currency positions of some Group entities may be managed centrally, which in some cases may result in the offset of matching positions.

Currency derivatives are used solely for hedging purposes.

Interest rate risk

(see Note 17.1 to the consolidated financial statements, in the Financial Statements section)

Group policy is for each sub-group to hedge some or all of its financial assets and liabilities, where these are foreseeable and recurring.

The aim is to control future interest expense by fixing the cost of debt using swaps and future rate agreements, or by limiting it through the use of caps, over a period equivalent to that of the financial liabilities to be hedged.

As with currency risk, the interest rate positions of some Group entities may, in the interests of efficiency, be managed centrally and partially offset.

Accounting methods

In general, the financial instruments used by the Group qualify for hedge accounting, which means that the hedging relationship is documented in accordance with the requirements of IAS 39. Two types of accounting treatment are used:

- Fair value hedges: changes in the fair value of the hedging instrument and changes in the fair value of the hedged item are recognised symmetrically in the income statement.
- Cash flow hedges: changes in the fair value of the hedging instrument are recognised in the income statement for the ineffective portion of the hedging relationship, and in shareholders' equity (until the hedge is closed out) for the effective portion.

Market value of hedging instruments

At 31 December 2010, the market value (net present value) of the hedging instruments portfolio was -€30.1 million. This amount mainly comprises the net present value of interest rate swaps contracted to hedge the Group's debt (fair value hedges and cash flow hedges), and the net present value of forwards and futures contracted to hedge currency risk arising on commercial transactions.

The split of this market value by type of hedge is as follows:

- fair value hedges of components of net debt: -€13.5 million;
- cash flow hedges: -€16.6 million.

In the event of a +1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€6.3 million; in the event of a -1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€52.1 million.

In the event of a uniform 1% depreciation in the euro against all other currencies, the hedging instruments portfolio would have a market value of -€37.3 million.

These calculations were prepared by the Bouygues group, or obtained from the banks with whom the instruments were contracted.

Exposure to equity risk

In the event of adverse trends in the business of an investee or in the economic environment in which it operates, the Bouygues group could be exposed to the risk of a fall in the price of the shares it holds in that investee.

Liquidity risk

As at 31 December 2010, available cash stood at €5,721 million (including -€11 million of financial instruments contracted to hedge net debt). The Group also had €5,548 million of undrawn confirmed medium-term credit facilities as at the same date. Consequently, Bouygues is not exposed to liquidity risk.

The credit facilities contracted by Bouygues SA and its subsidiaries contain no financial covenants or trigger event clauses.

The bond issues maturing in 2013, 2015, 2016, 2018, 2019 and 2026 all contain a change of control clause relating to Bouygues SA. Bouygues bond issues are rated A- (long term) by Standard & Poor's.

For a more detailed discussion of the effects of a change of control, refer to Note 8 to the consolidated financial statements ("Non-current and current debt"), and to the disclosures in the Legal and financial information section about factors likely to have an impact on any public tender offer price.

CLAIMS AND LITIGATION

Bouygues group companies are involved in a variety of litigation and claims in the normal course of their business. In particular, subsidiaries of Bouygues Construction and Colas are involved in competition law litigation and claims. Risks are assessed on the basis of past experience and analysis by the Group's in-house legal departments and external counsel. To the company's knowledge, there is at present no exceptional event, litigation or claim liable to substantially affect the activities, assets and liabilities, results or financial position of the Group as a whole. Litigation and claims are subject to regular review, especially when new facts arise. The amounts provided in the financial statements appear to be adequate in light of these assessments. The Bouygues group uses all legal means to defend its legitimate interests.

Bouygues Construction

South Africa – Gautrain Project

Bouygues Travaux Publics, in association with two local partners and Bombardier (rolling stock and electro-mechanical equipment), was able to deliver the first phase of this large-scale rail infrastructure project – linking the country's principal airport to Johannesburg and Pretoria – in time for the 2010 Football World Cup, held in South Africa in June 2010. The final phase of the project is due to be delivered in the first half of 2011. Difficulties have arisen in the execution of this project, especially in the tunnel section, due to general disruption to the works caused by delays in making land available under compulsory purchase orders and more generally by extremely challenging conditions (hyperinflation in raw material prices, plus adverse geological conditions).

In light of these difficulties, a number of disputes have arisen between Gauteng Province (the authority that awarded the concession) and Bombela Ltd (the concession company that was awarded the contract), in which Bouygues Travaux Publics has a 17% equity interest.

The parties (largely at the initiative of Gauteng Province) have referred a number of issues relating to the execution of the contract to the arbitration panel. On 20 January 2011, the panel delivered a ruling on one of the disputed issues, regarding who was responsible for obtaining the Records of Decision (RODs: administrative documents that serve as a building permit, a certificate of public interest and an environmental licence) required for modifications made to the project since the signature of the concession contract.

The Province was primarily seeking a declaration of principle that the concession company had responsibility for obtaining all the RODs, and should bear the consequences of the resulting constraints (especially those of an environmental nature); this claim was rejected by the panel.

However, the panel did agree, at the request of Bombela Ltd, to examine the circumstances on a case by case basis, firstly to identify which of the parties initiated the modification to the project and then to decide which should bear the costs and risks associated with obtaining and implementing the RODs.

In parallel, the parties are in amicable discussions to determine the impact of the delays and difficulties encountered in terms of costs and delivery dates.

Flamanville – EPR Nuclear Power Plant

On 2 October 2006, Bouygues Travaux Publics signed the civil engineering contract with EDF for the European Pressurised Reactor (EPR) at the Flamanville nuclear power plant in France. Technical difficulties since execution began have already led the parties to amend the terms of the contract, in particular as regards price and delivery date.

An agreement in principle was reached at the end of 2010, though this has yet to be formally contractualised.

This agreement should result in an increase in the contract price, primarily covering firstly the difficulties encountered in the design and construction of the metal liners of the pools for some of the reactors and secondly the cost of adapting construction methods (due mainly to the growing complexity of reinforcement and concreting works).

Other events that have significantly disrupted progress on the project should be addressed in further discussions with the project owner in the coming months.

Île-de-France Regional Authority Contracts

Following a French Competition Council ruling of 9 May 2007, the Île-de-France regional authority filed a compensation claim in 2008 in respect of losses it believes it incurred as a result of anti-competitive practices adopted by construction companies in connection with the award of contracts to renovate secondary school buildings in the region.

The regional authority's urgent application to the Paris civil court of first instance was rejected in a ruling issued on 15 January 2009, mainly on the grounds that there was a serious objection to the very principle of the compensation claim.

Invited to lodge an appeal on the merits, the regional authority made a further application to the Paris civil court of first instance in February 2010, this time claiming compensation for a loss that it estimated at €358,000,000, based on the joint and several liability of the parties responsible for the loss (i.e. the companies and individuals found to have engaged in anti-competitive practices).

The construction companies involved, who dispute both the estimate and the reality of the alleged loss, have for their part brought an action before the court to force disclosure by the regional authority of a number of documents that would enable the decision-making process behind the awarding of each of the contracts to be reconstructed as precisely as possible, thereby establishing proof of the alleged loss. On 3 March 2011, the court of first instance issued an injunction

requiring the regional authority to submit its claim in the form of 88 sub-dossiers.

USA – Port of Miami Tunnel

Bouygues Travaux Publics has a contract to finance, design, build and maintain a major road tunnel in the port of Miami.

Before starting excavation work, Bouygues Travaux Publics carried out additional geological surveys which revealed significant differences from the geological data originally supplied by the client (the Florida Department of Transportation).

The client has been informed of the results of these additional surveys, and of the anticipated disruption to excavation methods. The impact of these developments on the cost and time to completion of the project is currently being assessed.

Bouygues Immobilier

Claims and litigation

Bouygues Immobilier is not facing any significant litigation or claims other than litigation relating to decontamination works at the "Grand Sillon" residential project in Saint-Malo, France.

Colas

Significant litigation and claims at 31 December 2010

Claims for civil damages

- Hungary: Some Hungarian sub-subsidiaries (Egut, Debmut, Alterra) are facing various claims for civil damages following decisions by the Hungarian competition authorities. Collectively, these claims amount to some €25 million. The largest single claim, for €19 million, involves Hungary's national highway company. A report submitted on 22 April 2010 by a court-appointed expert concluded that the customer had suffered no loss. The customer contested this finding, but the expert reaffirmed his conclusion before the court on 10 December 2010.
- France: The Seine-Maritime Council is claiming civil damages from the subsidiary Colas Île-de-France Normandie. Following a ruling that Colas Île-de-France Normandie and five other companies had been guilty of price-fixing on asphalt mix contracts in Seine-Maritime between March 1991 and December 1998, the Council filed a claim on 25 February 2010 principally to have the contracts voided and the amounts paid under them reimbursed, and secondarily to order the contractors to pay compensation for losses suffered. The principal claim against the six companies amounts to €133.7 million, and the secondary claim to €35.6 million. Colas Île-de-France Normandie is contesting these claims.
- France: Many companies in the Colas group have been subject to regular inspections by URSSAF (the French social security agency), and the provisions recorded to cover the related risks are regarded as adequate. At the end of 2009, URSSAF issued a substantial reassessment notice relating to relief from social security charges under the Law of 21 August 2007 promoting work, employment and purchasing power and under the Fillon plan for the years 2006 to 2008, claiming payment in full on the grounds of failure to file information electronically as required (according to Urssaf) under the French Social Security Code. The company and its subsidiaries believe that there are no grounds whatsoever for levying charges using a default calculation as stipulated in Article R. 242-5 of the French Social Security Code, arguing that they had supplied the documents and other evidence necessary for the inspection in a usable format. It is difficult to estimate the potential financial consequences of this reassessment notice at present, since it turns on a question of principle, ie whether the entire amount of relief can be refused solely on the grounds that Colas supplied its supporting documentation in hard copy rather than electronically. The amount of the reassessment is estimated at €46.6 million.

TF1

Litigation relating to intellectual property (copyright and similar rights)

After a lawsuit was brought against TF1 in 2007 by the SPPF, a non-commercial partnership of record producers, TF1 was sued by a second such partnership, the SCPP, in June 2008. These organisations dispute TF1's right to use recordings under the legal licence instituted in French law in 1985, and have demanded compensation for the loss they claim to have incurred in the period 1997 to 2005 (€33 million for SPPF and €57 million for SCPP). In connection with these suits, TF1 has asked the SPRE (the body which collects performing rights fees in France) to reimburse the sums paid to it during this period under the legal licence and has brought third-party proceedings with audiovisual producers. Negotiations with all the players in the sector started in 2007, continued in 2008, and were completed in 2009.

The agreements signed as a result of these negotiations were intended both to settle past disputes on terms consistent with the provisions carried in the financial statements, and to agree on new arrangements for the future. The agreements (legal license plus exclusive rights) cover all use of commercial music in TF1 programmes (with the exception of music used in advertisements, films, audiovisual works and video clips, which from the outset were not included in the negotiations). The agreements also cover music used on the other TF1 group channels, including both linear broadcasting and catch-up TV. These agreements have now been renewed for a further 12-month period from 1 January 2011.

The TF1 group has been affected by the pirating of content for which it held the rights. Legal action was taken in 2008 to put a halt to these acts and demand damages from platforms such as Dailymotion and YouTube. The corresponding proceedings, initially brought in the Paris Commercial Court, have been transferred to the Paris civil court of first instance, which following legislative changes is now the only French court with jurisdiction over copyright violations. The TF1 group has

had to update its claims in these two cases as the violations continued after the writs were served. The court is not expected to deliver its judgment before the end of 2011.

The TF1 group has also taken legal action against the website Wizzgo, which offered an online video copying service. On 25 November 2008, that service was held to be illegal by the Paris civil court of first instance. Wizzgo appealed that decision, before being placed in liquidation on 22 January 2009. The companies of the TF1 group registered their debts with the liquidator in April 2009.

TF1 International, which on 17 September 2009 became TF1 Droits Audiovisuels, is involved in litigation with the US producer On My Own. TF1 Droits Audiovisuels complained that the version of the film Miracle at Santa Anna delivered to it did not satisfy the provisions of the deal memo signed with the producer in October 2007. The company therefore applied to the Paris commercial court to rescind the deal memo for non-compliant delivery by On My Own and sought €3 million in damages. For their part, On My Own and Spike Lee (the film-maker) sued TF1 Droits Audiovisuels in the Paris civil court of first instance for non-performance of the deal memo; they demanded payment of the €7.3 million provided for in the memo, plus damages. All the proceedings have now been referred to the Paris civil court of first instance. The parties have completed their submissions, and the court will deliver its ruling by the end of the first half of 2011 at the earliest.

Litigation relating to reality TV shows

Glem (which on 1 February 2009 became TF1 Production), TF1's audiovisual production subsidiary, is subject to numerous proceedings relating to the *L'Île de la Tentation* reality TV show, claiming not only that contestants' contracts should be reclassified as contracts of employment but also that contestants be granted performing artist status. In 2008, the French courts delivered divergent rulings on these proceedings. While three rulings by the Paris Appeal Court (11 February 2008) held that three contestants in the show were employees of the producer (Glem) but rejected their claim of performing artist status, the Saint-Étienne employment tribunal (22 December 2008) ruled that there was no contract of employment.

Glem appealed the three Appeal Court rulings to the *Cour de Cassation* (the French Supreme court).

In a ruling of 3 June 2009, the *Cour de Cassation* held that there had indeed been a contract of employment. However, it objected to the rulings by the Appeal Court that this amounted to "concealed employment", on the grounds that the intention to conceal had not been proven.

Other proceedings were brought before the Boulogne-Billancourt employment tribunal in respect of other seasons of *L'Île de la Tentation,* and other contestants in the show. The proceedings also targeted other shows, such as Koh Lanta, the rights to which were acquired by TF1 from third-party producers. Some claimants cited the TF1 channel (buyer of the broadcasting rights) as a possible "co-employer" alongside the producer.

The tribunal issued contrasting rulings in these various cases: it either (i) found against the producer but awarded relatively small amounts (a few thousand euros per claimant) and rejected the allegations of clandestine employment or (ii) referred the case to a deciding judge. In any event, no ruling adverse to TF1 SA has ever been delivered. In rulings made on 15 September 2009, the tribunal extended the solution adopted for the *L'Île de la Tentation* cases to Koh Lanta, while also ordering one of the claimants – who had been declared the winner of the show – to repay the prize money to TF1.

A number of contestants, dissatisfied with the sums obtained at first instance, have appealed against the judgments in their cases.

The Versailles Appeal Court, in rulings dated 9 November 2010, ruled solely on the claims of contestants whose action alleging employee status was time-barred, awarding damages for the loss they claim to have suffered due to the conditions under which the programme was recorded. TF1 Production has decided to appeal against these rulings. During the first half of 2011, the Versailles Appeal Court is due to issue its initial rulings in the cases of claimants whose action alleging employee status is not time-barred.

As regards the TF1 group, we should point out that its subsidiary TF1 Production does not specialise in reality TV (although it produced *L'Île de la Tentation* and *Greg le Millionnaire)*, but is more generally a producer of studio-based entertainment shows, magazines and drama.

In light of the latest judgments, the financial impact of these cases remains relatively limited. The decisions currently pending in the cases of claimants whose action alleging employee status is not time-barred will give a more precise indication of the potential financial impact. Current case law trends in this field are already leading broadcasters to review the terms on which reality TV shows are made, which is having an impact on the cost of this type of programme.

Litigation relating to competition law

On 12 January 2009, TF1 received a notification of complaint from the French Competition Authority relating to practices in the pay-TV sector.

A complaint was upheld against TF1 SA for anti-competitive practices regarding exclusive distribution of some of its pay-TV theme channels.

In a ruling of 16 November 2010, the Competition Authority rejected this complaint on the grounds that the decision to authorise the "Ceres" plan, under which TF1 had granted exclusivity clauses, constituted vested rights for the parties.

However, the Authority referred a number of issues back to its investigators:

- definition of the relevant fibre optic and catch-up TV markets;

- whether or not the cumulative effect of these exclusive arrangements was to foreclose competition in the pay-TV market.

France Télécom has appealed against this ruling. These developments will affect the terms on which TF1 group theme channels are distributed by pay-TV operators from 31 December 2011 onwards.

Acquisition of 100% of NT1 and of the 40% of TMC held by Groupe AB

On 11 June 2009, the TF1 group and Groupe AB signed an agreement whereby TF1 was to acquire 100% of NT1 and the 40% of TMC held by Groupe AB.

This transaction received clearance from the French Competition Authority on 26 January 2010, subject to undertakings by the TF1 group as to its future conduct.

Undertakings made by TF1

In its decision of 26 January 2010, the Competition Authority held that the transaction would reinforce TF1's position in the broadcasting rights and advertising markets. To mitigate the risks to free competition, TF1 made a number of substantive undertakings to the Authority.

These undertakings were made as of the date of the decision clearing the transaction, and had to be implemented as soon as the decision was notified to TF1. The undertakings are for a five-year period, and may be reviewed at the request of TF1 or by a decision of the Authority, if there were to be a substantive change in the *de jure* or *de facto* circumstances taken into account when clearance was granted.

As regards the broadcasting rights market and audiences, the undertakings are designed to facilitate the circulation of rights to rival channels, and to restrict the potential rescreening of programmes to a maximum of two non-encrypted channels.

TF1 also undertook not to cross-promote on the TF1 channel any of the programmes shown on the acquired channels.

In terms of the advertising market, the undertakings were designed to preserve the independence of advertising slots on TF1 from those on TMC and NT1. In particular, TF1 undertook to refrain from any linkage, conditions, benefits or trade-offs between advertising slots on TF1 and those on TMC and NT1. TF1 also undertook that airtime sales for the TMC and NT1 channels would be autonomous, and would be handled by a separate company from that responsible for selling airtime on the TF1 channel.

The Competition Authority also appointed an independent commissioner to ensure that all these undertakings are complied with.

The undertakings made by TF1 are available (in French only) on the French Competition Authority website*. If TF1 fails to comply with these undertakings, it could be liable to the penalties stipulated in Article L 430-8 of the French Commercial Code.

The CSA (the French broadcasting authority) reviewed the acquisition for compliance with the law of 30 September 1986 on freedom of communication. It found that the proposal complied with rules restricting concentration among digital terrestrial TV channels, and obtained from TF1 various undertakings regarding plurality and diversity of programming in the interests of viewers:

- undertaking that agreements with the newly-acquired channels would incorporate some of the undertakings given to the Competition Authority, for the same period (ban on cross-promotion; certain programmes already shown on TF1 to be repeated on only one of the two other channels; no more than two non-encrypted channels to bid for the same set of sports rights);
- undertakings relating to broadcasting regulations for the same term as these agreements (with a *rendez-vous* clause), including:
  - an extension of TF1's production obligations (group agreement), with guarantees relating to original programming on TMC and NT1;
  - change to NT1's prime-time slot, with noon to midnight maintained in 2010 but 6 p.m. to 11 p.m. adopted from 2011;
  - an obligation for TMC and NT1 to broadcast 365 and 456 hours of original programming a year respectively;
  - enhancement of NT1 content with innovative programmes, cultural broadcasts and live shows;
  - early release of broadcasting rights to programmes on final screening;
  - improved accessibility of NT1 programmes to the deaf and hard-of-hearing.

The undertakings made by the TF1 group to the Competition Authority and the CSA do not undermine the financial and industry case for the transaction.

The transaction was finally completed on 11 June 2010.

Métropole Télévision (part of the M6 group) lodged appeals with the *Conseil d'État* against the Competition Authority and CSA rulings, both under the urgent appeals procedure and on the merits. The *Conseil d'État* rejected the urgent appeal on 22 April 2010, and the appeal on the merits on 30 December 2010.

These decisions definitively validated the acquisition of TMC and NT1 by the TF1 group. The commissioners are monitoring compliance with the undertakings, and since 26 January 2010 TF1 has implemented the training programmes and procedures necessary to ensure that all the undertakings made to the Competition Authority are met.

(*) http://www.autoritedelaconcurrence.fr/pdf/engag/10DCC11engagementsversionpublication.pdf

Bouygues Telecom

Competition law

- On 30 November 2005, Bouygues Telecom was fined €58 million by the Competition Council in connection with the mobile phone operator collusion case. Bouygues Telecom appealed to the Paris Appeal Court, which on 12 December 2006 upheld the Competition Council ruling. Bouygues Telecom lodged an appeal with the *Cour de Cassation* on 9 January 2007. In a ruling dated 29 June 2007, the *Cour de Cassation* upheld the fine imposed on the three operators for collusion but overturned the fine for exchange of information between 1997 and 2003 (fine imposed on Bouygues Telecom: €16 million), sending the case back on this point to the Paris Appeal Court which, in a ruling of 11 March 2009, upheld the fine for exchange of information. Bouygues Telecom lodged a further appeal against this ruling with the *Cour de Cassation,* which was rejected on 7 April 2010.

  Bouygues Telecom has also brought a case in the European Court of Human Rights alleging breach of the right to a fair trial contained in the European Convention on Human Rights; this case is ongoing.

- Bouygues and Bouygues Telecom brought proceedings before the court of first instance of the European Union challenging the State aid (of approximately €9 billion) provided when France Télécom was recapitalised in 2002. On 21 May 2010, the court of first instance reversed the European Commission's decision, holding that State aid had not been characterised. The European Commission has appealed this ruling to the European Court of Justice; Bouygues and Bouygues Telecom have also petitioned the European Court of Justice to have this ruling overturned. Submissions were exchanged In November and December 2010. Other member states voluntarily joined these proceedings in January 2011: Denmark on the side of the European Commission, and Germany on the side of France. A hearing is due to be held in the near future.

- Bouygues Telecom has also filed a complaint with the French Competition Authority about the practices of Orange, which dominates the French mobile telephony market, in terms of business offerings. This complaint is still being investigated.

- Bouygues Telecom lodged a complaint with the French Competition Authority alleging abuse by Orange France and SFR of their joint dominant position in unlimited on-net offers. The Authority delivered its ruling on 15 May 2009, referring the case back for more detailed investigation of the discriminatory pricing complaint. Orange France appealed against this ruling. On 6 April 2010, the Paris Appeal Court ruled Orange France's appeal inadmissible, on the basis that referral back for further investigation was a non-appealable decision. Orange France lodged an appeal with the *Cour de Cassation,* in which it was joined by SFR. Issues of compatibility with the French constitution were also raised, but rejected by the *Cour de Cassation* on 30 November 2010. Investigation of the merits of the case is ongoing.

- The Competition Authority has decided to investigate the competition issues raised by cross-selling practices allegedly used by SFR and Bouygues Telecom to use their mobile subscriber base to win new broadband customers. Bouygues Telecom made representations in connection with this investigation in 2010, and the Competition Authority issued a ruling on 14 June 2010.

- On 19 January 2010, Bouygues Telecom lodged a complaint with the Competition Authority alleging abuse by Orange France and France Télécom of their dominant position as regards the distribution of the Orange Sport channel, available exclusively to their internet service provider (ISP) subscribers. Bouygues Telecom also alleged anti-competitive collusion between France Télécom/Orange France and the professional football league. France Télécom has said that it is prepared to make undertakings to remedy the anti-competitive practices complained of by Bouygues Telecom, and the Competition Authority has allowed France Télécom extra time to draft these undertakings.

- Bouygues Telecom has lodged a complaint with the European Commission alleging State aid in connection with the awarding of the fourth 3G licence. This complaint is currently being investigated.

Regulatory matters

- In connection with the granting of the fourth 3G licence, Bouygues Telecom made two applications to the *Conseil d'État* aimed at overturning firstly the order of 29 July 2009 confirming the decision by Arcep (the French electronic communications regulator) of 16 July 2009 setting the terms for the granting of the fourth 3G licence, and secondly the decree of 29 July 2009 setting the licence fee of the fourth operator at €240 million, mainly on the grounds of unfair competition.

  Bouygues Telecom also made an application to the *Conseil d'État* seeking to overturn the Arcep decision of 12 January 2010 authorising Free Mobile to use bandwidth to establish and operate a third-generation public-access mobile network, on grounds of the overarching illegality of the procedure used to award the licence.

  The *Conseil d'État* rejected this application on 12 October 2010, on the grounds that the amount involved was proportionate to the desired objectives and hence was not discriminatory.

- The European Commission has brought an action against France for failure to meet its obligations, in respect of the new tax on the sales revenues of electronic communications operators intended to help fund public-service broadcasting. France has been requested to abolish this tax, but the government has refused. In March 2011, the European Commission announced that it would instigate proceedings in the

European Court of Justice for failure to meet obligations.

Bouygues Telecom has also challenged this tax in the domestic courts; the case is currently being examined by the Paris Administrative Court.

- In its role as an internet services provider (ISP), Bouygues Telecom is subject to numerous actions in attempts to block access to various contentious websites. The ISPs have lodged an appeal against a ruling of 6 August 2010 by the Paris civil court of first instance, which enjoined various ISPs to block access to contentious sites; the grounds for the appeal are that action should be taken against the web hosting company before any attempt is made to pursue the ISP.
- Bouygues Telecom has initiated an arbitration procedure with Arcep in an attempt to obtain fair rights of access to the vertical fibre optic network being rolled out by France Télécom. On 16 November 2010, Arcep accepted some of Bouygues Telecom's claims. Consequently, the terms of the rollout must be amended to suit Bouygues Telecom as new market entrant, and a significant portion of the cost must be allocated more fairly between the operators. France Télécom has appealed to the Paris Appeal court to have this ruling overturned.

Consumer protection – Customers

- Following the adverse ruling in the mobile phone operator collusion case, over 3,500 compensation claims were filed against Bouygues Telecom by customers and the "UFC-Que Choisir" consumer organisation. In December 2007, the court accepted Bouygues Telecom's arguments and declared the proceedings null and void. UFC-Que Choisir lodged an appeal, which was rejected by the Paris Appeal Court on 22 January 2010. UFC-Que Choisir has taken the case to the *Cour de Cassation,* where it is ongoing.
- Bouygues Telecom and Apple have been taken to court by a customer whose iPhone screen suddenly cracked for no apparent reason (no impact or external pressure). The customer applied to the urgent applications judge in the Cannes Commercial Court for the appointment of a court expert, and this application was allowed by the judge on 3 December 2009. Apple appealed against this decision. On 23 September 2010, the Aix-en-Provence Appeal Court overturned the appointment of an expert by the Cannes Commercial Court on the grounds that there was no evidence of danger.
- The financial and IT crimes unit of the Marseille police, acting on the instructions of the examining magistrate, has informed Bouygues Telecom that an investigation has been launched into alleged hacking into automated data processing systems in an attempt to bypass SIM card locking codes. This investigation follows a complaint filed by SFR, and has uncovered a large-scale scam which also targeted Bouygues Telecom and Orange France. Bouygues Telecom has registered as a civil party to the case in order to have access to the file and be able to estimate the financial loss incurred.
- Bouygues Telecom has been taken to the Paris civil court of first instance by the "UFC-Que Choisir" consumer organisation alleging that the time limits on the validity of prepaid cards represent unfair contractual terms. Similar cases are pending against Orange France and SFR.

Distribution

In connection with their distribution activities, Bouygues Telecom and its subsidiaries may be held liable on various grounds, and may be required to pay penalties under various contracts.

Contracts

- Following the instigation of bankruptcy proceedings against the equipment manufacturer Nortel in January 2009, an agreement was signed on 25 November 2009 with a view to the sale of the entire worldwide assets of Nortel's GSM and GSM-R activities. Bouygues Telecom registered its debt and claimed the inventories that belong to it. In addition, Bouygues Telecom is facing direct claims for payment (of about €375,000) from subcontractors of Nortel whose invoices were not paid by Nortel. The proceedings are ongoing.
- Bouygues Telecom has received a claim concerning a GHT white chrome KP handset whose battery allegedly exploded while it was being recharged. As a precaution, Bouygues Telecom has recalled all the defective handsets.

Mobile phone base stations

A criminal complaint was filed by residents living close to a Bouygues Telecom base station, alleging administration of noxious substances. The basic criminal complaint was non-suited.

As regards civil liability, the Nanterre civil court of first instance has ordered Bouygues Telecom to dismantle a base station on the grounds of nuisance to adjacent properties. Bouygues Telecom lodged a fixed-date appeal against this ruling in the Versailles Appeal Court. On 4 February 2009, the Versailles Appeal Court upheld the ruling of the Nanterre civil court of first instance. On 4 February 2009, the Versailles Appeal Court upheld the ruling of the Nanterre civil court of first instance. Bouygues Telecom lodged an appeal with the *Cour de Cassation,* which it has since withdrawn.

The Lyon civil court of first instance, in a ruling of 15 September 2009, non-suited an application made by parents to have a base station located near a school dismantled. An appeal was lodged with the Lyon Appeal Court, which on 3 February 2011 upheld the original ruling.

The vast majority of courts to which such matters were referred in 2010 did not apply the precedent set by the Versailles Appeal Court, with several even ruling that the ordinary courts were not competent to order the dismantling of a base station.

Patents

An American company has brought an action against Bouygues Telecom and all telecoms operators worldwide alleging infringement of a patent for an application used for international SMS messaging. The American court rejected the claim on grounds of lack of personal jurisdiction. However, a discovery procedure has been opened against American mobile operators, at the conclusion of which the plaintiff may lodge a further appeal against the judgment delivered in favour of Bouygues Telecom.

Defamation

At the end of December 2010, Bouygues Telecom instigated summary proceedings against the company Iliad because of a series of defamatory comments made by a director of Iliad, Xavier Niel, between May 2009 and December 2010; in the latest of these comments, he described Bouygues Telecom as a "parasite". These defamatory comments are regarded as unfair competition. Free and Free Mobile responded by instigating proceedings against Bouygues SA and Bouygues Telecom in the same court, for alleged defamatory comments made a long time ago. Both cases are ongoing.

Bouygues SA

Bouygues SA is in dispute with the French tax authorities following the capital increase reserved for employees under the *Bouygues Partage* employee share ownership plan. The dispute relates to the tax deductibility of the difference between the value of the shares on the date of the capital increase and the subscription price of the shares.

INSURANCE RISK COVERAGE

In terms of insurance, Bouygues and its business areas focus on optimising and ensuring the continuing validity of their insurance policies; the aim is to protect against exceptionally large or numerous potential claims at a cost that does not impair competitiveness. This long-term approach to insurance cover calls for partnerships with high-quality, financially sound insurers. To preserve these partnerships and prevent information being used to the detriment of the Group and its shareholders, especially in legal disputes, the amount of premiums and the terms of cover are kept strictly confidential, especially in liability insurance.

The diversity of the activities in which the Bouygues group is involved calls for a wide range of policies designed for each specific situation. Because the risks to which the five core businesses are exposed are not comparable, each business contracts its own insurance cover. Premiums vary considerably. Overall, premiums paid by the Group to general insurance companies represent approximately 0.3% of sales, though this percentage has to be seen in the context of the diversity of the Group's activities.

In addition to insurance required by law (such as ten-year building guarantees in France and third-party motor cover), the main policies are as described below:

- **Property insurance:** Cover is generally equal to the value of the assets insured. However for the largest concentrations of value, cover is limited to the cost of repairing damage incurred in a disaster scenario, defined in consultation with the insurers on the basis of expert valuations carried out by external consultants.

  When damage to insured assets is liable to lead to business interruption, insurance is taken out to cover the financial consequences, such as operating losses and/or additional costs. The amount of cover reflects the expected downtime at the damaged site based on the disaster scenario, and the disaster recovery plans in place.

- **Contractor's insurance:** Cover is generally equal to market value. Exceptionally, cover for some geographically dispersed projects may be limited to the cost of repairing damage incurred in a disaster scenario. The scenario used depends on the type of project (e.g. motorway, viaduct or tunnel) and its geographical location, so as to build in the risk of damage arising from natural disasters (such as earthquakes or hurricanes). In some cases, the amount of cover may be limited by the total capacity available in the world insurance market, for example in the case of earthquake damage or acts of terrorism.

- **Liability insurance:** These policies provide cover against loss or injury to third parties for which Group companies may be liable. Because Group companies vary greatly in size and in the nature of their operations, cover is tailored to the risks incurred, but is generally in excess of €5 million per claim.

Deductibles on these policies are set so as to optimise the overall cost to the Group, based on the likelihood of claims and the premium reductions that can be obtained from insurers by increasing the deductible. On this basis, some risks are insured with no deductible, while others are subject to a higher deductible, of up to €1.5 million in some cases.

Some policies written by traditional blue-chip insurance companies are partly reinsured by the Bouygues group's captive reinsurance subsidiary. The subsidiary is managed by a specialist company, which determines the amount of provisions required to comply with insurance and reinsurance regulations (designed to ensure that companies have adequate provisions to meet their obligations).

There are no significant insurable risks that have not been insured. Deductibles under insurance policies contracted by the Group are borne by the subsidiary covered by the policy.

The Group and its subsidiaries operate a prevent and protect policy, including the development of new measures to further reduce the probability of occurrence and financial effect of accidents and claims. This policy also improves the Group's position when negotiating premiums and terms with its insurers.

32 Hoche, the Bouygues group's headquarters in Paris, became one of the first office buildings in France with NF Bâtiments Tertiaires (Operation) - HQE® certification, obtained in December 2009.
The green wall is part of a 450-sq metre landscaped garden created in 2006 as the building on Avenue Hoche was under construction.
Photo: Arnaud Février – Creation of the green wall: Canevaflor

LEGAL and FINANCIAL information

A glossary is available at the end of this Registration Document.

Information on DIRECTORS and NON-VOTING DIRECTORS
as at 31 December 2010

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

MARTIN BOUYGUES

32 avenue Hoche, 75008 Paris, France
Date of birth: 03/05/1952 – French national
Date of first appointment: 21/01/1982
Expiry date of current term of office: 2012
Number of shares in the company: 374,040 (65,718,293 via SCDM)

Expertise/experience
Martin Bouygues joined the Bouygues group in 1974 as a works supervisor. In 1978, he established Maison Bouygues, specialising in the sale of catalogue homes. In 1987, Martin Bouygues was appointed Vice-Chairman of Bouygues' Board of Directors, on which he has served since 1982. On 5 September 1989, Martin Bouygues took over from Francis Bouygues as Chairman and CEO of Bouygues. At Martin Bouygues' instigation, the Group pursued its development in construction as well as in media (TF1) and launched Bouygues Telecom in 1996. In 2006, Bouygues acquired a stake in Alstom and is thus in a position to expand into new high-growth business lines in transport and power.

Principal positions outside Bouygues SA
Chairman of SCDM

Other positions and functions in the Group
In France: Director of TF1*

Other positions and functions outside the Group
In France: Member of the supervisory board of Paris-Orléans*; standing representative of SCDM and Chairman of Actiby, SCDM Participations, SCDM Invest-3

Former positions and functions during the last five years (outside the Bouygues group)
2010 – Standing representative of SCDM, Chairman of SCDM Invest-1 (June 2008 to April 2010); Director of Sodeci* in Côte d'Ivoire (June 2002 to March 2010) and CIE* in Côte d'Ivoire (June 2001 to March 2010)
2009 – Standing representative of SCDM, Chairman of Investaq Énergie (June 2008 to July 2009)
2007 – Director of HSBC France (July 2002 to October 2007)

(*) Listed company

DEPUTY CEO

OLIVIER BOUYGUES

32 avenue Hoche, 75008 Paris, France
Date of birth: 14/09/1950 – French national
Date of first appointment: 05/06/1984
Expiry date of current term of office: 2013 (2012 as Deputy CEO)
Number of shares in the company: 163,997 (65,718,293 via SCDM)

Standing representative of SCDM and director

Expertise/experience
Olivier Bouygues is a graduate of École Nationale Supérieure du Pétrole (ENSPM) and joined the Bouygues group in 1974. He began his career in the Group civil works branch. From 1983 to 1988 at Bouygues Offshore, he held the posts of director of Boscam, a Cameroon subsidiary, then director of the France Works and Special Projects division. From 1988 to 1992, he was Chairman and CEO of Maison Bouygues. In 1992, he became Group Executive Vice President of Utilities Management, which grouped the international and French activities of Saur. In 2002, Olivier Bouygues was appointed Deputy CEO of Bouygues.

Principal positions outside Bouygues SA
CEO of SCDM

Other positions and functions in the Group
In France: Director of TF1*, Colas*, Bouygues Telecom, Bouygues Construction and Eurosport

Other positions and functions outside the Group
In France: Director of Alstom* and Finagestion; Chairman of Sagri-E and Sagri-F; standing representative of SCDM, Chairman of SCDM Énergie; non-partner manager of Sir and Sib; member of the board of Cefina
Outside France: Chairman & CEO and Director of Seci (Côte d'Ivoire); Director of Sodeci* (Côte d'Ivoire), CIE* (Côte d'Ivoire) and Sénégalaise des Eaux (Senegal)

Former positions and functions during the last five years (outside the Bouygues group)
2010 – Standing representative of SDCM, Chairman of SCDM Investur (July 2007 to September 2010) and SCDM Investcan (January 2008 to September 2010)
2006 – Director of Novasaur (February 2005 to February 2006)

(*) Listed company

DIRECTORS

PIERRE BARBERIS

7 Pili Street, South Forbes Park
Makati 1200 Metro Manila, Philippines
Date of birth: 29/05/1942 – French national
Date of first appointment: 24/06/1997
Expiry date of current term of office: 2012
Number of shares in the company: 500

Chairman of the Remuneration Committee

Expertise/experience

Pierre Barberis is a graduate of École Polytechnique and the Institute of French Actuaries. He began his career at Caisse des Dépôts et Consignations and joined Crédit Lyonnais in 1966, where he became director of information technology and organisation in 1974. From 1979, he held senior management positions successively at Trigano SA, Crédit du Nord and Axa group. He was CEO and Deputy Chairman and CEO of Axa from 1987 to 1991. He then became Chairman of VEV and ran several software companies. From May 2002 to November 2006, Pierre Barberis was Deputy CEO of Oberthur Card Systems.

Other positions and functions outside the Group

In France: Director of Oberthur Technologies and François Charles Oberthur Fiduciaire, manager of Amrom
Outside France: Chairman of the Board of Wyde Corp (United States)

Former positions and functions during the last five years (outside the Bouygues group)

2008 – Advisor to the Chairman of Oberthur Technologies (until 2008); Chairman and director of Wilson Gestion (until 2008)
2006 – Deputy CEO and director of Oberthur Card Systems (until 2006)

PATRICIA BARBIZET

12 rue François 1er, 75008 Paris, France
Date of birth: 17/04/1955 – French national
Date of first appointment: 22/12/1998
(as standing representative of Artémis)
Date of second appointment: 13/12/2005 (in her personal capacity)
Expiry date of current term of office: 2011
Number of shares in the company: 500

Member of the Accounts Committee and the Remuneration Committee

Expertise/experience

Patricia Barbizet graduated from École Supérieure de Commerce de Paris (ESCP) in 1976. She began her career with the Renault group as treasurer at Renault Véhicules Industriels, then finance director at Renault Crédit International before joining the Pinault group in 1989 as finance director. She was appointed CEO of Artémis in 1992 and became CEO of Financière Pinault in 2004. She was Chairman of the supervisory board of the PPR group until May 2005 when she was appointed Vice-Chairman of the Board of Directors of PPR. Patricia Barbizet is also director of Total, TF1, Air France-KLM, and Fonds Stratégique d'Investissement.

Principal positions outside Bouygues SA

CEO and Director of Artémis
Vice-Chairman of the Board of Directors of PPR*

Other positions and functions in the Group

In France: Director of TF1*

Other positions and functions outside the Group

In France: CEO (non-proxy) and member of the supervisory board of Financière Pinault; Deputy CEO and director of Société Nouvelle du Théâtre de Marigny; director of Fnac SA, Fonds Stratégique d'Investissement, Total* and Air France-KLM*; member of the supervisory board Yves Saint-Laurent; member of the management board of SC du Vignoble de Château Latour; standing representative of Artémis on the boards of Agéfi and Sebdo Le Point
Outside France: CEO and director of Palazzo Grassi (Italy); Chairman and board member of Christies International plc* (United Kingdom); member of the supervisory board of Gucci Group NV* (Netherlands); non-executive director of Tawa plc* (United Kingdom)

Former positions and functions during the last five years (outside the Bouygues group)

2009 – Director of Piasa (April 2007 to January 2009)
2008 – Chairman of Piasa (April 2007 to May 2008)
2007 – Chairman and CEO of Piasa (December 2001 to April 2007)
2006 – Director of Afipa (Switzerland) (June 2005 to October 2006)

(*) Listed company

FRANÇOIS BERTIÈRE

3 boulevard Gallieni, 92130 Issy-les-Moulineaux, France
Date of birth: 17/09/1950 – French national
Date of first appointment: 27/04/2006
Expiry date of current term of office: 2012
Number of shares in the company: 65,882

Expertise/experience

François Bertière graduated from École Polytechnique and École Nationale des Ponts et Chaussées, and is a qualified architect (DPLG). He began his career in 1974 in the Infrastructure Ministry. In 1977, he was appointed technical advisor to the office of the French Education Ministry, then deputy director in charge of planning at the Regional Infrastructure Department of Upper Corsica in 1978. In 1981, he became director of urban development at the Public Development Agency (EPA) of Cergy-Pontoise. He joined the Bouygues group in 1985 as Deputy CEO of Française de Constructions. In 1988, he was appointed Chairman and CEO of France Construction, Vice-Chairman and CEO of Bouygues Immobilier in 1997, then Chairman and CEO of Bouygues Immobilier in 2001. François Bertière has been a director of Bouygues Immobilier since 1991.

Principal positions outside Bouygues SA

Chairman and CEO of Bouygues Immobilier

Other positions and functions in the Group

In France: Director of Colas*

(*) Listed company

MRS FRANCIS BOUYGUES

50 rue Fabert, 75007 Paris, France
Date of birth: 21/06/1924 – French national
Date of first appointment: 19/10/1993
Expiry date of current term of office: 2012
Number of shares in the company: 110 (5,290,034 via FMB)

GEORGES CHODRON DE COURCEL

3 rue d'Antin, 75002 Paris, France
Date of birth: 20/05/1950 – French national
Date of first appointment: 30/01/1996
Expiry date of current term of office: 2012
Number of shares in the company: 930

Member of the Accounts Committee

Expertise/experience

Georges Chodron de Courcel is a graduate of École Centrale de Paris and holds a degree in economics. He joined Banque Nationale de Paris (BNP) in 1972, where he became head of financial research in the finance department in 1978, then executive secretary of Banexi in 1982. He then became director of securities management and director of financial and industrial investment. In 1989, he was appointed Chairman of Banexi, then central director of BNP in 1990. In 1995, he became executive vice-president then COO of BNP from 1996 to 1999. After the merger with Paribas in August 1999, Georges Chodron de Courcel was head of the corporate and investment banking arm of BNP Paribas from 1999 to 2003. He has been Chief Operating Officer of BNP Paribas since June 2003.

Principal positions outside Bouygues SA

Deputy CEO of BNP Paribas*

Other positions and functions outside the Group

In France: Chairman of Compagnie d'Investissement de Paris and Financière BNP Paribas; director of Alstom*, Nexans*, Société Foncière, Financière et de Participations* and Verner Investissements; member of the supervisory board of Lagardère SCA*; non-voting director of Exane, Safran* and Scor*
Outside France: Chairman of BNP Paribas SA (Switzerland); Vice-Chairman of Fortis Bank SA/NV* (Belgium), director of Erbé SA (Belgium), Groupe Bruxelles Lambert SA (Belgium), Scor Holding (Switzerland) AG* (Switzerland), Scor Global Life Rückversicherung Schweiz AG (Switzerland) and Scor Switzerland AG (Switzerland)

Former positions and functions during the last five years (outside the Bouygues group)

2009 – Director of BNP Paribas Zao (Russia) (January 2006 to July 2009)
2008 – Director of Banca Nazionale del Lavoro (Italy) (April 2006 to September 2008)
2007 – Chairman of BNP Paribas UK Holdings Ltd (United Kingdom) (May 2005 to September 2007)
2006 – Chairman of BNP Paribas Emergis SAS (May 2002 to November 2006); non-voting director of Scor Global Life (formerly Scor Vie) (March 2004 to December 2006)

(*) Listed company

LUCIEN DOUROUX

20 rue de la Baume, 75008 Paris, France

Date of birth: 16/08/1933 – French national
Date of first appointment: 30/03/1999
Expiry date of current term of office: 2013
Number of shares in the company: 500

Chairman of the Ethics and Sponsorship Committee

Expertise/experience

Lucien Douroux graduated from the Conservatoire National des Arts et Métiers (CNAM). He was appointed CEO of Caisse Régionale du Crédit Agricole de Paris et d'Île-de-France in 1976. He was CEO of Caisse Nationale du Crédit Agricole from 1993 to 1999 and Chairman of the supervisory board of Crédit Agricole Indosuez from 1999 to 2001.

Principal positions outside Bouygues SA

Director of Banque de Gestion Privée Indosuez

Former positions and functions during the last five years (outside the Bouygues group)

2006 – Director of Euris (June 2000 to June 2006); Chairman of Banque de Gestion Privée Indosuez (1991 to May 2006)

YVES GABRIEL

1 avenue Eugène Freyssinet, 78280 Guyancourt, France

Date of birth: 19/03/1950 – French national
Date of first appointment: 10/09/2002
Expiry date of current term of office: 2013
Number of shares in the company: 116,788

Expertise/experience

Yves Gabriel is a civil engineering graduate of École Nationale des Ponts et Chaussées, and joined the Bouygues group in 1976. His career began at Screg Île-de-France as works engineer; he then became sector head and manager of a regional branch office. In 1985, he established Screg Bâtiment where he was CEO until 1992. From 1989 to 1992, he also served as COO of Bouygues' industrial construction division and was Chairman of Ballestrero. From 1992 to 1996, he was CEO of the Screg group (French road construction group). In November 1996, he joined the Saur group as executive vice president responsible for activities in France and the merger with the Cise group, acquired from Saint-Gobain. In June 2000, he was appointed CEO of the Saur group. In September 2002, he was appointed Chairman and CEO of Bouygues Construction, and director of Bouygues.

Principal positions outside Bouygues SA

Chairman and CEO of Bouygues Construction

Other positions and functions in the Group

In France: Director of ETDE; standing representative of Bouygues Construction on the boards of Bouygues Bâtiment International, Bouygues Bâtiment Ile-de-France and Bouygues Travaux Publics

PATRICK KRON

3 avenue Malraux, 92300 Levallois-Perret, France
Date of birth: 26/09/1953 – French national
Date of first appointment: 06/12/2006
Expiry date of current term of office: 2013
Number of shares in the company: 500

Expertise/experience

Patrick Kron is a graduate of École Polytechnique and an engineer of the Corps des Mines de Paris. He began his career at the French Industry Ministry in 1979 as an engineer in the Loire Valley regional department for industry, research and the environment (DRIRE), then in the Ministry's general directorate. In 1984, he joined the Pechiney group, where he held senior operational responsibilities in one of the group's factories in Greece before becoming manager of Pechiney's Greek subsidiary in 1988. Between 1988 and 1993, Patrick Kron held various operational and financial positions at Pechiney, notably President of the Electrometallurgy Division. In 1993, he became member of the executive committee of the Pechiney group and was Chairman and CEO of Carbone Lorraine from 1993 to 1997. From 1995 to 1997, he ran Pechiney's Food and Health Care Packaging Sector and held the position of COO of the American National Can Company in Chicago (United States). From 1998 to 2002, Patrick Kron was Chairman of the executive board of Imerys before joining Alstom where he has been CEO since 1 January 2003, and Chairman and CEO since 11 March 2003. He has also been a Director since 24 July 2001.

Principal positions outside Bouygues SA

Chairman and CEO of Alstom*

Other positions and functions outside the Group

In France: Chairman of Alstom Resources Management; director of Afep and "Les Arts Florissants" vocal group
Outside France: Director of Alstom UK Holdings Ltd (United Kingdom)

Former positions and functions during the last five years (outside the Bouygues group)

2007 – Director of Alstom Ltd. (United Kingdom) (April 2004 to March 2007)
2006 – Director of Imerys* (May 2005 to May 2006); member of the supervisory board of Vivendi Universal* (April 2005 to December 2006)

(*) Listed company

HERVÉ LE BOUC

7 place René Clair, 92653 Boulogne-Billancourt cedex, France
Date of birth: 07/01/1952 – French national
Date of first appointment: 24/04/2008
Expiry date of current term of office: 2011
Number of shares in the company: 2,010

Expertise/experience

Hervé Le Bouc holds a degree in engineering from École Spéciale des Travaux Publics (ESTP). He joined the Bouygues group in 1977 and began his career at Screg Île-de-France (now a Colas subsidiary) as a site engineer, subsequently working as an area supervisor and then a regional manager until 1989. In 1985, he was appointed Director reporting to the Chairman and Chief Executive Officer. In 1989, he was named director in charge of commercial development of Bouygues Offshore for Europe, French overseas departments and territories (Dom-Tom) and Australia, and subsequently South East Asia and Mexico. He became COO of Bouygues Offshore in 1994, then CEO in 1996 and Chairman and CEO in 1999. From November 2001 to September 2002, he served concurrently as COO of Bouygues Construction, Chairman of the Board of Bouygues Offshore and Chairman of the Board of ETDE. From September 2002 to February 2005, Hervé Le Bouc was CEO of Saur, then Chairman and CEO from February 2005 to April 2007. In February 2007, Hervé Le Bouc became a director of Colas and was named Deputy CEO in August of the same year. On 30 October 2007, he was appointed Chairman and CEO of Colas.

Principal positions outside Bouygues SA

Chairman and CEO of Colas*

Other positions and functions in the Group

In France: Chairman and CEO of Colasie; standing representative of Colas* on the boards of Société Parisienne d'Études d'Informatique et de Gestion, Colas Midi Méditerranée, Aximum and Échangeur International; standing representative of Spare on the boards of Sacer Atlantique; standing representative of IPF on the boards of Screg Est and Spac
Outside France: Vice-Chairman of the supervisory board of La Route Marocaine (Morocco); director of Hindustan Colas Limited (India), ColasCanada (Canada), Tasco (Thailand), Isco Industry (Korean Republic), and Colas Inc. (United States); member of the supervisory board of La Société Maghrébienne d'Entreprises et de Travaux (Morocco); standing representative of Colas* on the supervisory boards of Colas Émulsions (Morocco) and Grands Travaux Routiers (Morocco)

Other positions and functions outside the Group

In France: Standing representative of Colas* on the Board of Cofiroute

Former positions and functions during the last five years (outside the Bouygues group)

2007 – Chairman of Novasaur (April 2005 to May 2007), Finasaur (April 2005 to April 2007) and Investisaur (March 2005 to April 2007); Director of Aguas de Valencia (Spain) (July 2003 to July 2007)

(*) Listed company

HELMAN LE PAS DE SÉCHEVAL

2 avenue de Limoges, BP 8527, 79044 Niort cedex 9, France
Date of birth: 21/01/1966 – French national
Date of first appointment: 24/04/2008
Expiry of current term of office: 2011
Number of shares in the company: 620

Chairman of the Accounts Committee

Expertise/experience

Helman le Pas de Sécheval is a graduate of École Normale Supérieure with a PhD in Physical Sciences and an engineering degree from École des Mines. He began his career in 1991 as a project manager in the financial engineering department of Banexi. From 1993 to 1997, he was deputy inspector-general of the underground quarries of Paris. In July 1997, he was appointed deputy to the head of the Department of Financial Operations and Information of the COB (the French securities regulator), becoming head of this department in 1998. From November 2001 to December 2009, Helman le Pas de Sécheval was group Chief Financial Officer of Groupama, with responsibility for the group's financing, investing, reinsurance and accounting divisions and oversight of the group's financial subsidiaries: Groupama Banque, Banque Finama (which merged with Groupama Banque on 1 October 2009), Groupama Asset Management, Groupama Immobilier, Groupama Private Equity and GIE Groupama Systèmes d'Information. He was appointed Managing Director of Groupama Centre-Atlantique on 1 January 2010.

Principal positions outside Bouygues SA

Managing Director of Groupama Centre-Atlantique

Other positions and functions outside the Group

In France: Managing Director of Centaure Centre-Atlantique; Vice-Chairman and director of Groupama Banque; director of Silic*, Gan Assurances, Groupama Holding and Groupama Holding 2; standing representative of Groupama Centre-Atlantique on the board of GIE Groupama Systèmes d'Information; standing representative of Groupama SA and co-manager of SCI d'Agassac, standing representative of Groupama Centre-Atlantique, co-manager of SCA d'Agassac
Outside France: director of Groupama Assicurazioni Spa, former Nuova Tirrera (Italy)

Former positions and functions during the last five years (outside the Bouygues group)

2010 – Standing representative of Groupama SA, director of GIE Groupama Systèmes d'information (October 2007 to January 2010); non-voting director of Gimar Finance & Compagnie (December 2004 to January 2010)

2009 – Chairman of Groupama Asset Management (May 2005 to December 2009), Groupama Private Equity (May 2005 to November 2009), Groupama Immobilier (May 2005 to December 2009) and Compagnie Foncière Parisienne (October 2003 to December 2009); standing representative of Groupama SA on the supervisory board of Lagardère SCA* (September 2002 to December 2009); director of Groupama Vita S.p.A. (Italy) (March 2002 to November 2009) and Groupama Assicurazioni S.p.A.** (Italy) (March 2002 to November 2009)

HELMAN LE PAS DE SÉCHEVAL (continued)

2008 – Director of Groupama International (September 2006 to December 2008)
2007 – Standing representative of Gan Assurances Vie, on the board of Locindus* (October 2001 to March 2007); director of Scor (November 2004 to August 2007) and Scor Vie (November 2004 to August 2007))

(*) Listed company (**) Groupama Assicurazioni was absorbed on 1 November 2009 by Nuova Tirrena, which adopted the name Groupama Assicurazioni

COLETTE LEWINER

Tour Europlaza, 20 avenue André Prothin
92927 Paris La Défense cedex, France
Date of birth: 19/09/1945 – French national
Date of first appointment: 29/04/2010
Expiry of current term of office: 2013
Number of shares in the company: 7,930

Expertise/experience

Colette Lewiner is a graduate of École Normale Supérieure and holds the prestigious rank of *"agrégée"* teacher in physics, as well as a PhD in science. She spent a large part of her career with EDF, where she was the first woman to be appointed Senior Vice President within the group, with responsibility for development and marketing strategy. She went on to lead Cogema's engineering subsidiary SGN. In 1998, she joined Capgemini, where she now heads the Global Energy, Utilities and Chemicals sector. In September 2010, in addition to her functions at Capgemini, Colette Lewiner was appointed non-executive chairwoman of TDF. She is an Officer of the Legion of Honour and a Commander of the National Order of Merit. She is director of Lafarge, Nexans and La Poste, TGS-Nopec (a Norwegian company) and TDF.

Principal positions outside Bouygues SA

Vice-Chairwoman, Global Leader Energy, Utilities and Chemicals sector, Capgemini*

Other positions and functions outside the Group

In France: Chairwoman and member of the Board of Directors of TDF; director of Nexans, La Poste and Lafarge*
Outside France: director of TGS Nopec Geophysical Company

Former positions and functions during the last five years (outside the Bouygues group)

2008 – Director of Ocean Rig (January 2008 to June 2008)

(*) Listed company

SANDRA NOMBRET

1 avenue Eugène Freyssinet, 78280 Guyancourt, France
Date of birth: 24/05/1973 – French national
Date of first appointment: 29/04/2010
Expiry date of current term of office: 2013

Director representing employee shareholders

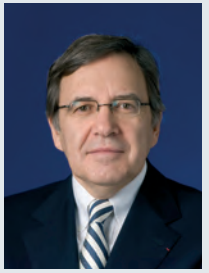
Expertise/experience

Sandra Nombret has a DESS postgraduate diploma in foreign trade law. After joining the Bouygues group in 1997, she is currently a department head with Bouygues Bâtiment International, where she is Senior Legal Officer for the Near and Middle East, Africa, Canada and Cyprus.

Principal positions outside Bouygues SA

Department Head and Senior Legal officer, Bouygues Bâtiment International

NONCE PAOLINI



1 quai du Point du Jour, 92656 Boulogne Billancourt cedex, France
Date of birth: 01/04/1949 – French national
Date of first appointment: 24/04/2008
Expiry date of current term of office: 2011
Number of shares in the company: 500

Expertise/experience

Nonce Paolini holds a Master of Arts degree and graduated from Institut d'Études Politiques de Paris (IEP) in 1972. He started his career at the French power and gas utility EDF-GDF, where he worked first in operational positions (customer service/sales and marketing), and then in senior management (organisation, training, human resources, corporate communications). He joined the Bouygues group in 1988 as human resources development director, then became the Group corporate communications director in 1990. He joined TF1 in 1993 as human resources director and became Deputy CEO of the TF1 group in 1999. In January 2002, he was appointed Senior Vice-President of Bouygues Telecom to head up sales and marketing, customer relations and human resources. Nonce Paolini became Deputy CEO in April 2004 and a director in April 2005. Nonce Paolini has been CEO of TF1 since 22 May 2007, and Chairman and CEO since 31 July 2008.

Principal positions outside Bouygues SA

Chairman and CEO of TF1*

Other positions and functions in the Group

In France: Chairman of TF1 Management, NT1, Holding Omega Participations (H.O.P.); Chairman and director of MCP, director of Bouygues Telecom; standing representative of TF1 Management, manager of La Chaîne Info and TF1 D.S.; standing representative of TF1* on the boards of Extension TV, TF1 – Acquisitions de Droits and TF6 Gestion; standing representative of TF1* and member of the Board of Directors of Groupe AB
Outside France: standing representative of TF1* on the board of WB Television (Belgium)

Former positions and functions during the last five years (outside the Bouygues group)

2010 – Standing representative of TF1* on the board of Médiamétrie (July 2007 to September 2010)

(*) Listed company

JEAN PEYRELEVADE

73 rue d'Anjou, 75008 Paris, France
Date of birth: 24/10/1939 – French national
Date of first appointment: 25/01/1994
Expiry of current term of office: 2013
Number of shares in the company: 500

Chairman of the Selection Committee

Expertise/experience

Jean Peyrelevade is a graduate of École Polytechnique and Institut d'Études Politiques de Paris (IEP), and is a senior civil aviation engineer. He was deputy head of the private office of the Prime Minister in 1981, and in 1983 became Chairman of Compagnie Financière de Suez and, at the same time, of Banque Indosuez. He was appointed Chairman and CEO of Banque Stern, then in 1988 became Chairman of UAP, before becoming Chairman of Crédit Lyonnais in 1993 for ten years. He is currently a merchant banker at Banca Leonardo group.

Principal positions outside Bouygues SA

Chairman of the Board of Leonardo & Co

Other positions and functions outside the Group

In France: Chairman of Leonardo Midcap Cf; director of DNCA Finance
Outside France: director of Bonnard et Gardel (Switzerland); member of the supervisory board of KLM (Netherlands)

Former positions and functions during the last five years (outside the Bouygues group)

2010 – Vice-Chairman of Leonardo France (November 2006 to March 2010)
2009 – Member of the supervisory board of CMA-CGM (June 2005 to September 2009); director of Société Monégasque d'Électricité et de Gaz (Monaco) (June 1991 to June 2009)
2008 – Director of Suez* (June 1983 to July 2008)

(*) Listed company

FRANÇOIS-HENRI PINAULT

10 avenue Hoche, 75008 Paris, France
Date of birth: 28/05/1962 – French national
Date of first appointment: 22/12/1998
(as standing representative of Financière Pinault)
Date of second appointment: 13/12/2005 (in his personal capacity)
Expiry of current term of office: 2013
Number of shares in the company: 500

Member of the Selection Committee and the Ethics and Sponsorship Committee

Expertise/experience

François-Henri Pinault is a graduate of École des Hautes Études Commerciales (HEC). He has spent his whole career within the PPR group. He was CEO of France Bois Industries from 1989 to 1990 and was appointed Chairman and CEO of Pinault Distribution in 1991. In 1993, he became Chairman of CFAO. He was appointed Chairman and CEO of Fnac in 1997, then executive vice-president of the PPR group and subsequently head of Internet activities and Chairman of the supervisory board of PPR-Interactive from 2000 to 2001. Since 1998, François-Henri Pinault has been a director, and since 2003 Chairman of the Board of Directors of Artémis. In March 2005, he became Chairman of the Executive Board and then Chairman and CEO of PPR.

Principal positions outside Bouygues SA

Chairman, CEO and director of PPR*

Other positions and functions outside the Group

In France: Managing partner of Financière Pinault; Chairman and director of Artémis; Vice-Chairman and member of the supervisory board of Boucheron Holding; Vice-Chairman of the supervisory board of CFAO*; director of Sapardis, Fnac SA and Soft Computing*; member of the supervisory board of Yves Saint-Laurent SAS; member of the management board of SC du Vignoble Château Latour
Outside France: Chairman and member of the supervisory board of Gucci Group NV * (Netherlands); Chairman of the supervisory board of Puma* (Germany); board member of Christie's International Plc* (United Kingdom); Vice-Chairman and director of Sowind group (Switzerland)

Former positions and functions during the last five years (outside the Bouygues group)

2009 – Chairman, CEO and director of Redcats (December 2008 to April 2009); director of Tennessee (2001 to November 2009)
2006 – Director of Simetra Obligations (May 2003 to December 2006)

(*) Listed company

MICHÈLE VILAIN

3 boulevard Gallieni, 92130 Issy-les-Moulineaux, France
Date of birth: 14/09/1961 – French national
Date of first appointment: 29/04/2010
Expiry date of current term of office: 2013

Director representing employee shareholders

Expertise/experience

Michèle Vilain joined Bouygues Immobilier in 1989, holding various positions in the IT and Office Automation department, including responsibility for customer services. She is currently department head at the Residential Property France division, where she is responsible for customer mediation.

Principal positions outside Bouygues SA

In charge of customer mediation for Bouygues Immobilier

SCDM

32 avenue Hoche, 75008 Paris, France
Date of first appointment: 22/10/1991
Expiry date of current term of office: 2013
Number of shares in the company: 65,718,293

Other positions and functions in the Group

In France: Director of GIE 32 Hoche

Other positions and functions outside the Group

In France: Chair of Actiby, SCDM Énergie, SCDM Participations and SCDM Invest-3

Former positions and functions during the last five years (outside the Bouygues group)

2010 – Chair of SCDM Investcan (January 2008 to September 2010); SCDM Investur (July 2008 to September 2010) and SCDM Invest-1 (June 2008 to April 2010)
2009 – Chair of Investaq Énergie (June 2008 to July 2009)

NON-VOTING DIRECTOR

ALAIN POUYAT

32 avenue Hoche, 75008 Paris, France
Date of birth: 28/02/1944 – French national
Date of first appointment: 26/04/2007
Expiry date of current term of office: 2013
Number of shares in the company: 29,368

Expertise/experience

A graduate of École Nationale Supérieure des Arts et Métiers (Ensam) Alain Pouyat joined Bouygues in 1970 as an IT engineer. He was appointed IT Manager in 1981, then Group IT Director in 1986. He has been Executive Vice-President, Information Systems and New Technologies since 1988.

Other positions and functions in the Group

In France: Director of Bouygues Telecom, TF1*, ETDE, C2S, Société Parisienne d'Études d'Informatique et de Gestion

(*) Listed company

Information on **AUDITORS**

1 • STATUTORY AUDITORS

- Mazars (formerly Mazars & Guérard), 61 rue Henri Regnault, 92400 Courbevoie (France), appointed as statutory auditors at the Annual General Meeting on 10 June 1998, and reappointed for a further six-year term at the Annual General Meeting on 22 April 2004 and then at the Annual General Meeting on 29 April 2010.

  Mazars are represented by Gilles Rainaut.

- Ernst & Young Audit, Faubourg de l'Arche, 11 allée de l'Arche, 92037 Paris-La Défense Cedex (France), appointed as statutory auditors at the Annual General Meeting on 24 April 2003 and reappointed for a further six-year term at the Annual General Meeting on 23 April 2009.

  Ernst & Young Audit are represented by Jean Bouquot.

Mazars and Ernst & Young Audit are members of the Versailles regional association of auditors.

2 • ALTERNATE AUDITORS

- Philippe Castagnac (Mazars group), appointed as alternate auditor at the Annual General Meeting on 29 April 2010, for a six-year term.

- Auditex (Ernst & Young group), appointed as alternate auditor at the Annual General Meeting on 23 April 2009, for a six-year term.

3 • FEES PAID BY THE GROUP TO THE AUDITORS AND MEMBERS OF THEIR NETWORKS

The fees paid to each of the auditors and to the members of their networks by Bouygues and all fully consolidated Group companies are shown in Note 22 to the consolidated financial statements.

CHAIRMAN'S REPORT on corporate governance and internal control

PROCEDURES FOLLOWED IN PREPARING THIS REPORT

This report has been prepared taking into consideration regulations in force, the reports and recommendation of the Autorité des marchés financiers (AMF) concerning corporate governance and internal control, the AMF guidelines for internal control and risk management, the Afep/Medef corporate governance code, practices adopted by other issuers and various internal documents (by-laws, rules of procedures and minutes of the Board of Directors and its committees, internal control principles and procedures, etc.). The writers have consulted several of the company's bodies and senior managers (Chairman of the Board of Directors, Chairman of the Accounts Committee, senior management and the management of the Legal, Finance and HR divisions), business line Corporate Secretaries and the statutory auditors. They have gathered information about the directors from the directors themselves.

The "Internal control and risk management procedures" section of the report has been prepared with input from the Group's businesses, drawing on information collected from key players in the internal control process.

The draft report was submitted to the Chairman of the Board of Directors before being sent to the directors for review. The Accounts Committee has reviewed the section on internal control and risk management procedures. This report was discussed and approved by the Board of Directors at its meeting of 1 March 2011. The Chairman of the Board of Directors signed the report on that date.

1 • CORPORATE GOVERNANCE CODE

For many years, Bouygues has referred to the Afep and Medef recommendations on corporate governance. Pursuant to Article L. 225-37, paragraph 7 of the Commercial Code, at its meeting of 3 March 2009 the Board of Directors decided that in corporate governance matters it would voluntarily refer to the provisions of The Corporate Governance of Listed Corporations, a code published in December 2008 by the French Association of Private Companies (Afep) and the French employers' federation (Medef) (hereinafter referred to as "the Afep/Medef code"). On 1 June 2010, the Board of Directors adopted the April 2010 update of the Afep/Medef code, which contains recommendations to promote board gender diversity.

The Afep/Medef code may be downloaded from the Medef website (http://www.medef.com). It is also included as an appendix to the rules of procedure of the Board of Directors, which may be downloaded from the Bouygues website (http://www.bouygues.com).

In accordance with Article L. 225-37 paragraph 7 of the Commercial Code, this report will indicate hereafter, when necessary, the provisions of the aforementioned code that have been disregarded and the reasons for doing so (see opposite and pages 175 and 186 of this Registration Document).

2 • MEMBERSHIP OF THE BOARD OF DIRECTORS

The by-laws stipulate that the Board of Directors should include between three and 18 directors appointed by a shareholders' general meeting, and a maximum of two directors representing employee shareholders, elected by a shareholders' general meeting at the proposal of the Supervisory Boards of employee investment funds.

The by-laws set no age limit for directors. However, a maximum age of 70 is stipulated for the functions of chairman, chief executive officer and deputy chief executive officer. When a person serving in one of these functions reaches the age of 65, his term is submitted to the Board of Directors at its next meeting for confirmation for a period of one year. The Board of Directors may then renew the term annually for one-year periods up to the age of 70, at which time the person is required to retire.

The rules of procedure of the Board of Directors lay down certain rules on Board membership. They specify that the number of directors or standing representatives of legal entities coming from external companies in which a corporate officer or salaried director of Bouygues holds an executive position must be limited to two.

It also specifies that at least one third of directors must be independent within the meaning of the Afep/Medef code.

The Afep/Medef code states: "Given the great diversity of listed companies, it is not desirable to impose on all boards of directors formalised and identical ways of organising and operating. The organisation of the Board's work, like its membership, should be appropriate to the make-up of the shareholders, to the size and nature of each company's business (…). Each Board is the best judge of these things, and its first duty is to adopt ways of organising and operating that will best enable it to fulfil its responsibilities."

According to the Afep/Medef code, independent directors must represent at least half of all Board members in widely held companies with no controlling shareholder, and at least two thirds of all Board members in companies with a controlling shareholder, a concept not defined in the Afep/Medef code. As at 31 December 2010, seven of the 18 directors were independent, representing a proportion of 39%. This percentage is justified not only by the fact that, on the one hand, there is a main shareholder with 27.3% of voting rights and, on the other hand, there are two directors representing significant shareholders (employee shareholders), but also by the fact that, in line with Bouygues tradition, there are directors holding executive management positions within the Group or at Alstom, a company in which Bouygues has a 30.77% equity interest. Consequently, the Board's composition reflects the company's specific char-

acteristics and is considered as representing a good balance, notably because it enables the Board to obtain good information on the activities and strategies of the Group's various businesses.

Reappointments are staggered across three consecutive years.

The by-laws stipulate that a shareholders' general meeting may appoint one or more non-voting directors for a three-year term. Non-voting directors attend Board meetings on a consultative basis. They are tasked with ensuring that the by-laws are strictly observed. They review the inventories and annual financial statements and, where they consider appropriate, present their observations in this connection at shareholders' general meetings.

The Board currently comprises 18 directors and one non-voting director:

- sixteen directors appointed by a shareholders' general meeting: Pierre Barberis, Patricia Barbizet, François Bertière, Mrs Francis Bouygues, Martin Bouygues, Georges Chodron de Courcel, Lucien Douroux, Yves Gabriel, Patrick Kron, Hervé Le Bouc, Nonce Paolini, Helman le Pas de Sécheval, Colette Lewiner, Jean Peyrelevade, François-Henri Pinault and SCDM (represented by Olivier Bouygues);
- two directors elected by the Annual General Meeting from among the members of the Supervisory Boards of the employee savings schemes (profit-sharing and the employee savings schemes), representing employee shareholders: Michèle Vilain and Sandra Nombret;
- one non-voting director: Alain Pouyat.

Name	Committee membership								
	Age[a]	Accounts	Remu-neration	Selection	Ethics and Sponsorship	Start of first term	End of current term	Years on board[a]	Professional experience
Corporate officers									
Martin Bouygues Chairman and CEO	58					1982	2012	28	Industry
Olivier Bouygues Deputy CEO Standing representative of SCDM	60					1997[b]	2013	26	Industry
Independent directors									
Pierre Barberis	68		■			1997	2012	13	Banking, insurance, IT
Patricia Barbizet	55	■	■			2005[c]	2011	12	Industry, distribution
Lucien Douroux	77				■	1999	2013	11	Banking, finance
Helman le Pas de Sécheval	44	■				2008	2011	2	Finance, insurance
Colette Lewiner	66					2010	2013	0	Industry
Jean Peyrelevade	71			■		1994	2013	16	Banking, finance
François-Henri Pinault	48			■	■	2005[d]	2013	12	Industry, distribution
Directors representing employee shareholders									
Sandra Nombret	37					2010	2013	0	Industry, construction
Michèle Vilain	50					2010	2013	0	Property
Salaried directors from Bouygues businesses or Alstom									
François Bertière	60					2006	2012	4	Property
Yves Gabriel	60					2002	2013	8	Industry, construction
Patrick Kron	57					2006	2013	4	Industry
Hervé Le Bouc	58					2008	2011	2	Industry, construction
Nonce Paolini	61					2008	2011	2	Telecoms, media
Other directors									
SCDM						1991	2013	19	-
Mrs Francis Bouygues	86					1993	2012	17	-
Georges Chodron de Courcel	60	■				1996	2012	14	Banking, finance
Non-voting director									
Alain Pouyat	66					2007	2013	3	Industry, IT

(a) As at 31 December 2010 (b) From 1984 to 1997, either in his personal capacity or as a standing representative (c) From 1998 to 2005, as a standing representative of Artémis (d) From 1998 to 2005, as a representative of Financière Pinault

Lucien Douroux, Yves Gabriel, Patrick Kron, Jean Peyrelevade, François-Henri Pinault and SCDM (represented by Olivier Bouygues) were reappointed as directors for a further three-year term at the Annual General Meeting on 29 April 2010.

Alain Pouyat was reappointed as a non-voting director for a further three-year term.

Martin Bouygues is Chairman of the Board of Directors and Chief Executive Officer. Olivier Bouygues is Deputy Chief Executive Officer, and has the same powers as the Chief Executive Officer. At the end of the Annual General Meeting held on 23 April 2009, the Board of Directors reappointed Martin Bouygues as Chairman and Chief Executive Officer for the period of his term of office as a director, ie until the end of the Annual General Meeting called to approve the 2011 financial statements. The Board also decided to reappoint Olivier Bouygues as Deputy Chief Executive Officer throughout Martin Bouygues' term of office as Chairman and Chief Executive Officer. Should Martin Bouygues cease to be Chief Executive Officer, Olivier Bouygues' duties would cease on the date on which a new Chief Executive Officer was appointed, unless the Board decided they should cease immediately or, conversely, that they should continue at the proposal of the new Chief Executive Officer.

The Board has formed four committees to assist it in its work: the Accounts Committee, the Remuneration Committee, the Selection Committee and the Ethics and Sponsorship Committee. The roles, membership and work of these committees are detailed below.

At the Annual General Meeting convened for 21 April 2011, it will be proposed that Patricia Barbizet, Hervé Le Bouc, Helman le Pas de Sécheval and Nonce Paolini be reappointed as directors.

3 • DIRECTORS' TERMS OF OFFICE AND DUTIES

Information required under Article L. 225-102-1, paragraph 4 of the Commercial Code can be found above in the management report, pages 162-170 of this Registration Document.

4 • ASSESSING DIRECTOR INDEPENDENCE

In defining the concept of independent director, the rules of procedure refer to the criteria set out in the Afep/Medef code and the European Recommendation of 15 February 2005 on the role of directors of listed companies. They specify that, when identifying independent directors, the Board of Directors must attach greater weight to substance than to form. To this end, the Selection Committee gives an opinion on the circumstances of each of its members.

The classification of directors as independent is discussed by the Selection Committee and reviewed each year by the Board before publication of the annual report. At the proposal of the Selection Committee, the Board reviews the circumstances of each member in light of the criteria set out below before informing the shareholders of its findings in the annual report and when directors are appointed at the Annual General Meeting.

The Board of Directors may decide that, due to his or her specific circumstances, a director cannot be classed as independent even though the criteria set out below are met. Conversely, the Board may decide that a director not meeting the criteria set out below is nonetheless independent.

Independence should be understood as referring to the absence of any material conflict of interest. Directors should only be considered independent where they are not bound by any business, family or other relationship – with the company, its controlling shareholder or the senior management of either of the former – which creates a conflict of interest liable to impair their judgement.

A director is considered independent when he/she has no relations whatsoever with the company, its Group or its management that may influence his or her judgement. To qualify as independent, Board members must therefore not only be non-executive directors – ie hold no executive position in the company or group – but must not be in any way related to the company or group as a major shareholder, employee or in any other capacity.

The independence criteria applied by the Afep/Medef code are as follows:

- The director has not been an employee or corporate officer of the company, or an employee or director of its parent or a company that it consolidates, during the past five years.
- The director is not a corporate officer of an entity in which the company directly or indirectly holds a directorship, or in which an employee appointed as such or a corporate officer of the company (currently in office or having held office in the past five years) is a director.
- The director is not a customer, supplier, investment banker or commercial banker that is material for the company or its Group, or for which the company or its Group represents a material proportion of its business.
- The director does not have any close family ties with a corporate officer of the company.
- The director has not been an auditor of the company within the previous five years.
- The director has not been a director of the company for more than 12 years, on the understanding that independent status expires at the end of the term of office during which the 12-year threshold is exceeded.

According to the Afep/Medef code, the Board may find that a director who does not satisfy all the criteria for independent status set forth by the code is nevertheless independent in view of his/her or the company's situation in relation to its shareholders or for any other reason.

In accordance with this provision, the Bouygues Board of Directors considers that being a director for more than twelve years does not automatically result in the loss of independent director status. At the conclusion of the term in which this twelve-year period ends, it decides whether the director shall retain or lose this status by taking into consideration his/her particular situation.

Directors representing key shareholders of the company or its parent may be considered as independent when they do not take part in the oversight of the company. When such directors own more than 10% of the company's capital or voting rights, the Board should systematically review their independent status, based on the report of the Selection Committee and taking into account the composition of the company's capital and any conflicts of interest that may arise.

In line with the recommendations of the Afep/Medef code, after gathering the opinion of the Selection Committee, and as it does each year, the Board of Directors carried out its annual assessment of Board members and determined the proportion of its members that were independent. It reviewed each director's situation in light of the independence criteria defined by the Afep/Medef code.

At its meeting on 1 March 2011, the Board thus considered seven directors (Pierre Barberis, Patricia Barbizet, Lucien Douroux, Helman le Pas de Sécheval, Colette Lewiner, Jean Peyrelevade and François-Henri Pinault) to be independent directors within the meaning of the Afep/Medef criteria.

It is noted that:

- Lucien Douroux has held management positions with financial institutions that have a business relationship with the company, but has not held such positions for a number of years; furthermore, the institutions concerned have undergone substantial changes since that time;
- François-Henri Pinault and Patricia Barbizet are respectively Chairman and Chief Executive Officer of Artémis, a Pinault group company that had entered into a shareholder agreement with SCDM. However, that agreement expired in 2006 and Artémis is no longer a shareholder in the company;
- Patricia Barbizet, Pierre Barberis, François-Henri Pinault and Jean Peyrelevade have been directors for more than twelve years, but after examining their situation in accordance with Article 8.3 of the Afep/Medef code, the Board took the view that these directors (as well as Lucien Douroux, whose twelve-year period as a director ends on 30 March 2011) had kept their independent status. The Board noted in particular that these directors' contributions to the Board's work showed that their long period on the Board and their experience gave them additional expertise and authority as well as excellent knowledge of the company without in any way compromising their freedom of judgement or their opinions on matters in the Board's domain.

The Board takes the view that none of these persons is connected with the company, with the shareholders controlling it, or with its management by a relationship creating such a conflict of interest. These seven directors are therefore considered independent in the light of the Afep/Medef code.

5 • GENDER BALANCE OF THE BOARD

In accordance with Article L. 225-37, paragraph 6, of the Commercial Code, the Board reported on progress in applying the principle that boards of directors should be made up of equal numbers of men and women.

At the beginning of 2010, only two of the eighteen directors on the Bouygues board were women, or a proportion of 11.1%.

At the recommendation of the Board, the Annual General Meeting of 29 April 2010 appointed three women directors: Colette Lewiner, Sandra Nombret and Michèle Vilain. Since that date, five of the eighteen directors have been women, or a proportion of 27.8%.

In June 2010, the Board decided to amend its rules of procedure by adopting the recent recommendations of the Afep/Medef code concerning board gender diversity.

The Board will seek to increase the proportion of women among its directors over the next few years, in accordance with the recommendations of the Afep/Medef code and the Act of 27 January 2011.

6 • GOVERNANCE STRUCTURE

The law stipulates that the Board should elect one of its individual members as Chairman to organise and direct the Board's work and ensure the smooth running of the company's management bodies. The Board entrusts executive power over the company either to the Chairman of the Board of Directors or to another individual, who may or may not be a director, carrying the title of Chief Executive Officer.

The Board of Directors opted to combine the positions of Chairman and Chief Executive Officer in April 2002, and renewed this option in April 2006. At the end of the Annual General Meeting held on 23 April 2009, the Board of Directors once again opted in favour of combining these positions, and it renewed the appointment of Martin Bouygues as Chairman and Chief Executive Officer for the duration of his term as a director, ie until the end of the Annual General Meeting called to approve the 2011 financial statements.

The Board believes that combining the positions of Chairman and Chief Executive Officer has proved a source of effective governance, particularly in view of the Bouygues group's organisational structure: Martin Bouygues is Chairman and Chief Executive Officer of Bouygues, the Group's parent company. He does not have general management authority over the Group's five businesses; this is vested in the senior management of its major subsidiaries: Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom. Martin Bouygues does not therefore combine operational responsibility over these subsidiaries with his other duties. While Bouygues and its Chairman sometimes play an important role in key Group operational projects, they do not replace the senior management of the Group's core businesses.

7 • RESTRICTIONS ON THE POWERS OF THE CHIEF EXECUTIVE OFFICER

According to the law and the by-laws, the Chief Executive Officer is vested with the broadest possible powers to act on the company's behalf under all circumstances. He exercises these powers within the confines of the corporate purpose and subject to powers expressly granted by law to shareholders' general meetings and the Board of Directors.

The rules of procedure of the Board of Directors set out certain decisions that must be made by the Board: defining strategic priorities, business plans and financing policy for the businesses and the Group; approving genuinely strategic activities; authorising activities considered to be of importance for the Group as a whole, including investments in organic growth, acquisitions, divestments and internal restructuring measures, and particularly those falling outside the company's

stated strategy; authorising major financing operations involving public tender offers; and authorising key guarantees and major commitments.

8 • PREPARATION AND ORGANISATION OF THE BOARD'S WORK

8.1 Rules in the by-laws

The by-laws repeat or stipulate the following rules: the Board of Directors meets as often as the company's interests require, at the invitation of the Chairman, either at the registered office or at any other place; invitations may be issued by any method, including verbally; the Board may only validly deliberate where at least half its members are in attendance; decisions are made on the basis of a majority of those members in attendance or represented; in the event of a tied vote, the Chairman of the meeting has the casting vote.

The rules of procedure stipulate that any director participating in a Board meeting by videoconferencing, or any other telecommunication method having technical characteristics that allow directors to be identified and participate fully in the meeting, is deemed to be in attendance for the purposes of quorum and majority. In accordance with law, this provision does not apply to decisions on the preparation of the parent company and consolidated financial statements within the management report.

8.2 Rules of procedure of the Board of Directors

At its meeting in September 2002 the Board adopted a set of procedural rules intended to clarify the conditions under which its work is prepared and organised. These rules of procedure have since been amended on several occasions to take account of changes in applicable laws and regulations and certain recommendations issued by the AMF, Afep and Medef on corporate governance and executive remuneration, and to reflect certain rules adopted within the scope of the Group's Internal Control project and the provisions of the Order of 8 December 2008 concerning the Audit Committee. In June 2010, the rules of procedure were updated by adopting the recommendations of the Afep and the Medef concerning the advancement of board gender diversity. In December 2010, the rules of procedure were further updated to take account of the AMF recommendation of 3 November 2010 on the prevention of insider trading and the modification of the calendar for periodic meetings of the Board. Additional amendments were made on 1 March 2011.

The rules contained in the rules of procedure are described in this report.

The full text of the rules of procedure may be downloaded from the company's website at www.bouygues.com (Group, "Corporate governance").

8.3 Board meetings

The rules of procedure updated as at December 2010 state that in principle the Board of Directors holds five ordinary meetings a year (February/March, May, August, November and December). In February/March, the Board signs off the financial statements for the previous financial year; at the May meeting, it signs off the financial statements as at 31 March and reviews first half performance; the strategic priorities for each business and for the Group as a whole are submitted for its approval; in August, it signs off the financial statements for the first half; and in November, it signs off the financial statements as at 30 September and reviews the estimated sales and earnings for the past year and for the following year. In December, the business plans for the following three years and the financing policy for the businesses and the Group are presented to it for approval. Other Board meetings are held as the Group's business requires.

The agenda for Board meetings is in three parts: business activities, financial statements and legal matters. A detailed review of each item is provided to each director.

Committee meetings are held in advance of Board meetings.

Since 2003, the auditors have been systematically called to all meetings at which the Board considers annual or interim financial statements.

Persons who are not Board members, whether Bouygues group employees or not, may be invited to attend all or part of Board meetings.

8.4 Information provided to the Board of Directors

The rules of procedure stipulate that the Chairman or Chief Executive Officer must provide directors with all documents and information required by them to fulfil their duties, including in particular the following:

- information used to monitor business performance, including sales and orders;
- the company's financial position, including in particular its cash position and commitments;
- the occurrence of any event that materially affects or may affect consolidated Group results;
- material events in relation to human resources, and in particular changes in employee headcount;
- the key risks faced by the company, any changes in them and arrangements put in place to manage them.

Each quarter, senior management presents a report on consolidated sales and earnings for the quarter just ended to the Board of Directors.

Each director may, on his or her own initiative, gather additional information; the Chairman, Chief Executive Officer and Deputy Chief Executive Officer are always available to provide Board members with explanations and any other relevant information.

Directors may also meet with key company executives, including with no executive directors present, subject to the latter having been informed in advance.

Through their work and the reports they produce, the committees tasked by the Board with studying specific matters help to ensure that the Board is properly informed and prepared for the decisions it has to make.

Directors always receive all documents publicly issued by the company or its subsidiaries, and in particular all information aimed at shareholders.

Directors may, if they wish, receive additional training in matters pertaining to the company and its businesses and sectors. Michèle Vilain and Sandra Nombret, directors representing the employee shareholders, appointed by the Annual General Meeting of 29 April 2010, have thus taken several days of training in 2010 provided by an external organisation and specifically intended for new directors.

9 • DIRECTORS' CODE OF CONDUCT

At its meeting on 1 March 2011, the Board of Directors approved the directors' code of conduct, which is appended to the rules of procedure. This code contains all the provisions relating to ethical conduct that were previously found in various articles of the aforementioned rules of procedure. The text of this code is reproduced below.

Directors' and non-voting directors' code of conduct

1. Preface

Directors are required to comply with this code of conduct, which sets forth the rules of conduct listed in Article 17 of the Afep/Medef corporate governance code regarding the ethical conduct of directors.

Before accepting their position on the Board, directors must be familiar with the general and specific obligations of this position. In particular, they must be familiar with relevant laws, regulations, by-laws, rules of conduct and the Board's rules of procedure.

When directors have a question concerning the interpretation or application of a rule in this charter, they should consult the chairman of the Ethics and Sponsorship Committee and/or the Group Ethics Officer, if they judge it would be useful.

2. Representation of shareholders

Though directors are shareholders themselves, they are the representatives of all shareholders and must act as such in performing their duties; failure to do so can give rise to personal liability.

3. Duty to be informed

Directors have a duty to be well informed. Accordingly, they must request from the Chairman in a timely manner the information they need to work effectively on the issues on the Board's agenda.

4. Regular attendance – Multiple directorships

Directors must devote the necessary time and attention to their functions. They must attend and participate regularly in the meetings of the Board and of any committees of which they are a member.

All directors are required to comply with the instructions set out in the Commercial Code governing the holding of multiple positions as corporate officers in *Sociétés Anonymes* (public limited companies), as well as the Afep/Medef recommendation according to which directors with executive powers must not, in principle, agree to hold more than four directorships in listed companies, including foreign companies, outside their group.

5. Preventing conflicts of interest

Directors shall see that they do not exercise an activity that would place them in a conflict of interest with the company. In particular, directors shall not seek to hold an interest or invest in a company, whether a customer, supplier or competitor of the company, if this interest or investment could influence their actions in their role as a director.

Directors undertake to inform the Chairman of any conflict of interest, even of a potential nature, between their duties in relation to the company and their private interests and/or other duties, and not to take part in voting on any resolution directly or indirectly affecting them.

If the situation requires, directors may be obliged not to attend Board meetings during deliberations and not to take part in any voting on a resolution and not to have access to documents and information brought to the attention of the other directors concerning the subject in question.

The Chairman of the Board may ask directors at any time to confirm in writing that they are not subject to any conflict of interest.

6. Information concerning directors

The Chairman of the Board may ask directors at any time to provide a certification, statement or details, notably on the following points: their family ties with other directors; service contracts binding them to the company or to any of its subsidiaries and entitling them to benefits under such a contract; their *curriculum vitae;* their management expertise and experience; the activities and mandates they exercise or have exercised in other listed or unlisted companies in France or abroad; the number of the company's shares they own; their situation with regard to the Afep/Medef code's criteria for independent director's status; a detailed account of any restriction accepted by them concerning the sale, within a certain period of time, of their shareholding in the company.

The directors undertake to inform the Chairman of the Board of any convictions for fraud, of any incrimination, preventive measure or official sanctions issued in the last five years as well as of any insolvency, compulsory administration or liquidation proceedings with which they have been associated in the last five years. The Chairman of the Board may ask directors at any time to confirm in writing that they are not affected by any of these situations.

7. Share ownership

The by-laws stipulate that each director must hold at least ten shares in the company. The rules of procedure recommend that each director and non-voting director own 500 shares in the company.

8. Holding of company shares in registered form

In accordance with Article L. 225-105 of the Commercial Code, the Chairman, the Chief Executive Officer, the Deputy Chief Executive Officer, the directors, whether individuals or legal entities, as well as standing representatives of

legal entity directors (the "persons concerned"), are required to convert to registered form any Bouygues shares as well as listed shares issued by any subsidiary held by them (or owned by any minor-age children of theirs) when they take up their duties and any shares they subsequently acquire. The same obligation applies to the non-separated spouses of the persons concerned. It is recommended that non-voting directors follow the preceding rules.

9. Confidentiality

Directors and non-voting directors shall consider themselves bound to professional secrecy that exceeds the mere obligation of discretion stipulated by regulations, with regard to non-public information acquired in the performance of their duties.

Directors and non-voting directors as well as any person called to attend a meeting of the Board or of one of its committees are bound by a strict obligation of confidentiality with regard both to persons outside the company and to persons with no cause to be aware of information as a result of their duties in the company.

Only the Chairman, Chief Executive Officer and Deputy Chief Executive Officer are authorised to provide third parties and the public with information on company policy, strategy, business and performance.

10. Prevention of insider trading

Directors and non-voting directors are reminded that they are likely to hold inside information at all times and that they must ensure before carrying out any transaction that they are not engaging in insider trading. Directors and non-voting directors must therefore manage their shares in the company in a rigorous and ethical manner.

Directors and non-voting directors must observe the following rules of conduct, which apply to all financial markets, whether French or foreign, in which they carry out transactions.

10.1 Ban on circulating or making use of inside information

Besides the general obligation of confidentiality described in paragraph 9 above, any person concerned holding inside information about the company, its subsidiaries or a transaction under consideration by the company or its subsidiaries is bound by an obligation of strict confidentiality and non-participation.

Accordingly, persons concerned are prohibited from directly or indirectly acquiring or selling, or attempting to acquire or sell, on their own account or on behalf of others, financial instruments to which such inside information relates, and any financial instruments to which those instruments are in turn connected.

More generally, they are prohibited from communicating any inside information to third parties, and from recommending to third parties that they buy or sell, or arrange for another person to buy or sell, the aforementioned financial instruments on the basis of inside information.

Inside information is understood to mean any specific information that has not been made public, that relates directly or indirectly to the company, its subsidiaries or one or more financial instruments issued by them, and which, if made public, would be likely to have a significant effect on the price of the financial instruments in question or the price of financial instruments connected to them.

The persons concerned are bound by this obligation of confidentiality and non-participation even where they hold inside information by chance and in no way as a result of their role as a director or non-voting director.

Directors and non-voting directors' are reminded of the seriousness of the legal sanctions that may be imposed for failing to observe the aforementioned obligations:

- the AMF may impose a fine of up to 100 million euros or, if profits have been realised, ten times the amount of the profits;
- an executive or person who holds inside information while exercising his profession or duties and who carries out directly or allows an intermediary to carry out one or more transactions before the public is aware of this information is liable to two years' imprisonment and a fine of 1,500,000 euros, with the possibility of the fine's being increased by up to ten times the amount of any profits realised;
- any person possessing inside information concerning the prospects or situation of an issuer and who communicates this information to a third party outside of the normal scope of his profession or duties is liable to one year's imprisonment and a fine of 150,000 euros.

10.2 Close periods

In any case, all concerned persons must refrain from trading in the company's shares or those of its subsidiaries (and in particular, where they can exercise stock options, they are prohibited from selling any shares arising from the exercising of those options), during:

- the period of 30 calendar days preceding the publication of Bouygues' annual, first-half or quarterly financial statements, and the day of their publication;
- the period of 15 calendar days preceding the publication of Bouygues' quaterly sales, and the day of their publication.

This obligation to refrain from trading should also be observed during any period in which a concerned person is aware of inside information and the day of its publication.

In addition, pursuant to Article L. 225-197-1 of the Commercial Code, bonus shares may not be sold:

- in the ten trading sessions following the date on which the consolidated financial statements are published;
- in the ten trading sessions following the date on which inside information is published.

10.3 Consultation of the Ethics Officer

Any person concerned who wishes to carry out a transaction (other than simply exercising stock options with no follow-up sale of the stock, a transaction that is always authorised) in the shares of Bouygues or one of its listed subsidiaries may consult the Group Ethics Officer to confirm that he/she would not be engaging in insider trading.

This consultation is obligatory for executive directors and salaried directors.

In any case, the Group Ethics Officer's opinion is advisory only, and the decision to trade in the company's shares or not is the sole responsibility of the concerned person.

10.4 Ban on speculative transactions

Directors and non-voting directors undertake not to engage in speculative trading in the shares of Bouygues or those of its listed subsidiaries through such transactions as short selling or buying on margin, rolling orders over onto the deferred settlement market, round-tripping or transactions on derivatives.

10.5 Ban on hedging

Directors and non-voting directors are formally forbidden to hedge bonus shares or stock options they receive.

10.6 Share trading plans

It is noted that the AMF recommends the setting-up of share trading plans allowing executives to benefit, under certain conditions specified by the AMF, from a rebuttable presumption that they are not engaging in insider trading.

Directors and non-voting directors should determine, in light of their personal situation, the advisability of setting up such plans, which, where appropriate, may remain in place during the close periods described above.

10.7 Declaring transactions in the company's shares

In accordance with Article L. 621-18-2 of the Monetary and Financial Code and Article 223-22 of the AMF General Regulation, the persons concerned must declare to the AMF all their transactions in Bouygues shares, whether made directly or through an intermediary, on their own account or on behalf of a third party under the terms of an agreement, unless that agreement is performed under a third-party management agreement.

The same applies to transactions in Bouygues shares carried out by persons closely related to a person concerned, ie:

- their non-separated spouse or civil-union partner;
- children over whom the persons concerned exercise parental authority or who usually or alternately reside with them and whom they effectively and permanently support;
- any other direct relative or relative by marriage having lived in the home of the person concerned for at least one year at the time of the transaction;
- any legal entity other than Bouygues and:
  - whose supervision, administration or management is performed by the person concerned or by a person closely related to him/her and acting for the benefit of one of these persons (for example, a transaction carried out for the benefit of the person concerned by a company that the person concerned manages); or
  - that is controlled, directly or indirectly, by the person concerned or by a person closely related to them (for example, a transaction carried out by a company in which the person concerned has more than a 50% shareholding); or
  - that is constituted for the benefit of the person concerned or a person closely related to them; or
  - for which the person concerned or a person closely related to them enjoys at least the majority of the economic benefits (for example, a transaction carried out by a company of which the person concerned is the principal supplier).

The transactions covered by this obligation are subscriptions, purchases, sales and exchanges involving:

- shares of Bouygues, including the subscription of shares through the exercise of stock options (even when not followed by a sale of shares obtained) and the sale of bonus shares;
- securities giving access to shares of Bouygues;
- or derivatives on Bouygues shares;
- as well as forward transactions on Bouygues shares;

if the said transactions carried out by the person concerned and/or persons closely related to them should exceed a total of 5,000 euros per civil year. Once the cumulative amount of transactions over the civil year goes over 5,000 euros, the person concerned is required to declare all transactions carried out including those that had not been declared because the 5,000-euro limit had not been reached.

Transactions carried out by legal entities in the group to which they belong are not taken into account.

The persons concerned must declare directly to the AMF any transaction mentioned above within a maximum of five trading days from the conclusion of the transaction, using the AMF's standard report form and sending it by email to the following address: declarationdirigeants@amf-france.org A copy of this declaration must be sent to the Chairman of the Board of Bouygues within the same time period.

The persons concerned may ask the manager of their share account to file the required declarations.

Persons who are closely related to the persons concerned are also required to declare within the same time period and in the same way the transactions they have carried out in Bouygues shares.

The members of the Board shall be informed within the same time period of any transaction carried out by one of the executive directors.

* * *

The following stipulations are made:

Directors' fees – Regular attendance

Since 2009, directors' fees have included a variable component linked to attendance at the four Board meetings at which the accounts are approved and, where applicable, to committee meetings. As from 2011, attendance of the meeting in December at which the business plans are reviewed will also be taken into account in calculating the variable component.

Multiple directorships

As far as Bouygues is aware, the rules in Article 4 of the Code of Conduct, whose aim is to ensure that directors devote the necessary time and attention to their duties, are respected.

Potential conflicts of interest

At this time, the company is aware of the following potential conflicts of interest:

- Major shareholders of the Group (SCDM and Mrs Francis Bouygues), as well as the Group's

employee shareholders, are directly or indirectly represented on the Board of Directors by Martin Bouygues, Olivier Bouygues, Mrs Francis Bouygues, Michèle Vilain and Sandra Nombret.

- Patrick Kron is a director and Chairman and Chief Executive Officer of Alstom, a company in which Bouygues held 30.77% of the share capital at 31 December 2010, and of which Olivier Bouygues, Bouygues represented by Philippe Marien, and Georges Chodron de Courcel are directors.
- Georges Chodron de Courcel is also Chief Operating Officer of BNP Paribas, a company that may offer banking services or support to the Group.

As far as Bouygues is aware, there are no other potential conflicts of interest between the duties of any of the members of the Board of Directors with regard to the company and their private interests and/or other duties.

Family relationships

The only family relationships of which the company is aware are those between Martin Bouygues, Olivier Bouygues and Mrs Francis Bouygues.

Selection of directors

Patricia Barbizet and François-Henri Pinault were initially selected as members of the Board of Directors pursuant to the shareholder agreement entered into between SCDM and Artémis. This agreement terminated, however, on 24 May 2006.

No other member of the Board of Directors has been selected pursuant to any agreement entered into with the company's principal shareholders, customers, suppliers or other persons.

Service contracts

As far as the company is aware, with the exception of the employment contracts of salaried directors, and subject to the contract between SCDM and Bouygues, which was approved under the regulated agreements procedure, none of the members of the Bouygues Board of Directors is linked to any of the company's subsidiaries by a service contract that provides for the granting of benefits.

Judicial convictions

As far as the company is aware, during the last five years, except as set out below, none of the members of the Board of Directors has been:

- found guilty of fraud, incriminated or subjected to official public sanction by any statutory or regulatory body;
- associated with any insolvency, compulsory administration or liquidation proceedings;
- prevented by a court from acting as a member of an issuer's administrative, management or supervisory body or from being involved in an issuer's management or the conduct of its business.

Jean Peyrelevade was indicted in 2004 by a grand jury of the Central District of California on the petition of the federal prosecutor in connection with the Executive Life affair. This indictment was dropped following Mr Peyrelevade's signature at the beginning of 2006 of an Alford Guilty Plea by which he agreed to various sanctions while maintaining he was innocent. These sanctions have no effect on his capacity to manage and administrate companies, other than banking institutions in the United States.

Restrictions agreed to by the members of the Board of Directors in relation to the sale of their shares in the company

The by-laws stipulate that each director must hold at least ten shares in the company. The rules of procedure recommend that each director and non-voting director own 500 shares in the company.

Subject to the foregoing, the members of the Board of Directors have not agreed to any restriction in relation to the sale of their investment in the capital of the company, with the exception of the rules relating to the prevention of insider dealings.

10 • ROLE OF THE BOARD OF DIRECTORS

The Board of Directors has the powers and responsibilities laid down in law. In addition, the rules of procedure of the Board of Directors specify the following:

- The Board, assisted where applicable by an *ad hoc* committee, reviews and decides on genuinely strategic activities.
- The strategic priorities for each business and for the Group as a whole are submitted to the Board for approval.
- Any operations considered to be of importance for the Group as a whole, including investments in organic growth, acquisitions, divestments, and internal restructuring measures, must also be approved by the Board, particularly those falling outside the company's business strategy.
- The Board authorises major financing operations by way of public offering of securities, as well as major guarantees and commitments.
- The Board monitors the quality of information provided to shareholders and the markets, particularly through the financial statements and in connection with major transactions.

The rules also recall the role of the Board in determining the compensation of executive directors with the help of the Remuneration Committee in accordance with the recommendations of the Afep/Medef code (included as an annex to the internal rules of procedure).

11 • BOARD COMMITTEES

Committees are tasked by the Board of Directors with studying matters submitted for their review by the Board or its Chairman, as well as any matters that may be assigned to them by law. Four Committees have been set up since 1995: the Accounts Committee, the Remuneration Committee, the Selection Committee and the Ethics and Sponsorship Committee.

Annexes to the rules of procedure, the content of which is indicated below, define the composition, remit and operating rules of the four committees. Corporate officers and salaried directors of the company cannot sit on the committees. The committees are chaired by independent directors within the meaning of the Afep/Medef code.

The Board determines the membership and remit of committees, which carry on their activities under the Board's responsibility. The Board appoints committee members from among directors and non-voting directors, on the understanding that the Accounts Committee must consist only of directors.

11.1 Accounts Committee

Article L. 823-19 of the Commercial Code, arising from the 8 December 2008 Order, requires French listed companies to form, within the Board, a "specialised" committee tasked with overseeing matters relating to the preparation and audit of accounting and financial information. Bouygues had long anticipated this reform, setting up its Accounts Committee in 1995.

The rules of procedure of the Accounts Committee were amended in March 2009 to incorporate clarifications provided by the aforementioned 8 December 2008 Order and the recommendations in the Afep/Medef Code.

In accordance with the law, the Accounts Committee acts under the responsibility of the Board of Directors. In the context of its role of overseeing matters relating to the preparation and audit of accounting and financial information, the Accounts Committee is more specifically tasked with overseeing the following:

- The process for preparing financial information. This involves:
  - reviewing the parent company and consolidated financial statements at least two days before they are presented to the Board;
  - ensuring that the accounting methods used to draw up the financial statements are both relevant and consistent;
  - reviewing the internal control procedures for the preparation of the financial statements, in conjunction with the relevant internal departments and advice;
  - examining any changes having a material impact on the financial statements;
  - reviewing the main accounting options, estimates and judgements made at year-end, as well as key changes in the scope of consolidation.
- Ensuring that internal control and risk management procedures are effective;
- A legal audit of the parent company and consolidated financial statements by the statutory auditors;
- The independence of the statutory auditors. This involves:
  - reviewing the breakdown of audit fees paid by the company and Group, and ensuring that they do not represent a material proportion of the auditors' revenues such that auditor independence may be impaired;
  - supervising the auditor selection and renewal procedure; making recommendations on statutory auditors proposed for appointment at Annual General Meetings.

The Accounts Committee issues all reports and recommendations in relation to the foregoing, both periodically when the accounts are signed off and as and when circumstances require.

The Accounts Committee reviews the Chairman's draft report on internal control and risk management, and, if necessary, transmits its observations on this draft.

The Accounts Committee has at least three members selected from among the members of the Board with the most financial and/or accounting experience. It does not include any Bouygues corporate officers or executive directors. At least two of its members, including the Chairman, are independent directors within the meaning of the Afep/Medef code and the European Recommendation of 15 February 2005.

A director may not be appointed to the Bouygues Accounts Committee if he or she also serves as a corporate officer within a company in which a corporate officer or salaried director of Bouygues is a member of an equivalent committee.

Members of the Committee receive information on accounting, financial and operational matters specific to the company when they are appointed.

Committee meetings are only valid where two members are in attendance, including the Committee Chairman. The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. It meets at least twice each year to review the first-half and annual financial statements before they are submitted to the Board. The agenda is drawn up by the Committee Chairman. The opinions put forward by the Committee are based on a simple majority. In the event of a tied vote, the Chairman holds the casting vote.

To carry out its remit, the Committee has access to all accounting and financial documents that it deems useful. It may also meet with the employees of the company in charge of accounts, cash management and internal audit as well as the external auditors without the company's corporate officers being present. The Committee also has the option of consulting external experts, as provided for in the Afep/Medef code.

The Committee may seek the views of the auditors without a company representative being present, to ensure that they were able to access all information and have all the resources they need to fulfil their duties. The auditors provide the Accounts Committee with a summary of their work and of the accounting options used in preparing the financial statements.

When the financial statements are reviewed, the auditors provide the Committee with a memorandum discussing the key issues regarding the consolidated Group, its earnings performance and accounting options used. The Chief Financial Officer provides the Committee with a memorandum describing the company's risk exposure and any material off balance sheet commitments.

Key recommendations made by the statutory auditors are covered by an action plan and monitoring procedures presented to the Accounts Committee and senior management at least once each year.

The Committee reports on its work at the next meeting of the Board of Directors, and immediately informs the Board of any difficulties encountered. The Accounts Committee's deliberations and the information provided to it are of a particularly confidential nature, and must not be communicated outside the Board of Directors, it being nevertheless understood that this rule does not impinge upon the financial reporting obligations incumbent upon listed companies.

The current members of the Accounts Committee are Helman le Pas de Sécheval (Chairman), Patricia Barbizet and Georges Chodron de Courcel. Helman le Pas de Sécheval and

Patricia Barbizet, are independent directors within the meaning of the Afep/Medef code. Bouygues thus complies with the recommendation in the Afep/Medef according to which two thirds of the members of the accounts committee should be independent directors.

It is hereby noted that Helman le Pas de Sécheval, Patricia Barbizet and Georges Chodron de Courcel have extensive financial skills: in particular, Helman le Pas de Sécheval was head of the Transactions and Financial Reporting department of the Commission des Opérations de Bourse (which became the AMF) and, having been Groupama's group Finance Director from November 2001 to December 2009, is currently Managing Director of Groupama Centre-Atlantique; Patricia Barbizet held key financial positions within Renault, and then within the PPR group, where she has been Vice-Chairman and director since 2005; Georges Chodron de Courcel has held significant financial responsibilities within the BNP Paribas group, where he has been Chief Operating Officer since 2003.

Furthermore, until December 2009, Helman le Pas de Sécheval was Chairman of Groupama Private Equity's Audit Committee and a member of the Audit Committee of Banque Finama; he currently chairs the Internal Control Committee and vigilance body for Groupama Assicurazioni. Patricia Barbizet is chair of the Appointments Committee and of the Strategy and Development Committee and a member of the Audit Committee and the Remuneration Committee of PPR; she is also a member of the Audit Committee of TF1; and chair of the Audit Committee of Total. Georges Chodron de Courcel is a member of Alstom's Audit Committee and chair of Nexans' Accounts Committee.

11.2 Remuneration Committee

The Remuneration Committee was formed in 1996. In accordance with recommendations in the December 2008 Afep/Medef Code on remuneration for executive directors and corporate officers of listed companies, it is responsible for:

- making recommendations to the Board on the remuneration arrangements for corporate officers, including all benefits accruing to them;
- defining and overseeing the rules used to determine the variable portion of corporate officers' remuneration, and ensuring that the arrangements are consistent with their performance and with the company's medium-term strategy;
- proposing a standard stock option policy, stipulating in particular that no discount may be offered on options awarded to Group senior executives, and in particular corporate officers;
- reviewing any stock option plans available to corporate officers and employees and making recommendations to the Board on whether the option plans should concern new or existing shares;
- making suggestions regarding remuneration and incentive arrangements for the Group's senior management;
- where stock options or bonus shares are awarded to the Chairman, Chief Executive Officer or Deputy Chief Executive Officer, making recommendations on the number of shares resulting from the exercise of stock options or bonus share grants that the beneficiary is required to retain until the end of his or her term of office;
- proposing performance conditions to which the allocation and exercising of options awarded to the Chairman and Chief Executive Officer and/or the Deputy Chief Executive Officer will be subject;
- providing the Board of Directors with the draft annual report required by the Commercial Code:
  - on executive remuneration and benefits granted by the company and/or by the companies it controls within the meaning of Article L. 233-16 of the Commercial Code;
  - on the stock options granted to and exercised by the corporate officers and the top ten grantees among the company's employees;
  - on the stock options granted to and exercised by employees of companies in which Bouygues has a controlling interest.

The Remuneration Committee comprises at least two members. It is chaired by an independent director within the meaning of the Afep/Medef Code and the European Recommendation of 15 February 2005. No corporate officers sit on the Committee, which is mainly composed of independent directors as defined in the above texts.

A director or non-voting director cannot be appointed to the Remuneration Committee if a corporate officer or salaried director of Bouygues is a member of an equivalent committee in a company in which the former director or non-voting director also serves as a corporate officer.

The rules of procedure stipulate that the Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. Committee meetings are only valid where two members are in attendance, including the Committee Chairman. The agenda is drawn up by the Committee Chairman.

The opinions put forward by the Remuneration Committee are based on a simple majority. Where only two members are in attendance at a Committee meeting, the Chairman has the casting vote.

In the course of its work, the Committee may meet with the Chairman of the Board of Directors or any other person designated by the Chairman.

The Committee reports on its work at the next meeting of the Board of Directors. When the report on the work of the Remuneration Committee is presented to it, the Board of Directors deliberates with no executive directors present.

The current members of the Committee are Pierre Barberis (Chairman) and Patricia Barbizet. They are both independent directors within the meaning of the Afep/Medef code, representing 100% of the Committee's members.

11.3 Selection Committee

The Selection Committee was formed in July 1997. According to its rules of procedure, it is responsible for:

- periodically reviewing issues related to the composition, organisation and operation of the Board of Directors and making recommendations to the Board in this respect;
- reviewing the following to that end:
  - applications for directorships and non-voting directorships, taking care to ensure that at least one third of Board members are independent directors within the meaning of the Afep/Medef Code and the European Recommendation of 15 February 2005;

- plans to form analysis committees within the Board, and proposed lists of their remits and members;

- giving an opinion on the appointment, renewal or dismissal of directors or executive directors recommended to the Board;

- considering solutions for replacing executive directors in the event that positions unexpectedly become available.

The Committee pays particular attention to the mix of skills, experience and knowledge of Group businesses that each candidate will need in order to make an effective contribution to the Board's work.

The Selection Committee comprises two or three directors. It does not include any executive directors and consists mainly of independent directors within the meaning of the Afep/Medef Code and the European Recommendation of 15 February 2005. It is chaired by an independent director within the meaning of that code.

Committee meetings are only valid where two members are in attendance, including the Committee Chairman. The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. The agenda is drawn up by the Committee Chairman.

The Committee involves the Chairman of the Board of Directors in its work. In the course of its work, the Committee may meet with any candidates it considers suitable for positions to be filled.

The opinions put forward by the Selection Committee are based on a simple majority. Where only two members are in attendance at a Committee meeting, the Chairman has the casting vote.

The Committee reports on its work at the next meeting of the Board of Directors.

The Selection Committee's current members are Jean Peyrelevade (Chairman) and François-Henri Pinault. They are both independent directors within the meaning of the Afep/Medef code, representing 100% of the Committee's members.

11.4 Ethics and Sponsorship Committee

The Ethics and Sponsorship Committee, set up in March 2001, has the following responsibilities:

- In the field of ethics, the Committee:
  - helps define the code of conduct or principles underpinning corporate behaviour applicable to senior management and employees alike;
  - makes recommendations or gives an opinion on initiatives aimed at promoting best practices in this area;
  - ensures compliance with the values and rules of conduct thus defined.
- In the field of sponsorship, the Committee:
  - sets rules or makes recommendations for Bouygues' corporate sponsorship policy;
  - gives its opinion to the Chairman of the Board on corporate sponsorship projects identified by Bouygues when they represent a significant financial investment;
  - ensures that its recommendations and rules of good conduct are applied across the Group.

The Committee also provides the Board with a report on the social and environmental consequences of the company's business, as required by Article L. 225-102-1 of the Commercial Code.

The Ethics and Sponsorship Committee comprises two or three directors. It is chaired by an independent director within the meaning of the Afep/Medef Code and the European Recommendation of 15 February 2005.

The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. Committee meetings are only valid where two members are in attendance, including the Committee Chairman. In the course of its work, the Committee may meet with the Chairman of the Board of Directors or any other person designated by the Chairman. The Committee reports on its work at the next meeting of the Board of Directors.

The Committee's current members are Lucien Douroux (Chairman) and François-Henri Pinault. Lucien Douroux and François-Henri Pinault are independent directors within the meaning of the Afep/Medef code, representing 100% of the Committee's members.

12 • WORK OF THE BOARD AND ITS COMMITTEES IN 2010

12.1 Work of the Board

The Board of Directors met seven times in 2010. The attendance rate was 83%.

At its meeting on 2 March 2010 the Board reviewed business over the past year, as well as the parent company and consolidated financial statements and the outlook and objectives for the Group and its businesses. It familiarised itself with the Accounts Committee's report on the 2009 financial statements and the statutory auditors' opinion. It signed off the parent company financial statements, accounting and forecasting documents, the consolidated financial statements, the proposed appropriation of net profit, the management report and in particular, after hearing the Remuneration Committee's report, the section on remuneration of corporate officers and the special report on stock options. It signed off the description of the share buyback programme in the management report. It approved the Chairman's report on corporate governance and internal control.

After hearing the report of the Selection Committee, it decided to ask the Annual General Meeting to reappoint six directors, and to appoint or elect three new female directors to increase the proportion of women on the Board. It also decided to ask the Annual General Meeting to reappoint Alain Pouyat as a non-voting director.

After hearing the Accounts Committee's report, the Board decided to ask the Annual General Meeting to reappoint a statutory auditor and appoint an alternate auditor. It decided to convene an Annual General Meeting on 29 April 2010. It agreed the agenda and prepared the draft resolutions to be submitted to the Annual General Meeting, together with its report on those resolutions.

At this same meeting, the Board reviewed the status of the bond issue for an amount of 500 million euros carried out in Luxembourg on

12 February 2010; it renewed the authority granted to Martin Bouygues and Olivier Bouygues to make decisions on issuing bonds. It familiarised itself with a list of current agreements entered into by the company during the past year. It authorised one regulated agreement.

The Board familiarised itself with the Remuneration Committee's report concerning the variable portion of the remuneration of the two corporate officers and four senior executives of businesses, remunerations and stock options granted in 2009, the Group's remuneration policy in 2009. The Board also made recommendations with regard to policies for 2010, and it voted in favour of these recommendations. On the recommendation of the Remuneration Committee, it decided not to approve at the immediate time a stock option plan for Group executives and employees owing to the uncertain prospects for the year, while retaining the option of approving such a plan during 2010. It also decided on the Remuneration Committee's recommendation to cap the complementary retirement benefit received by the members of the Group Management Committee at eight times the annual upper limit of the social security system (ie, approximately 276,000 euros).

The Board amended the rules of procedure to clarify certain points relating to the Committees, and it approved putting the rules of procedure on line. It approved the scope of tax consolidation. It approved the text of the press release.

On 29 April, the Board met to sign off the responses to the questions submitted in writing by the Responsible Shareholders Initiative (Initiative pour un actionnariat citoyen – Ipac). These responses were read at the Annual General Meeting held on the same day.

On 1 June, the Board reviewed the company's business and accounts to 31 March 2010 and approved the strategic priorities for the Group and its businesses. It reviewed the mapping of the Group's major risks. It heard the Accounts Committee's report and the statutory auditors' opinion. It was informed of the Alstom group's annual results and outlook. It decided to launch a new leveraged employee savings scheme, Bouygues Confiance 5. On the recommendation of the Remuneration Committee, it approved a stock option plan for Group executives and employees. It set the results to be attained in order for the executive directors to be able to exercise stock options, and it determined the number of shares obtained through the exercise of stock options that executive directors are required to retain. It heard the report of the Ethics and Sponsorship Committee. It amended its rules of procedure in accordance with the Afep/Medef recommendation that Boards of Directors have a larger proportion of women directors. It approved the text of the press release.

On 27 July, the Board signed off the final conditions for joining the Bouygues Confiance 5 scheme.

On 31 August, the Board reviewed the company's business and accounts to 30 June 2010, as well as the outlook and objectives for 2010. After hearing the opinion of the Accounts Committee and statutory auditors, it signed off the first-half financial statements and approved the half-year financial review. It renewed the authority granted to the Chairman and Chief Executive Officer to give guarantees, endorsements and security. It authorised a regulated agreement. It approved the text of the press release.

On 13 October, the Board authorised the Chairman and Chief Executive Officer to decide within six months whether to initiate a public exchange offer for two previous issues of bonds (one for 1,150 million euros at 4.50%, maturing 2013, and one for 1,000 million euros at 4.375%, maturing 2014) within a maximum limit of 1,000 million euros or the exchange value of this amount. More generally, it stipulated that under the authorisation granted in March 2010, the Chairman and Chief Executive Officer is authorised to issue bonds on behalf of Bouygues for an amount not to exceed 6 billion euros annually for the purpose of refunding the holders of bonds previously issued by Bouygues in the public exchange offer.

On 2 December, the Board reviewed the company's business and accounts to 30 September 2010, estimated sales and earnings for the year, and approved three-year business plans for the five businesses. It heard the Accounts Committee's report. It was informed of Alstom's sales and earnings for the first half of the 2010-2011 financial year, as well as its outlook for the second half. It was also informed of the results of the Bouygues Confiance 5 campaign as well as the bond exchange offer and the bond issue launched in October 2010. It carried out a detailed assessment of the Board's membership and operation; approved regulated agreements; updated its rules of procedure; and approved the text of the press release.

12.2 Work of the Accounts Committee

The Accounts Committee met four times in 2010 with an attendance rate of 93%.

At least two days before they were presented to the Board, the Accounts Committee reviewed the quarterly, first-half and annual parent company and consolidated financial statements, the draft half-year financial review and corresponding draft press releases and the section of the draft Chairman's report on internal control and risk management procedures. It also reviewed, among other things, the following subjects:

- mapping of the Group's major risks;
- accounting standards and rules applied by the Group;
- observance of the recommendations concerning the rotation of statutory auditors, the amount of statutory auditors' fees, oversight of the legal audit of the annual and consolidated financial statements by the statutory auditors, coordination of the reappointment of Mazars as statutory auditors;
- the Group's cash position;
- impairment tests on Bouygues' stakes in TF1, Alstom, Bouygues Telecom and Colas;
- impact on the balance sheet and income statement of the sale to Alstom of Bouygues' 50% stake in Alstom Hydro Holding in return for 4.4 million Alstom shares;
- balance sheet impact of the bond issue in February 2010;
- the sale of part of Bouygues' stake in Finagestion;
- the Bouygues Partage 2 employee savings scheme;
- the sale of Canal+ securities;
- Bouygues Construction: progress and results for major worksites (in particular the Gautrain site in South Africa, Flamanville nuclear power

plant and the Cairo metro;

- Bouygues Immobilier: tax audit, the situation in Spain, developments in the Farman affair at Issy-les-Moulineaux and a legal dispute involving Bouygues Immobilier at Saint-Malo; termination losses on some Bouygues Immobilier transactions;
- Colas: debts to be collected in Romania; the situation in Central Europe; request for damages from the Seine-Maritime department for anti-competitive practices; procedure before the Competition Authority;
- TF1: tax audit, acquisition of SPS, free advertising spaces, impact of new taxes, consequences of the consolidation of Groupe AB two channels;
- Bouygues Telecom: renewal of the 2G licence.

The Accounts Committee also reviewed the compliance of its responsibilities with current regulations: the eighth community directive, the order of 8 December 2008, and AMF recommendations, notably its internal control guidelines. The Committee noted that the Board's rules of procedure were brought into compliance on 3 March 2009, and it familiarised itself with the new version of the Group's internal control guidelines distributed in November 2010. The Committee concluded from this review that its organisation, responsibilities and internal control procedures comply with current regulations. The Accounts Committee heard a presentation on the new Group Internal Control and Audit Department.

In the course of its duties, the Accounts Committee interviewed the Group's CFO (regarding material risks and off balance sheet commitments of the company), the Accounts and Audit Director and the auditors, without senior executives present.

12.3 Work of the Remuneration Committee

The Remuneration Committee met twice in 2010 with an attendance rate of 100%. It analysed the remuneration and stock options awarded to corporate officers and suggested a number of criteria for calculating the variable portion of executive remuneration. It made recommendations concerning a requirement that corporate officers retain a portion of shares resulting from stock options. At the Board meeting in March 2010, the Committee recommended not setting up a new stock option plan. Then, at the June 2010 meeting, it recommended doing so, notably in light of the forecasts for 2010 and the need to motivate managers at a time when it is more difficult to achieve the performance objectives set by the Group. It made recommendations on the results to be achieved in order for the executive directors to exercise stock options and on the number of shares resulting from stock options to be retained by executive directors. Detailed information is provided below.

The committee also examined and put to the Board reports on the remuneration of corporate officers and the award and exercise of stock options during the year. The Committee took care to ensure that these reports complied with the Afep/Medef and AMF presentation guidelines. It reviewed information on executive remuneration included in the Chairman's report.

12.4 Work of the Selection Committee

The Selection Committee met once in 2010, with a 100% attendance rate. The Selection Committee gave a positive opinion in March 2010 on the reappointment as directors of Lucien Douroux, Yves Gabriel, Patrick Kron, Jean Peyrelevade, François-Henri Pinault and SCDM. It reviewed the nominations as directors representing employee shareholders of Sandra Nombret and Michèle Vilain, who were designated by the supervisory boards of the investment funds representing employee shareholders.

The Committee confirmed that Pierre Barberis, Patricia Barbizet, Charles de Croisset, Lucien Douroux, Helman le Pas de Sécheval, Jean Peyrelevade and François-Henri Pinault were independent directors. It reviewed the "Corporate governance" section of the draft Chairman's report.

12.5 Work of the Ethics and Sponsorship Committee

The Ethics and Sponsorship Committee met three times in 2010, with an attendance rate of 100%.

In the sponsorship area, after reviewing numerous projects proposed to Bouygues, the Committee gave a favourable opinion on the commencement or continuation of 33 sponsorship initiatives of a humanitarian, medical, social and cultural nature. The main sponsorship activities are described in the chapter Sustainable Development, Research and Innovation, Human Resources (page 26 of this Registration Document). The Committee gave particular attention to the activities of the Francis Bouygues Foundation, which grants scholarships to students from disadvantaged backgrounds.

With regard to ethics, the Committee also monitored implementation of the Group code of ethics and the related training activities being conducted. Each of the five businesses has now put in place an Ethics Committee and/or an Ethics Officer. Specific procedures and rules of conduct have been drawn up.

The Committee also kept informed of the most important legal proceedings, which relate to events dating from the early 1990s. The only important matters pending are two civil actions for damages for alleged anti-competitive behaviour. One concerns schools in the Paris region and the other an affair involving Colas subsidiaries in the *département* of Seine-Maritime.

A few cases of internal fraud or abuse were brought to the Committee's attention, and it was informed of the measures taken and sanctions imposed.

The Committee was consulted concerning ethics-related recommendations and rules in the Group's new internal control procedures. The Committee focused attention mainly on the measures to prevent abuses related to commercial agents or intermediaries and on others to avoid anti-competitive practices.

13 • ASSESSMENT OF THE BOARD OF DIRECTORS

The Board's rules of procedure stipulate that the Board should periodically assess its ability to meet shareholders' expectations by reviewing its membership, organisation and operation, and undertaking a similar review of Board committees.

Every year, the Board devotes an item on the agenda of one of its meetings to assessing its own operations.

This formal assessment is intended to:

- take stock of the Board's and its committees' operating methods;
- check that important matters are appropriately prepared and debated.

Shareholders are informed every year, in the annual report, of the completion of this assessment, together with any action to be taken as a result.

The rules of procedure stipulate that external directors (who are neither executive directors nor salaried directors) are completely free to meet periodically, in particular to assess the performance of executives and consider future senior management arrangements.

Pursuant to these provisions, on 2 December 2010, the Board of Directors devoted an item on its agenda to a discussion of its organisation and operations. As in previous years, this assessment was of a formal nature: a detailed questionnaire and a memo on the Board's operations had been sent in advance by the Chairman and Chief Executive Officer to directors and the non-voting director to enable them to prepare for this discussion. The questionnaire included both closed questions, intended to accurately categorise responses, and open questions, giving directors the opportunity to qualify and explain their opinions. In accordance with a suggestion put forward at the time of a previous assessment, it was proposed that those directors who so wished could hold a discussion with the Group's Corporate Secretary with a view to optimising preparations for the meeting.

Fourteen written responses to the questionnaire were received, ie a response rate of 78%. These responses, most of which were anonymous, were reviewed by the Corporate Secretary and compared with those from previous years in order to measure progress.

In their responses and the discussion that took place on 2 December 2010, members expressed positive or very positive views on the composition, organisation and operation of the Board and its committees.

The Board considers its membership to be balanced given the presence of representatives of major shareholders, executives from each of the businesses, industry leaders, and individuals with skills in accounting and finance. All the directors believe that the proportion of independent directors (39%) is satisfactory, since the Group has a principal shareholder. The directors noted that the proportion of women on the Board has been increased, in accordance with wishes expressed in the previous assessment, and they recommended that this trend continue. Most of them do not consider it essential to increase the diversity of member profiles. Opinions are divided on the usefulness of appointing foreign directors to the Board.

The quality of information provided to directors on most subjects was judged to be highly satisfactory. In line with recommendations made at the time of the previous assessment, continued improvement is observed in the information provided in several areas, in particular strategy and long-term development, planned acquisitions or divestments, competition, labour policy, sustainable development, R&D, off balance sheet commitments, risk mapping, risk prevention and management, legal disputes, and monitoring of the implementation of the Board's decisions. Some directors believe that better information could be provided in certain areas.

Unanimous appreciation was expressed for the quality of the discussions among the directors and with the management team as well as for the freedom of expression at meetings. The directors also praised the senior executives' availability and responsiveness with regard to requests for additional information.

The directors spoke highly of the work done by the Accounts Committee, the Selection Committee and the Remuneration Committee, and they noted that in accordance with wishes expressed in the previous assessment, the Ethics and Sponsorship Committee reports have improved.

Most of the directors still see little point in having the Board assessed by an external body.

The Bouygues Board has renewed its decision not to apply the Afep/Medef recommendation for assessing the work of the Board of Directors by measuring each director's effective contribution to the Board. Such an assessment appears neither possible nor desirable, considering that the Board is by nature a collegial decision-making body.

14 • PRINCIPLES AND RULES APPLICABLE TO THE REMUNERATION OF CORPORATE OFFICERS

The corresponding information is set out in the Board's reports on the remuneration of corporate officers and performance options and shares on pages 193-201 of this Registration Document.

15 • SHAREHOLDER PARTICIPATION IN ANNUAL GENERAL MEETINGS

Specific arrangements for shareholder participation in Annual General Meetings and, in particular, the conditions under which double voting rights are granted to shareholders holding shares in registered form for over two years, are set out on page 213 of this Registration Document.

16 • FACTORS LIKELY TO HAVE AN IMPACT ON ANY PUBLIC TENDER OFFER PRICE

Information covered by Article L. 225-100-3 of the Commercial Code is published in the management report on pages 214-215 of this Registration Document.

17 • INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

17.1 Introduction

Bouygues and its subsidiaries are acutely aware of the importance of internal control. The internal control process helps to give reasonable assurance as to the achievement of the Group's principal objectives.

Risk management has always been an essential part of the Group's corporate culture and is a key concern of the Group's managers. Risks are managed thanks to internal control procedures

inspired by principles that have been applied across the Group's businesses for many years.

Internal control bodies and procedures thus play a part in identifying, preventing and managing the main risk factors that could hinder the Group in achieving its objectives.

Like any control system, however, the system set up by Bouygues cannot provide a cast-iron guarantee of the Group's ability to achieve its objectives.

While the general purpose of internal control is to help the Group achieve its operational objectives, the process is also intended to ensure that the way in which the Group is managed and conducts its business, and the behaviour of staff, comply with regulations and with the rules and guidelines to which Bouygues wishes Group companies to adhere.

Internal control plays its primary role in operations, and risk management is deeply embedded in key processes of the Group's businesses.

Given the potential importance of the quality and reliability of the Group's accounting and financial information, internal control is also widely applied in accounting and financial matters.

The scope of this report covers the Bouygues group (parent company, Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom).

This report was prepared with the assistance of the Corporate Secretary and the Internal Control Department of Bouygues, in coordination with the staff involved in internal control in the businesses. It was presented to the Accounts Committee and the Bouygues Board of Directors for approval.

17.2 Bouygues group internal control and risk management

The Bouygues group's system of risk management and internal control is based on the AMF's reference framework.

This system was brought up to date in 2010 following the revision of the AMF reference framework to take into account changes in laws and regulations on risk management as well as the AMF recommendation concerning audit committees.

The Bouygues system covers the general principles of internal control and internal control principles relating to accounting and finance. The main objectives are to:

- formalise the Group's key internal control principles;
- better identify common best practices across its businesses;
- develop a consistent approach to major issues affecting the entire Group.

Each business further developed this Group approach by analysing the specific aspects of its own internal control procedures and supplemented the Group-wide procedures with principles specifically related to its own activities.

The procedures include a "Principles and method of risk management" component, which describes the approach to be used in the Group to:

- identify and monitor major risks;
- pass knowledge from one generation to another (experience).

This approach calls for several key stages of risk management: identification, classification, assessment, prioritisation, handling, reporting and communication.

A series of key principles have been defined for each stage in the process, which, taken as a whole, represent the Group procedure for managing risks.

In 2010, each business presented its risk map based on the above principles to its Accounts Committee and its Board. For the first time, a risk map for the Group, put together from those of the businesses, was presented to the Accounts Committee and then to the Bouygues Board.

The procedure also includes a "Permanent oversight of internal control" component, which describes in particular the method for self-assessing internal control principles.

Using this method, the businesses continued to assess the extent to which these internal control principles were being applied in 2010.

At Colas, a new assessment was done in 2010 at each regional subsidiary in France and in each international subsidiary, or in a total of 59 subsidiaries. In this 2010 campaign, the assessment focused in particular on the operational units and covered about 100 principles.

At Bouygues Telecom, the second assessment campaign, carried out from June to September 2010, was extended for the first time to its RCBT subsidiary. The 2010 campaign assessed general principles and the new scope of accounting and finance principles.

At Bouygues Construction, the emphasis in 2010 was on the action plans put in place in conjunction with the 2009 assessment campaign.

This was particularly the case in the areas of ethics (creation of a training plan for the principal managers, creation of an ethics committee, etc.) and information systems (continued deployment of the IT security plan, etc.).

At Bouygues Immobilier, the 2010 assessment campaign covered the corporate departments, the Residential Property France division, and the Polish subsidiary.

At TF1, the 2010 assessment mainly covered TF1 SA, TF1 Publicité, Eurosport, Téléshopping and TF1 Vidéo.

In each business, a summary of the assessments made in the 2010 campaign was presented to the Accounts Committee the head company of the business.

Bouygues also continued work in 2010 on a common computerised system that all Group entities will use for internal control assessment. The service provider was chosen, and the specifications were defined. The implementation of this system, which is an important step in the Group's internal control programme, is scheduled for 2011.

17.3 General internal control environment

The parent company and its senior executives strive to create an environment that promotes awareness of the need for internal control among Group employees.

The creation of a Group Internal Control and Audit Department at Bouygues in December 2010 was a concrete step in keeping with this objective.

The aim of this department is to improve the overall quality of internal control in the Group. The Group Internal Control and Audit Department is charged in particular with:

- providing leadership for the Group's internal control and audit branches;
- coordinating the internal control and audit actions and programmes of the businesses;
- carrying out internal audit missions at the request of Group senior management.

Group senior management's desire to promote the general internal control environment is expressed in various areas and notably in that of employee ethics and integrity. The Chairman and Chief Executive Officer regularly issues strong messages to the Group's senior executives about the need for irreproachable conduct in every respect, which means both complying with prevailing laws and regulations and observing the Group's own values.

He does so firstly at Group Management Meetings, which are attended once a quarter by the Group's top managers (about 450 people), and also within the framework of the Bouygues Management Institute (IMB), which organises regular seminars on "Development of Bouygues Values", designed to raise awareness among top management of the need to comply in all circumstances with laws and regulations and with the ethical rules that form the basis of the Group's philosophy. The Chairman and Chief Executive Officer of Bouygues and other members of the company's senior management always speak at these seminars.

From time to time, the Group's Corporate Secretary organises executive seminars designed more specifically to remind participants of the regulations that apply in various areas and how they tie in with legal problems encountered by the businesses.

The Board of Directors of Bouygues has created an Ethics and Sponsorship Committee whose tasks include:

- helping to define the code of conduct or principles underpinning corporate behaviour applicable to senior management and employees alike;
- proposing or advising on initiatives to promote exemplary professional conduct in this area;
- ensuring that the Group's values and rules of good conduct are observed;

The Bouygues Ethics and Sponsorship Committee comprises two directors. It is chaired by an independent director.

In the course of its work, the Committee may meet with the Chairman of the Board of Directors or any other person designated by the Chairman.

The Bouygues group also has a code of ethics. In this code, Bouygues lays down the essential values to which it intends the Group and its employees to adhere in the workplace. The introduction of this code will help to achieve the objective of better conduct and is intended to help staff make decisions in real situations by reference to clear and precise principles.

This momentum is continuing, with each business appointing an Ethics Officer and the Boards of Directors of certain businesses (Bouygues Immobilier, Bouygues Telecom, Bouygues Construction) creating Ethics Committees.

The Bouygues group has implemented a whistleblowing procedure so that employees can report ethical irregularities.

The procedure has been brought into line with the recommendations of the French data protection authority, CNIL. In accordance with the European Commission Recommendation of 15 February 2005 on the role of directors, the procedure operates under the control of the Ethics and Sponsorship Committee of the Board of Directors.

Maintaining a high level of competence among Bouygues group employees is also one of the parent company's aims, since it helps to create an environment favourable to internal control. Bouygues therefore takes a proactive approach to staff training, while seeking to secure the loyalty of its senior employees. This will preserve a level of experience and knowledge in the company that will enable the Group's culture and values to be passed on.

By running the Bouygues Management Institute, and through the seminars it organises, the parent company makes a significant contribution to training the Group's senior managers, while informing them of the company's requirements and expectations in terms of both competence and mindset.

More generally, the philosophy that the parent company wishes its businesses to share is that of a group whose senior executives are close to their senior employees and whose management practices are transparent, prudent and rigorous.

These principles are formulated at Management Committee level and passed on to businesses at all levels (Board of Directors, senior management and management committee). Strategic decisions taken by the Group at the highest level are consistently inspired by this principle of rigorous and prudent management, and serve as a benchmark for the day-to-day management of each business.

The parent company also plays a leading role in human resources management policy at Group level.

The Senior Vice President, Human Resources and Administration chairs and coordinates the Group Human Resources Committee, an essential link in passing on the Group's values.

The Group's Human Resources Charter, completely revised in 2008, also helps to spread the Group's culture by reminding everyone that the company's development is primarily dependent on employees.

17.4 Objectives/management cycle

The introduction of internal control procedures will help the Group achieve its objectives by taking into consideration the risks to which the Group is exposed.

The Group's general objectives are defined through the management cycle, a process which enables the Group's senior management to participate at an early stage in defining the strategies of each business, to approve their business plans prepared in the context of that strategic framework, and then to monitor the gradual achievement of objectives in the course of the year.

The principles of the management cycle are directly applicable in all Group entities, thus ensuring that the Group as a whole has a solid and coherent structure.

This iterative process enables the Group's senior management to ensure at all times that objectives are consistent with strategies, monitor any discrepancies between results and objectives, and

anticipate remedial action to be taken at Group or business segment level (financing requirements, redefinition of priorities, etc.).

Another aim is to provide the Group's senior management and the Bouygues Board of Directors with all the information necessary for them to make decisions.

Key members of the parent company's senior management team sit on the Boards of the various companies that head up the Group's businesses, and it is those Boards that decide on strategic priorities and business plans.

17.4.1 Strategic plan and business plan

Each business defines its own medium-term strategic plan (over a three-year period) taking into account the Group's general strategy and its own particular characteristics. The strategic plan is presented to the Group's senior management by the senior management of each business in May/June and to the Bouygues Board of Directors in December.

The resulting action plans form the basis of the three-year business plans, and these are presented to the Group's senior management by the senior management of each business in November and to the Bouygues Board of Directors in December.

Business plans are adjusted in April to take account of the financial statements for the previous financial year and of any significant developments affecting the initial plan.

17.4.2 Annual plan

In the December business plan, the plan for the first year is the most detailed, representing a commitment by each business to the Group's senior management. This is known as the annual plan.

An initial review of progress (or update) of the annual plan for the current year takes place in May/June, when the strategic plan is presented to the Group's senior management.

A second update takes place in November, and is incorporated into the new business plan.

17.5 Organisation – Key players

Senior management

Senior management teams are responsible for managing internal control arrangements as a whole, defining strategic priorities and ensuring that internal control and risk management procedures are designed and implemented in a manner appropriate to each company's development.

Accounts committees

The responsibilities of the Bouygues Accounts Committee are set out in more detail in the Corporate Governance section of this report. Each business segment's Board of Directors has formed an Accounts Committee with similar responsibilities to those of the Bouygues Accounts Committee. In particular, these include monitoring the effectiveness of internal control and risk management systems. The businesses' Accounts Committees review the programmes and findings of internal audits as well as the risk mappings.

Internal control departments

As previously noted, the parent company created a Group Internal Control and Audit Department in 2010. It will play a major role in the development of the Group's internal control policy.

The businesses are progressively putting in place a dedicated organisational structure in relation to internal control. Generally, the bodies thus set up are mainly in charge of assessment campaigns and risk mapping. They sometimes take on more overarching responsibilities in relation to internal control procedures.

The Bouygues Construction holding company coordinates internal control and receives support in rolling out the approach mainly from support sectors. Each entity has nominated an "internal control correspondent", who serves as the operational contact point. This role is generally performed by the subsidiary's Corporate Secretary.

Bouygues Telecom has put in place a business-wide risk management process that is embedded in the company's normal business cycle. A Risk Manager is responsible for the process, assisted by 22 risk correspondents who represent the organisation's main businesses and whose main task is to identify and assess risk. Risk correspondents and a "validation" group make sure that the system as a whole and any changes made are coherent. Quarterly risk reports are provided to senior management and a risk overview is presented each year to the Board of Directors.

At TF1, the internal control approach is coordinated by the Internal Control Manager, who reports to the Financial Control and Strategic Planning Division. Risk Committees have been set up within operating entities, and each entity has a risk correspondent. There is also a Support Risk Committee, which deals with issues falling within the scope of support divisions.

Bouygues Immobilier has created an Internal Control Department that is in charge of maintaining and developing all processes and procedures, risk mapping with assistance from the relevant bodies and managers, organisation, and coordination of the self-assessment procedure, including the monitoring of action plans.

At Colas, a manager reporting to senior management and working with the correspondents in the subsidiaries organises and coordinates internal control at the parent company level.

Corporate Secretary – Legal departments

The Group's Corporate Secretary monitors matters with significant legal implications for the Group.

In this context, the Group's Corporate Secretary may occasionally become involved alongside the businesses in handling major disputes or matters having an impact at Group level.

Bouygues' Corporate Secretary chairs the Group's legal committee, which is made up of the legal directors of the businesses. He thus coordinates and supervises all the Group's legal affairs.

The Corporate Secretary is also the Group Ethics Officer.

Within the businesses, the legal divisions play a major role in the prevention and management of risks. They are sometimes directly involved in the internal control process (this is the case, for example, at Bouygues Construction).

Group Risk and Insurance department

The Group's Risk and Insurance department provides assistance, advice and support to the Group's subsidiaries. It also has a role in risk management.

Because it has a comprehensive overview of the policy of the various businesses as regards

insurance, the Group's Risk and Insurance department takes out Group insurance to complement the insurance taken out at business level.

It ensures that subsidiaries are insured with blue chip companies and that the terms of their policies (coverage, deductibles and premiums) are consistent with the risk to which they are exposed.

Management control

The overall organisation of the management control system is such that no Group company can escape the control process. All companies not controlled by the businesses are controlled by the parent company.

The rules governing relations between the parent company and the businesses have been summarised in a regularly updated document produced by the Group's Strategy and Development department. This document serves as a guideline for all businesses.

Group reporting

The parent company systematically controls subsidiaries' financial management through an annual plan (including updates) and monthly sets of indicators. The indicators are sent directly to the Group's senior management and centralised by the Group's Strategy and Development department, which plays a pivotal role in the Group's management control.

The sets of monthly indicators provided to the parent company are the same as those prepared by each business for its own senior management.

Every quarter, interim financial statements are produced and consolidated at the Group level.

The management cycle and control and reporting procedures thus provide a regular flow of information and ensure ongoing dialogue with the businesses. Plans can be adjusted and the parent company is always in a position to control the management of its subsidiaries and intervene in advance of strategic decisions.

Business segment projects

In the businesses, management control is also carried out according to the same principles through the specifically assigned departments and dedicated information systems that have been put in place.

For example, Bouygues Construction's *Edifice* project is designed to modernise the financial management of construction projects, and to improve budget control and reporting by introducing new software.

At Bouygues Immobilier, work continued in 2010 on upgrading IT systems with a view to improving company performance (management of customer relations and financial management of transactions) and simplifying coordination (decision-based reporting and HR management), as part of an overall plan approved by senior management. This project also covers accounting and budgetary control.

At TF1, the Sigma project to update financial reporting and accounting systems by implementing an integrated system continued in 2010.

Cash management and finance

The Group's Cash Management and Finance department defines and monitors the application of sound financial management principles at Group level. Its role is both to organise and to coordinate.

The operating principles mainly concern the *"Bouygues Relais"* and *"Uniservice"* cash management centres, managed by the parent company, and the businesses' own cash management centres. They also apply to the financing of subsidiaries.

The fundamental rules of prudent management relate in particular to internal security (two signatures for payments, etc.), external security (secure cheques, payment by promissory note, etc.), liquidity (confirmed lines of credit, investment of cash surpluses, etc.), counterparty quality, the terms of loan agreements and the assessment and hedging, where necessary, of exchange rate risk.

Internal audit

Audit is a means of analysis, control and information that plays a vital role in scrutinising and managing risk.

Each business has a structured internal audit department carrying out tasks in a broad range of areas. The Group thus has around 40 auditors.

These two functions are being brought together in the parent company in the new Group Internal Control and Audit department, which will coordinate internal audit at the Group level.

17.6 Internal control and risk management procedures

Specific risks may differ considerably depending on the business concerned. For example, they may relate to regulation (TF1 and Bouygues Telecom), public health (Bouygues Telecom), technology (TF1 and Bouygues Telecom), competition (Bouygues Telecom), the environment (Bouygues Immobilier and Colas) or country risk or risks involved in carrying out major projects (Bouygues Construction) (see the Risk Factors section of this Registration Document in connection with all these points).

The businesses have thus set up formalised and appropriate procedures aligned with the nature of risks in order to ensure improved control of risks.

17.6.1 Bouygues Construction

At Bouygues Construction, risk management is fully embedded in the company's processes. For example, strict procedures apply to the selection and submission of tenders, which are considered by formal Commitment Committees in light of the risks arising on each contract. Financial, legal and technical teams are involved before projects are launched. The financial risk curve is monitored on an ongoing basis for major contracts. The management control function has the resources and authority required to track the results of each construction project every month, and to flag any discrepancies with budgeted figures.

Depending on the level of financial commitments, the cost of work or the technical challenges involved, the various entities of Bouygues Construction are required to make an application to request the agreement of Bouygues Construction's senior management.

17.6.2 Bouygues Immobilier

Bouygues Immobilier has internal procedures that are updated on a regular basis.

Particular attention is paid to the land acquisition commitment process (promises to sell/purchase) and the start of works.

A meeting of the Commitments Committee must be held before any deed is signed with a view

to acquiring land (or buildings). All decisions to acquire land are strictly controlled.

Furthermore, the company has strengthened its environmental risk prevention policy in connection with land acquisition purchases.

The company could also be implicated by its customers if the properties it sells were found to be poorly constructed. Under the terms of its performance guarantee, Bouygues Immobilier calls on external companies to address any reservations as quickly as possible. It is also careful to ensure that all involved parties (contractors, engineering consultants, technical design firms, etc.) scrupulously comply with ten-year insurance requirements.

17.6.3 Colas

Financial and accounting risks have always been managed by reference to clearly defined principles and procedures within the Colas group. Risk management is mainly based on risk preventive measures and insurance cover.

Despite a very strong culture of decentralisation, arrangements exist for the control of commitments both in terms of commercial commitments (projects are submitted to "Contract Committees") and in terms of acquisitions, which must be presented for prior agreement to the senior management of Colas and, in some cases, to its Board of Directors.

17.6.4 TF1

A procedure for identifying major risks has been launched by TF1, with a view to establishing a decision-making procedure in crisis situations. This resulted in the *"Réagir"* committee, whose objective, linked to business continuity, is to build and update a model of mission-critical processes. The *"Réagir"* committee monitors and forestalls the major risks associated with the TF1 group's mission-critical processes as well as updating and adding to the various procedures. In 2010, a business continuity audit identified improvement measures that were immediately implemented.

Particular attention is given to the purchasing process, which can result in substantial commitments (for example, in the case of contracts for the purchase of rights). These contracts are subject to a specific validation procedure involving various departments and sometimes senior management, depending on the amount of the commitments and the nature of the contract concerned.

At TF1, the important role of the following must be underlined:

- the Information Technologies and Systems department, which works to formally document an information security policy and establish security standards across the TF1 group;
- the TF1 Programme Department, which ensures that programmes are up to standard and that the channel's operating terms of reference are observed;
- the Technologies and Internal Resources department, which controls broadcasting operations and protects them via an external back-up site covering three key processes: programme broadcasting, the production of news programmes and the design of advertising slots.

17.6.5 Bouygues Telecom

Product/service offerings are vitally important and are therefore examined by a special committee in which Bouygues Telecom's senior management is involved. For the same reasons, a "review" committee has been set up to follow up product/service offerings and monitor results in light of initial forecasts. Special procedures are also in place regarding the purchasing process, given the significant investments made and associated risks.

Investments continued in 2010 to ensure that key technical components of the network were fully redundant with the aim of increasing security. The company has established contingency plans to guarantee service continuity in the event of a disruption.

Purchasing is particularly tightly controlled at Bouygues Telecom in light of the volume of purchases made by the company. The Purchasing department applies very strict procedures, and is itself subject to regular checks.

17.7 Information and communication

The production and dissemination of information, both inside and outside the Group, does much to enhance internal control.

Existing information systems provide a means of managing and controlling the business, and communication helps both to make staff more aware of the importance of control and to provide those outside the Group with reliable and relevant information in compliance with legal requirements.

17.7.1 Internal communications

The Corporate Communications department plays an active part in circulating information to the Group's employees. This strengthens the Bouygues group's identity and plays a unifying role.

Reporting directly to the Chairman and Chief Executive Officer of Bouygues, it is responsible for *Challenger Express,* a twice-monthly newsletter for managers, and *Le Minorange,* an in-house magazine published twice yearly that forges genuine links between all Group employees.

The department also supervises e.by and e.bysa, the Bouygues group and parent company intranet portals, which provide online access to a wealth of information. Group and company employees use these sites as working tools.

The Corporate Communications department also publishes Bouygues' In Brief, a brochure summarising financial information that is circulated externally as well as to the Group's staff.

Group Management Meetings, which are attended four times a year by the Bouygues group's top managers and directors, also play an essential role in internal communications, and help transmit the Group's culture and values. For senior management at Group level, they provide an important channel for transmitting key information and messages to the Group's senior executives.

17.7.2 External communications

The Corporate Communications department works in close cooperation with the businesses for their mutual benefit. Its main tasks are to:

- manage the Group's image (press relations, public relations, sponsorship, etc.);
- pass on information from external sources to the Group's senior management and executives.

17.8 Internal control procedures relating to accounting and financial information

17.8.1 Group Consolidation and Accounting department

A Group Consolidation and Accounting department exists within the parent company. Its principal tasks are to define and establish consistent rules and methods of consolidation for the Group and to assist the businesses in their consolidated management. It also prepares the parent company financial statements.

Consolidation is carried out quarterly on a step-by-step basis. Each business consolidates at its own level using identical methods defined by the Group Consolidation and Accounting department, which then carries out the overall consolidation of the Group's financial statements.

Special software is used to consolidate the financial statements at the various levels. A large number of listed companies rely on this software. Each of the businesses uses it as part of their step-by-step approach to consolidation. It ensures rigorous control over preparation of the financial statements, which are thus subject to standard procedures.

In addition to the computerised accounting system, the Group Consolidation and Accounting department has produced a Group consolidation handbook containing the rules and procedures applicable to consolidation throughout the Group. The handbook is an important reference tool for preparing the consolidated financial statements. It can be consulted by all accounting staff on a dedicated intranet site describing the various principles and options that apply within the Group.

As part of its task of organising and coordinating consolidation of the financial statements, the Group Consolidation and Accounting department also regularly provides the businesses with information about the rules and methods that apply (by organising seminars, distributing circulars, etc.), and thus helps to maintain the consistency of the system used to prepare the consolidated financial statements. This was particularly the case for the introduction of IFRS, and the related interpretation and amendments.

The company uses accounting software to manage its commitments and control its expenditure. To monitor expenses, it also uses an application that allows formalised and secure procedures to be followed whenever expenses are incurred.

17.8.2 Accounts Committee

The Board of Directors of Bouygues set up the Accounts Committee many years ago. Its task is, in particular, to ensure that the accounting methods adopted for the preparation of the financial statements are both relevant and consistent, and to verify the internal procedures for reporting and monitoring the information on which the financial statements are based. Detailed information about this committee is set out in the section on corporate governance. The same systems are in place within the Boards of the Group's five businesses, all of which have created Accounts Committees with similar responsibilities.

In addition to carrying out general and regular checks, the Committee selects specific subjects for detailed examination, such as the consequences of disposals or acquisitions. It checks the accounting treatment of the major risks incurred by the various companies of the Group, particularly country risk and, for example, at Bouygues Construction, risks involved in the execution of certain projects. The Committee pays particular attention to changes in accounting methods, and the main accounting options used to prepare the financial statements.

Chaired by an independent director, the Bouygues Accounts Committee meets at least quarterly. The Committee interviews the auditors without any company representatives present, and can issue any reports and opinions for the Board of Directors. The auditors provide the Accounts Committee with a report summarising their work, and comment on this report to the committee.

The parent company of each business has an Accounts Committee with responsibilities similar to those of the Bouygues Committee.

17.8.3 Investor relations

The Group's Cash Management and Finance department is responsible for relations with investors and financial analysts. It is constantly in contact with shareholders and analysts while providing the market with the information it needs.

Great care is taken in preparing press releases and the Registration Document, which the Group considers a major channel of communication.

These documents are prepared using a process that involves various support divisions (Communications, Corporate Secretariat, etc.). They are approved by senior management and checked by the statutory auditors. The quarterly press releases are approved by the Accounts Committee and the Board of Directors.

Procedures have been put in place to inform staff about regulations concerning inside information.

17.9 Steering

Internal control systems must themselves be controlled by means of regular assessments, and they must be subject to continuous improvement.

The Audit Managers of each of the Group's businesses have always assessed the effectiveness of internal control in the course of their work, and are actively involved in this improvement process.

The creation at Bouygues of an Internal Control and Audit department and the implementation in 2011 of a software programme for use throughout the Group will enhance capabilities and contribute to the improvement of internal control and risk management. The essential concern remains the definition and implementation of action plans with the primary objective of better controlling the Group's operations.

The Chairman of the Board of Directors

REMUNERATION of corporate officers and STOCK OPTIONS granted to corporate officers and Group employees

1 • REMUNERATION

Report required by Articles L. 225-102-1 and L. 225-37 paragraph 9 of the Commercial Code.

This chapter contains the reports required under the French Commercial Code. It also includes the tables recommended in the Afep/Medef Corporate Governance Code of December 2008 and by the AMF Recommendation of 22 December 2008 (as updated on 10 December 2009) on the information to be provided in registration documents concerning the remuneration of executive directors.

1.1 Principles and rules for determining the remuneration of executive directors

In 2007, the Board took into account the Afep/Medef recommendations published in January 2007 relating to the remuneration of executive directors of listed companies. Afep and Medef published a new set of recommendations on 6 October 2008. The Board noted that virtually all of these recommendations had already been implemented and adopted the remaining provisions in early 2009.

1.1.1 Fixed remuneration and benefits in kind in 2010

The rules for determining fixed remuneration were decided in 1999 and have been applied consistently since then.

Fixed remuneration takes account of the level and difficulty of the individual's responsibilities, job experience, and length of service in the Group and also the wage policy of groups or companies in similar sectors.

Benefits in kind involve use of a company car and, in the case of Martin Bouygues and Olivier Bouygues, the part-time assignment of an assistant and a chauffeur/security guard for their personal requirements.

1.1.2 Variable remuneration in 2010

The rules for determining the variable portion of remuneration were also decided in 1999 and remained unchanged until 2007, when the Board adjusted the calculation in light of the Afep/Medef recommendations. It then modified them again in 2010.

The variable portion of remuneration is decided on an individual basis. The Board decides the criteria for the variable portion of each executive director's remuneration and limits it to a percentage of the fixed remuneration. The percentage limit relative to the fixed remuneration also depends on the individual executive director

Variable remuneration is based on the performance of the Group, with performance being determined by reference to the following key economic indicators:

- increase in current operating profit;
- change in consolidated net profit (attributable to the Group) relative to the plan;
- change in the consolidated net profit (attributable to the Group) compared with the preceding year;
- free cash flow of Bouygues (before changes in working capital).

Each criterion is used to determine part of the variable remuneration.

In exceptional cases, upon the advice of the Remuneration Committee, the Board may award special bonuses.

1.1.3 Other information regarding remuneration

Remuneration accruing to Martin Bouygues and Olivier Bouygues is paid by SCDM, which then invoices Bouygues pursuant to the agreement governing relations between Bouygues and SCDM, approved under the regulated agreements procedure.

1.2 Table 1 - Overview of remuneration, benefits in kind and options granted to the two executive directors in 2010

(€)	M. Bouygues Chairman and CEO		O. Bouygues Deputy CEO	
	2009	2010	2009	2010
Remuneration owing in respect of the year (see breakdown in table 2)	2,424,647	2,421,235	1,345,004	1,329,153
Value of options granted in the year[a]	1,048,000	248,000	524,000	139,500
Value of performance shares in the year[b]	0	0	0	0
Total	**3,472,647**	**2,669,235**	**1,869,004**	**1,468,653**
Change 2010/2009		**-23.14%**		**-21.42%**

(a) Book value at the grant date, ie €5.24 per option for options granted in 2009, and €1.55 per option for options granted in 2010
(b) No performance shares were granted by the company

1.3 Table 2 - Remuneration of the two executive directors

Position and years of service in the Group		Remuneration[a]	Amounts[b] in respect of 2009 (€)		Amounts[b] in respect of 2010 (€)		Criteria for variable remuneration (FY2010)[f]
			due[c]	paid	due[c]	paid	
M. Bouygues	Chairman and CEO 37 years	Fixed - Change	920,000 0%	920,000	920,000 0%	920,000	▶ Increase in current operating profit (50%). ▶ Change in consolidated net profit[g] versus the Plan (25%). ▶ Change in consolidated net profit[g] versus 2009 (25%). ▶ Free cash flow before changes in working capital (50%).
		Variable - Change - % variable/fixed[d] - Ceiling[d]	1,380,000 0% 150% 150%	1,380,000	1,380,000 0% 150% 150%	1,380,000	
		Exceptional remuneration	0	0	0	0	
		Directors' fees	79,266	79,266	73,900	73,900	
		Benefits in kind	45,381	45,381	47,335	47,335	
		Total	**2,424,647**	**2,424,647**	**2,421,235**	**2,421,235**	
O. Bouygues	Deputy CEO 37 years	Fixed - Change	500,000 -28.57%	500,000	500,000 0%	500,000	▶ Increase in current operating profit (50%). ▶ Change in consolidated net profit[g] versus the Plan (25%). ▶ Change in consolidated net profit[g] versus 2009 (25%). ▶ Free cash flow before changes in working capital (50%).
		Variable - Change - % variable/fixed[d] - Ceiling[e]	750,000 -28.57% 150% 150%	1,050,000	750,000 0% 150% 150%	750,000	
		Exceptional remuneration	0	0	0	0	
		Directors' fees	83,349	83,349	67,499	67,499	
		Benefits in kind	11,655	11,655	11,654	11,654	
		Total	**1,345,004**	**1,645,004**	**1,329,153**	**1,329,153**	
Total executive directors **Change**			**3,769,651** **-11.6%**	**4,069,651**	**3,750,388** **0%**	**3,750,388**	

(a) No remuneration other than that mentioned in the table was paid to the executive directors by companies in the Group
(b) Amounts due = all the amounts allocated in respect of one financial year
Amounts paid = all the amounts paid in the financial year. However, the variable part allocated for a financial year is actually paid in the first quarter of the following year
(c) Amounts due – Change: the percentages inserted under the fixed and variable remuneration show variations relative to the previous financial year
(d) Variable remuneration expressed as a percentage of fixed remuneration
(e) Variable remuneration ceiling, set as a percentage of fixed remuneration
(f) Variable remuneration criteria: the portion expresses the weighting of the criterion when determining total variable remuneration
(g) Consolidated net profit = consolidated net profit (attributable to the Group) of Bouygues

1.4 Table 3 - Directors' fees

The Annual General Meeting of 24 April 2003 set the total amount of directors' fees to be allocated to corporate officers and directors of Bouygues at €700,000 each year, leaving it to the Board's discretion as to how this amount should be split.

The amounts of the directors' fees are as follows:

Chairman and CEO	€50,000
Directors	€25,000
Member of the Accounts Committee	€14,000
Member of another committee (Remuneration, Selection, Ethics and Sponsorship)	€7,000

Attendance is now taken into account in the payment of directors' fees. These now include a variable component (50% of the total) that is reduced if the director is absent from any of the four Board meetings where the financial statements are examined or from a committee meeting.

The table below shows the directors' fees paid for participation on the Board of Directors and on one or more committees.

(€)		Origin (Notes 1 and 2)	2009	2010
M. Bouygues	Chairman and CEO	Bouygues	50,000	50,000
		Subsidiaries	29,266	23,900
O. Bouygues	Deputy CEO	Bouygues	25,000	25,000
		Subsidiaries	58,349	42,499
Sub-total for executive directors		Bouygues	75,000	75,000
		Subsidiaries	87,615	66,399
		Total	**162,615**	**141,399**
P. Barberis	Director	Bouygues	25,000 7,000	25,000 7,000
P. Barbizet	Director	Bouygues	25,000 21,000	25,000 21,000
		Subsidiaries	32,900	30,587
F. Bertière	Director	Bouygues	25,000	25,000
		Subsidiaries	-	20,000
Mrs F. Bouygues	Director	Bouygues	18,750	21,875
G. Chodron de Courcel	Director	Bouygues	21,875 12,250	21,875 12,250
L. Douroux	Director	Bouygues	25,000 7,000	25,000 7,000
Y. Gabriel	Director	Bouygues	25,000	25,000
P. Kron	Director	Bouygues	25,000	21,875
H. Le Bouc	Director	Bouygues	25,000	25,000
		Subsidiaries	20,000	20,000
C. Lewiner	Director	Bouygues	-	18,750
H. le Pas de Sécheval	Director	Bouygues	25,000 14,000	25,000 14,000
S. Nombret	Director	Bouygues	-	18,750
N. Paolini	Director	Bouygues	25,000	25,000
		Subsidiaries	30,696	31,000
J. Peyrelevade	Director	Bouygues	25,000 7,000	18,750 7,000
F.-H. Pinault	Director	Bouygues	25,000 14,000	25,000 14,000
M. Vilain	Director	Bouygues	-	18,750
Sub-total for other directors (Note 3)		Bouygues	493,875	447,875
		Subsidiaries	83,596	167,986
		Total	**577,471**	**615,861**
Total directors' fees Executive directors + directors (Note 3)		**Bouygues**	**568,875**	**558,875**
		Subsidiaries	**171,211**	**234,385**
		Total	**740,086**	**793,260**

Note 1: Bouygues = directors' fees paid in respect of participation on the Board of Bouygues.

Note 2: Subsidiaries = directors' fees paid by Group companies, within the meaning of Article L. 233-16 of the Commercial Code. These include Colas, Bouygues Telecom and TF1.

Note 3: The total amounts for FY2009 and FY2010 include directors' fees paid to:

- *Charles de Croisset, who received €25,000 in 2009 and €9,375 in 2010 from Bouygues.*
- *Jean-Michel Gras, who received €32,000 in 2009 and €12,000 in 2010 from Bouygues and for participation in the Ethics and Sponsorship Committee.*
- *Thierry Jourdaine, who received €39,000 in 2009 and €14,625 in 2010 from Bouygues and for participation in the Accounts Committee.*

These directors left the Board in 2010.

Note 4: Alain Pouyat, non-voting director, receives directors' fees of €25,000 per year. He also received directors' fees of €36,400 for serving as a director of Group subsidiaries.

1.5 Other remuneration

1.5.1 Remuneration of salaried directors

The principles and rules for determining the remuneration of salaried directors, including François Bertière, Yves Gabriel, Hervé Le Bouc and Nonce Paolini, each of whom is in charge of one of the Group's businesses, are the same as those used to calculate the remuneration of the two executive directors. However, the criteria for determining variable remuneration take into account the specifics of the business concerned. Qualitative criteria are also used to determine these directors' variable remuneration.

The criteria for determining variable remuneration are as follows:

- change in the consolidated net profit (attributable to the Group) of Bouygues;
- change, relative to the plan, in the consolidated net profit (attributable to the Group) of the subsidiary managed (Bouygues Construction, Bouygues Immobilier, Colas or TF1);

- change in the consolidated net profit (attributable to the Group) of the subsidiary managed in relation to the preceding year;
- qualitative criteria, which reflect specific situations and assignments. A selection of these criteria is applied to each salaried director.

On the recommendation of the Remuneration Committee, the Board decided in early 2009 to place greater emphasis on these qualitative criteria, since the performance of senior executives during periods of crisis should be measured by more than financial results.

Remuneration paid by Bouygues is invoiced to the subsidiary managed by the senior executive (F. Bertière: Bouygues Immobilier; Y. Gabriel: Bouygues Construction; H. Le Bouc: Colas; N. Paolini: TF1).

In addition to his responsibilities as Chairman and CEO of TF1, Nonce Paolini has been tasked since 1 July 2009 with overseeing the convergence of media, the internet, and fixed and mobile telephony. He was paid an additional fixed remuneration of €290,000 for this responsibility in 2010. This amount was not invoiced to TF1 because it relates to a task carried out on behalf of the Group as a whole.

1.5.2 Salaried directors representing employee shareholders

The salary paid to the two directors who represent employee shareholders and who have an employment contract with Bouygues or one of its subsidiaries is not disclosed.

1.5.3 Remuneration of salaried directors

See table.

Position and years of service in the Group		Remuneration[a]	Amounts[b] in respect of FY2009 (€)		Amounts[b] in respect of FY2010 (€)	
			due[c]	paid	due[c]	paid
F. Bertière	Director 26 years	Fixed	920,000	920,000	920,000	920,000
		- Change	0%		0%	
		Variable	1,034,632	1,000,868	1,236,204	1,034,632
		- Change	+3.37%		+19.5%	
		- % variable/fixed[d]	112%		134%	
		- Ceiling[e]	150%		150%	
		Exceptional remuneration	0	0	0	0
		Directors' fees	25,000	25,000	45,000	45,000
		Benefits in kind	4,944	4,944	4,944	4,944
		Total	**1,984,576**	**1,950,812**	**2,206,148**	**2,004,576**
Y. Gabriel	Director 36 years	Fixed	920,000	920,000	920,000	920,000
		- Change	0%		0%	
		Variable	1,380,000	1,380,000	972,716	1,380,000
		- Change	0%		-29.5%	
		- % variable/fixed[d]	150%		106%	
		- Ceiling[e]	150%		150%	
		Exceptional remuneration	0	0	0	0
		Directors' fees	25,000	25,000	25,000	25,000
		Benefits in kind	8,652	8,652	8,652	8,652
		Total	**2,333,652**	**2,333,652**	**1,926,368**	**2,333,652**
H. Le Bouc	Director 33 years	Fixed	920,000	920,000	920,000	920,000
		- Change	+15%		0%	
		Variable	900,000	960,000	650,716	900,000
		- Change	-6.25%		-27.7%	
		- % variable/fixed[d]	98%		71%	
		- Ceiling[e]	150%		150%	
		Exceptional remuneration	0	0	0	0
		Directors' fees	45,000	45,000	45,000	45,000
		Benefits in kind	4,100	4,100	4,099	4,099
		Total	**1,869,100**	**1,929,100**	**1,619,815**	**1,869,099**
N. Paolini[f]	Director 22 years	Fixed	TF1 700,000 Bouygues 145,000	845,000	TF1 700,000 Bouygues 290,000	990,000
		- Change	+20.71%		+17.16%	
		Variable	510,230	551,530	1,050,000	510,230
		- Change	-7.48%		+106%	
		-% variable/fixe[d]	72%		150%	
		- Ceiling[e]	150%		150%	
		Exceptional remuneration	0	0	0	0
		Directors' fees	55,696	55,696	56,000	56,000
		Benefits in kind	5,037	5,037	5,037	5,037
		Total	**1,415,963**	**1,457,263**	**2,101,037**	**1,561,267**

(a) No remuneration other than that mentioned in the table was paid to corporate officers by companies in the Group

(b) Amounts due = all the amounts allocated in respect of one financial year

Amounts paid = all the amounts paid in the financial year. However, the variable remuneration allocated for a financial year is actually paid in the first quarter of the following year

(c) Amounts due – Change: the percentages inserted under the fixed and variable remuneration show variations relative to the previous financial year

(d) Variable remuneration expressed as a percentage of fixed remuneration

(e) Variable remuneration ceiling, set as a percentage of fixed remuneration

(f) The fixed remuneration of Nonce Paolini is composed of his fixed remuneration as Chairman and Chief Executive Officer of TF1 (€700,000) and the remuneration for the Group task assigned to him by Bouygues (€290,000). See explanation above

1.6 2011 financial year

The Board of Directors has decided that no increases in fixed remuneration will be granted in 2011, with the exception of fixed remuneration of Nonce Paolini (brought to €920,000 in total).

2 • 2010 REPORT ON STOCK OPTIONS AND PERFORMANCE SHARES

Report required under Articles L. 225-184 and L. 225-197-4 of the Commercial Code.

This chapter contains the reports required under the Commercial Code and the tables recommended by the Afep/Medef Corporate Governance Code of December 2008 or by the AMF Recommendation of 22 December 2008 (updated on 10 December 2009) concerning the information to be provided in registration documents concerning the remuneration of executive directors.

2.1 Principles and rules for granting stock options and bonus shares

The eleventh resolution of the Combined Annual General Meeting of 24 April 2008 authorised the Board of Directors on one or more occasions to grant options conferring the right to subscribe new shares or to purchase existing shares. This authorisation, granted for thirty-eight months, requires the beneficiaries of these options to be employees and/or corporate officers of Bouygues or of companies or economic interest groupings directly or indirectly associated with Bouygues under the terms of Article L. 225-180 of the Commercial Code.

The nineteenth resolution of the Combined Annual General Meeting on 29 April 2010 also authorised the Board of Directors to grant on one or more occasions existing or future shares for free. This authorisation, granted for thirty-eight months, requires the beneficiaries of these bonus shares to be employees and/or corporate officers of Bouygues or of companies or economic interest groupings directly or indirectly associated with Bouygues under the terms of Article L. 225-197-2 of the Commercial Code.

To date, the Board of Directors has not made use of the authorisations granted by the Annual General Meeting to allot bonus shares or grant options to purchase shares. All of the options granted have been to subscribe for shares.

2.1.1 General rules applicable to grants of stock options and bonus shares

The Board of Directors has taken into account the Afep/Medef's January 2007 recommendations as well as the recommendations published on 6 October 2008.

The Board of Directors also decided in 2010 to adopt AMF Recommendation No. 2010-07, "Guide to preventing insider misconduct by executives of listed companies".

It should be noted that:

- stock options or bonus shares are granted to help attract senior executives and employees, secure their loyalty, reward them and give them a medium- and long-term interest in the company's development, in light of their contribution to value creation;
- more than 1,000 senior executives and employees are beneficiaries under each plan. The beneficiaries are selected and individual allotments are decided by reference to each beneficiary's responsibility and performance, with particular attention being paid to executives with potential;
- in the case of stock options, no discount is applied;
- a ceiling has been set to prevent a significant increase in the size of stock option plans when the market is falling. This ceiling has been set at 15% of the volume of the preceding plan;
- at its meeting on 2 December 2010, the Board of Directors changed the periods during which senior executives and employees are prohibited from selling shares arising from the exercise of stock options:
  - for the 30 calendar days immediately preceding the publication of the first-quarter and third-quarter financial statements and those for the first half and full year as well as on the day these statements are publicly disclosed;
  - for the 15 calendar days immediately preceding the publication of Bouygues' quarterly sales figures and on the day this information is publicly disclosed.

  The Board of Directors reiterated that this obligation to refrain from selling shares arising from the exercise of stock options was also to be observed during the period in which a senior executive or employee was privy to confidential information and on the day this information is publicly disclosed.
- the frequency of allotments and the period of the year in which these allotments must be made were defined. The Board of Directors had previously decided that barring an exceptional decision to the contrary, stock options would be granted each year after the publication of the full-year financial statements for the previous financial year. This rule has been changed. Since most of the Group's companies calculate the variable portion of their senior executives' remuneration and determine the remuneration that will be paid in the new year after the closing of the full-year financial statements, it seemed sensible to allot the options in May or June, after the closing of the financial statements for the first quarter, unless the Board decides otherwise;
- in addition to these measures, several internal procedures were laid down and communicated to prevent breaches of insider trading policy or insider trading offences: the drawing up of a list of people having access to confidential information; a reminder of the three obligations of abstention; information concerning stock market laws; and a recommendation concerning the setting-up of a share trading plan.

2.1.2 Specific rules applicable to corporate officers

The rules of procedure of the Board of Directors include the following:

- Stock options or bonus shares shall not be granted to senior executives leaving the company.
- Risk hedging and speculative transactions relating to the exercise of stock options or the sale of bonus shares are forbidden.
- Executive directors and salaried directors who wish to sell shares acquired through the exercise of stock options or to sell bonus shares

should obtain confirmation from the Group Ethics Officer that they do not hold inside information.

- The value must not exceed the value of the stock options allocated to an executive director, which is capped at 100% of his remuneration.
- A ceiling is set on allotments to the Chairman and CEO (a maximum of 5% of an allotment plan) and to the Deputy CEO (a maximum of 2.5% of an allotment plan).
- Performance criteria are set for the executive directors at the time of the allotment (consolidated net profit attributable to the Group earned during the year preceding the allotment) and in the year stock options are exercised (consolidated net profit attributable to the Group earned in each of the four years preceding the exercise of the options).
- When stock options or bonus shares are granted, the Board of Directors shall set the number of bonus shares or shares obtained from the exercise of stock options that executive directors are required to retain until the expiry of their term of office. This provision was implemented for stock options granted in 2008, 2009 and 2010. The Board set the number of shares obtained from the exercise of stock options that executive directors are required to hold in registered form either directly or through a company. The percentage of shares they must keep from the 2008, 2009 and 2010 plans is 25% of the shares that remain after selling the number of shares required to cover the costs of exercising the options and paying any related taxes or social charges.
- Declaration to the Board of Directors of transactions performed.
- The rules of procedure note that the AMF recommends executives to set up share trading plans.

2.1.3 General information: the characteristics of stock options

All the stock options granted by the Board of Directors in 2010 have the following characteristics:

- Exercise price: the average of the opening prices quoted on the 20 trading days prior to the option grant, with no discount.
- Validity period: seven years and six months from the date the stock options are granted.
- Lock-up period: four years from the date the stock options are granted.
- Exercise period: three and a half years after expiry of the lock-up period (with three exceptions where stock options may be exercised at any time during the seven years: stock options exercised by heirs within six months of death of a beneficiary; change of control of Bouygues or cash tender or exchange offer relating to Bouygues; exercise of stock options in accordance with Article L. 3332-25 of the Labour Code, using assets acquired under a Group savings plan).
- Automatic cancellation if the employment contract or appointment as corporate officer is terminated, unless given special authorisation, or in the case of invalidity, departure or retirement.

2.2 Stock options granted to or exercised by executive directors and salaried directors in 2010

Options for new Bouygues shares were granted in 2010. On 1 June 2010, the Board of Directors decided to make an exceptional grant on 30 June 2010 of 4,145,650 options to 1,189 beneficiaries who are corporate officers or employees of the company or companies in the Bouygues group. The Board of Directors made this decision not only on the basis of new orders and good profitability, but also to motivate managers at a time when it is more difficult to achieve the Group's performance objectives.

The exercise price was set at €34.52 per share subscribed.

The value of each stock option was €1.55 at the grant date, estimated in accordance with the method used for the consolidated financial statements.

This stock option plan represented 1.17% of the company's share capital at 31 December 2009[1].

(1) Share capital of Bouygues at 31 December 2009: 354,267,911 shares

2.2.1 Table 4 - Options granted to executive directors and salaried directors of Bouygues

As the performance objectives set by the Board of Directors in 2009 for the granting of stock options in 2010 (2009 net profit) were achieved, the Board of Directors decided to grant stock options to the two executive directors.

Executive directors	Company granting the options	Grant date	Number of options	Exercise price (€)
Martin Bouygues	Bouygues	30 June 2010	160,000	34.52
Olivier Bouygues	Bouygues	30 June 2010	90,000	34.52
		Total	**250,000**	

The stock options granted to the Chairman and CEO represent 3.86% of the 2010 stock option plan and those granted to the Deputy CEO 2.17%. The stock options granted to the Chairman and CEO and to the Deputy CEO represent 6.03% of the 2010 stock option plan.

These allotments represent 0.027% of the company's share capital (100,000 options) and 0.054% of the share capital (200,000 options) at 31 December 2010[2]. In total, the stock options granted to the two executive directors in 2010 represent 0.068% of the company's share capital at 31 December 2010.

Salaried directors	Company granting the options	Grant date	Number of options	Exercise price (€)
François Bertière	Bouygues	30 June 2010	130,000	34.52
Yves Gabriel	Bouygues	30 June 2010	130,000	34.52
Hervé Le Bouc	Bouygues	30 June 2010	130,000	34.52
Nonce Paolini	Bouygues	30 June 2010	130,000	34.52
		Total	**520,000**	

(2) Share capital of Bouygues at 31 December 2010: 365,862,523 shares

2.2.2 Table 5 - Stock options exercised by executive directors and salaried directors of Bouygues in 2010

Executive director	Company granting the options	Plan	Number of options exercised	Exercise price (€)
Martin Bouygues	Bouygues	15 March 2004	235,379	25.15

Salaried director	Company granting the options	Plan	Number of options exercised	Exercise price (€)
François Bertière	Bouygues	17 June 2003	88,268	19.37

2.3 Performance (bonus) shares

2.3.1 Table 6 - Performance shares granted to each executive director

No performance shares were granted by the company.

2.3.2 Table 7 - Performance shares that became available during the year for each executive director

No performance shares became available during the year as no such shares had been granted by the company.

2.4 Summary of outstanding stock option plans

2.4.1 Table 8 - Breakdown of stock options for each plan and category of beneficiary

	2004	2005	2006	2007	2008	2009	2010
Date of AGM	25/05/2000	28/04/2005	28/04/2005	28/04/2005	28/04/2005	24/04/2008	24/04/2008
Grant date	15/03/2004	21/06/2005	05/09/2006	05/06/2007	26/02/2008	03/03/2009	30/06/2010
Number of stock options granted by the Board	3,180,750[a]	3,102,500	3,700,000	4,350,000	4,390,000	4,672,200	4,145,650
- o/w to executive directors and salaried directors[b]	800,000[a]	500,000	750,000	850,000	750,000	900,000	770,000
(c)	M. Bouygues O. Bouygues Y. Gabriel	O. Bouygues Y. Gabriel	M. Bouygues O. Bouygues Y. Gabriel F. Bertière	M. Bouygues O. Bouygues Y. Gabriel F. Bertière	M. Bouygues O. Bouygues Y. Gabriel F. Bertière H. Le Bouc N. Paolini	M. Bouygues O. Bouygues Y. Gabriel F. Bertière H. Le Bouc N. Paolini	M. Bouygues O. Bouygues Y. Gabriel F. Bertière H. Le Bouc N. Paolini
- o/w to ten employees of the company	422,000[a]	347,000	356,000	530,000	470,000	520,000	534,000
Original exercise price prior to adjustment	€29.61	€31.34	€40.00	€63.44	€43.23	€25.95	€34.52
Original exercise price after adjustment[a]	€25.15	€31.34	€40.00	€63.44	€43.23	€25.95	€34.52
Start of exercise period	15/03/2008	21/06/2009	05/09/2010	05/06/2011	31/03/2012	01/04/2013	30/06/2014
End of exercise period	14/09/2011	20/06/2012	04/09/2013	04/06/2014	30/09/2015	30/09/2016	30/12/2017
Number of options outstanding at 31/12/2010	2,263,290	2,771,916	3,553,139	4,251,650	4,290,700	4,628,272	4,113,550
Total							**25,872,517**

(a) In accordance with law, the exercise prices and the number of options granted were adjusted on 7 January 2005 because of an exceptional payout
(b) Total options granted, including to salaried directors who left the Board in 2009
(c) Including only executive directors and salaried directors currently in office

2.5 Stock options granted to or exercised by the ten employees having received or exercised the most options in 2010

2.5.1 Table 9 - Stock options granted to the ten Bouygues employees (not corporate officers) having received the largest number of options in 2010

Employee	Company granting the options	Plan	Number of options	Exercise price (€)
Jacques Bernard	Bouygues	30 June 2010	26,000	34.52
Michel Buxeraud	Bouygues	30 June 2010	13,000	34.52
Georges Colombani	Bouygues	30 June 2010	20,000	34.52
Jean-François Guillemin	Bouygues	30 June 2010	44,000	34.52
Gérard Lemarié	Bouygues	30 June 2010	11,000	34.52
Philippe Marien	Bouygues	30 June 2010	130,000	34.52
Alain Pouyat	Bouygues	30 June 2010	90,000	34.52
Olivier Roussat	Bouygues	30 June 2010	130,000	34.52
Jean-Claude Tostivin	Bouygues	30 June 2010	44,000	34.52
Gilles Zancanaro	Bouygues	30 June 2010	26,000	34.52
		Total	**534,000**	

2.5.2 Table 9a - Stock options exercised in 2010 by the ten Bouygues employees having exercised the largest number of options

Employee	Company granting the options	Plan	Number of options	Exercise price (€)
Alain Pouyat	Bouygues	17 June 2003	58,845	19.37
Jean-François Guillemin	Bouygues	17 June 2003	23,538	19.37
Jacques Bernard	Bouygues	17 June 2003	5,023	19.37
	Bouygues	15 March 2004	14,123	25.15
Michel Buxeraud	Bouygues	17 June 2003	8,239	19.37
Gilles Zancanaro	Bouygues	15 March 2004	6,473	25.15
Gérard Lemarié	Bouygues	17 June 2003	5,885	19.37
Georges Colombani	Bouygues	17 June 2003	5,289	19.37
	Bouygues	15 March 2004	500	25.15
Philippe Marien	Bouygues	17 June 2003	4,708	19.37
Yann Clairouin	Bouygues	17 June 2003	1,043	19.37
	Bouygues	15 March 2004	2,943	25.15
Philippe Metges	Bouygues	17 June 2003	2,354	19.37
	Bouygues	15 March 2004	1,500	25.15
		Total	**140,463**	

In 2010, 1,291,909 Bouygues stock options were exercised by employees of Bouygues or one of its subsidiaries, other than the executive directors, the salaried directors and the ten employees listed above.

3 • OTHER INFORMATION ON THE EXECUTIVE DIRECTORS

Table 10 - Executive directors: restrictions on combining positions as corporate officer with employment contract – supplementary retirement benefits – severance compensation – non-competition indemnities

Executive director	Employment contract		Supplementary pension scheme[a]		Severance compensation or benefits due or likely to be due on termination or change of office[b]		Indemnities relating to non-competition clause	
	yes	no	yes	no	yes	no	yes	no
Martin Bouygues Chairman and CEO		X	X[a]			X[b]		X
Olivier Bouygues Deputy CEO		X	X[a]			X[b]		X

(a) Additional retirement provision

Members of the Group's management committee receive an additional retirement provision set at 0.92% of the reference salary per year of service under the scheme. Benefits are capped at eight times the social security ceiling (ie €283,000 at the date of this report). The Group is not required to set aside provisions for this additional retirement provision, which takes the form of an insurance policy taken out with an insurer outside the Group. This additional retirement provision has been approved pursuant to the regulated agreements procedure.

(b) Compensation on leaving the company

The company and its subsidiaries have not entered into any commitment and have not given any undertaking relating to the granting of severance compensation in the event that the executive directors leave the company. No such commitment or undertaking has been entered into as regards salaried directors. However, salaried directors are covered by the collective agreement applicable to the company (Paris region construction company executives' collective agreement for Bouygues SA), which provides for certain compensation if a director's employment contract is terminated, even though such compensation is not strictly classified as severance compensation as such. Yves Gabriel, François Bertière, Hervé Le Bouc and Nonce Paolini are eligible for such compensation.

SHARE OWNERSHIP

1 • CHANGES IN SHARE OWNERSHIP OVER THE LAST THREE YEARS

Situation at 31 December 2010[a]				
Shareholder	**Number of shares**	**% of capital**	**Number of voting rights[b]**	**% of voting rights**
SCDM[c]	66,256,330	18.11	131,853,952	27.30
Bouygues employees[d]	69,459,570	18.99	109,095,706	22.59
Other French shareholders	77,970,139	21.31	89,870,654	18.60
Alliance Bernstein	17,869,767[e]	4.88	17,869,767	3.70
Other foreign shareholders	129,486,523	35.39	129,486,523	26.81
Bouygues	4,820,194[f]	1.32	4,820,194[g]	1.00
Total	**365,862,523**	**100**	**482,996,796**	**100**

Situation at 31 December 2009					Situation at 31 December 2008			
Shareholder	**Number of shares**	**% of capital**	**Number of voting rights[b]**	**% of voting rights**	**Number of shares**	**% of capital**	**Number of voting rights[b]**	**% of voting rights**
SCDM[c]	65,839,335	18.58	128,798,107	27.17	65,697,622	19.16	128,226,184	28.58
Bouygues employees[d]	64,831,208[d]	18.30	110,173,300	23.23	52,723,553	15.38	87,120,448	19.42
Other French shareholders	99,947,124	28.21	111,504,376	23.52	90,789,993	26.48	99,641,174	22.21
Alliance Bernstein	-	-	-	-	-	-	-	-
Other foreign shareholders	121,471,744	34.29	121,471,744	25.62	131,728,928	38.43	131,728,928	29.37
Bouygues	2,178,500[f]	0.62	2,178,500[g]	0.46	1,877,983[f]	0.55	1,877,983[g]	0.42
Total	**354,267,911**	**100**	**474,126,027**	**100**	**342,818,079**	**100**	**448,594,717**	**100**

(a) Based on a survey of identifiable bearer shares as at 31 December 2010: 334 million shares identified
(b) In accordance with Article 223-11 of the AMF General Regulation, the total number of voting rights is calculated on the basis of all shares with voting rights attached, including those of which the voting rights have been suspended
(c) SCDM is a simplified limited company controlled by Martin Bouygues and Olivier Bouygues. This figure includes shares owned directly by Martin Bouygues and Olivier Bouygues
(d) Shares owned by employees under company savings schemes
(e) Based on a declaration of the passing of an ownership threshold on 28 June 2010
(f) Treasury shares held under share buyback programmes and the liquidity contract
(g) Voting rights attached to shares held by Bouygues are suspended

The company is not aware of any shareholder, other than those shown in the table above, holding more than 5% of the capital or voting rights.

Significant changes in share ownership

The main changes in share ownership since 31 December 2009 are as follows:

- An increase in the interest held by employees from 18.30% to 18.99% of the capital, following the success of the latest employee share ownership plan (Bouygues Confiance 5). This plan, together with regular subscriptions to dedicated mutual funds invested in Bouygues shares, more than offset the expiration of an earlier plan (Bouygues Confiance 3). The share of voting rights held by employees fell from 23.23% to 22.59% following the loss of voting rights associated with the expiration of the Bouygues Confiance 3 plan.
- The interest held by SCDM was virtually unchanged in terms of the number of shares (66,256,330, versus 65,839,335 at 31 December 2009). However, the number of voting rights held by SCDM increased by more, due to entitlements to double voting rights. As at 31 December 2010, SCDM held 18.11% of the capital and 27.30% of the voting rights.
- On 28 June 2010, Alliance Bernstein declared that it held 17,869,767 Bouygues shares, taking it above the threshold of 5% of the capital. As of 31 December 2010, these 17,869,767 shares represented 4.88% of the capital and 3.70% of the voting rights.

2 • VOTING RIGHTS

The terms on which the principal shareholders of Bouygues hold voting rights are no different from those enjoyed by the other shareholders. They are entitled, on the same terms as the other shareholders, to double voting rights subject to the conditions specified in Article 12 of the by-laws, the terms of which are reproduced below in the Legal information section.

3 • CONTROL

As of 31 December 2010, Martin Bouygues and Olivier Bouygues held 27.30% of the voting rights, either directly or via the simplified limited company SCDM, which gives them significant power at general meetings (37.56% of the voting rights exercised at the 2010 Annual General Meeting), given the number of voting rights actually exercised.

As indicated in the Chairman's report on corporate governance, the Board of Directors and Board committees include a significant proportion of independent directors.

4 • SHAREHOLDER AGREEMENTS

The shareholder agreement between SCDM and Artémis signed on 4 December 1998 was terminated on 24 May 2006, when the Artémis group passed below the thresholds of 5% of the capital and voting rights of Bouygues.

As far as the company is aware, no shareholder agreement relating to the company's capital has existed since that date and no agreement exists which could, if activated, result in a future change in control of Bouygues.

STOCK MARKET information

1 • STOCK MARKET PERFORMANCE IN 2010

Bouygues shares are listed on the Euronext Paris market (compartment A) and belong to the CAC 40, Euronext 100, FTSE Eurofirst 80 and Dow Jones Stoxx 600 indices. They are eligible for the deferred settlement service (SRD) and for French equity savings plans (PEAs).

There were a total of 365,862,523 shares in issue on 31 December 2010.

The average number of shares in issue during 2010 was 353,494,819.

The average daily volume traded during 2010, as reported on Euronext, was 1,493,654.

The Bouygues share price fell by 11% in 2010, compared with a fall of 3% for the CAC 40.

Trends in the share price during 2010 went through three phases:

- From the start of the year to the first-half results announcement, Bouygues shares fell by 12%, tracking the 11% fall in the CAC 40 over the same period.
- Following publication of the first-half results, Bouygues shares underperformed the index: the CAC 40 gained 7% from 31 August to 17 September, while Bouygues lost 2% over the same period.
- This slippage was not made up during the final three months of the year, when Bouygues shares once again tracked the index (both rising by 2%).

	Number of shares	Dividend paid for the year (€)	Quoted market price (€)			Dividend yield based on closing price (%)
		Net	High	Low	Closing	
2006	334,777,583	1.20	49.42	36.05	48.63	2.5
2007	347,502,578	1.50	67.43	48.42	57.00	2.6
2008	342,818,079	1.60	57.25	24.04	30.20	5.3
2009	354,267,911	1.60	37.76	21.77	36.43	4.4
2010	365,862,523	1.60	40.56	30.40	32.26	5.0

On 1 March 2011, the shares were trading at €33.20.

2 • TRENDS IN SHARE PRICE AND TRADING VOLUMES

Bouygues share price over the last 18 months

	High (€)	Low (€)	Volume of shares traded	Capital traded (€ million)
2009				
July	29.94	25.16	30,960,679	851
August	35.25	29.43	41,160,276	1,331
September	37.14	32.25	39,434,764	1,371
October	37.76	32.15	29,356,819	1,035
November	36.35	32.05	26,213,201	902
December	36.69	33.60	26,706,061	933
2010				
January	38.08	35.15	28,358,242	1,050
February	37.40	33.24	31,443,977	1,100
March	38.25	34.19	35,256,427	1,307
April	40.56	35.66	31,788,687	1,223
May	38.11	31.44	47,293,786	1,631
June	36.53	31.51	40,656,647	1,388
July	33.52	30.40	36,038,639	1,145
August	34.30	31.38	25,856,688	849
September	33.27	30.62	40,584,624	1,312
October	32.98	30.71	27,145,420	868
November	33.99	30.59	34,021,719	1,100
December	32.70	30.97	32,500,266	1,046

Source: NYSE - Euronext. Volumes traded are those reported on Euronext.

3 • STOCK MARKET RULES AND PREVENTION OF INSIDER TRADING

Bouygues complies with AMF recommendation 2010-07 of 3 November 2010 (Guide to preventing insider misconduct by executives of listed companies).

3.1 Rules contained in the Group Code of Ethics

The Group Code of Ethics, distributed to all Bouygues group employees since 2006, includes a reminder that the dissemination of financial information and stock market trading by employees (whether in connection with the office they hold, or in a personal capacity) must comply with laws and regulations governing financial activities. It also reminds employees that the dissemination of inaccurate information, the disclosure or use of inside information, and share price manipulation are all subject to criminal penalties.

The Code of Ethics states that it is the responsibility of all employees to safeguard the confidentiality of information not in the public domain that might influence the price of Bouygues shares, or of any other listed securities issued by a Group company, until such information has been published by duly authorised persons. It also requires employees to refrain from trading in Bouygues shares, or any other securities issued by a Group company, for as long as such information has not been made public. Finally, it reminds employees that they are prohibited from using such information for direct or indirect personal gain, or to enable a third party to deal on the stock market.

If employees (especially those who hold inside information) have doubts or questions about such issues, they are encouraged by the Code of Ethics to raise them with the Group Ethics Officer, to ensure they are in compliance with ethical standards and with the rules that apply to the exercise of stock options and to any other transaction in securities issued by a Group company. Hence, the Group Ethics Officer fulfils the "compliance officer" role specified in the AMF recommendation of 3 November 2010.

The Group Code of Ethics can be consulted at www.bouygues.com, in the "Group/Ethics and values" section.

3.2 Rules contained in the Code of Conduct for Directors and Non-Voting Directors

The Code of Conduct, included as Annex 1 to the Board of Directors Rules of Procedure dated 1 March 2011, sets out the rules that apply to directors and non-voting directors on confidentiality (article 9) and preventing insider trading (article 10). These rules are largely based on the AMF recommendation of 3 November 2010.

The Code of Conduct is reproduced in full in the Chairman's Report on Corporate Governance and Internal Control, on pages 177-179 of this Registration Document.

In terms of preventing insider trading, the Code of Conduct gives a clear and detailed description of the obligations of the Chairman, the Chief Executive Officer, Deputy Chief Executives, directors (whether natural persons or legal entities), and personal representatives of legal entities with a seat on the Board, together with their spouses (unless legally separated). Such persons are obliged to hold any shares issued by Bouygues, or listed shares issued by subsidiaries of Bouygues, that they own (or their children below the age of majority own) in registered form. They are also prohibited from disseminating and/or using inside information, from trading during closed periods, and from carrying out speculative or hedging transactions; and are obliged to declare any dealings in the company's shares. The Code of Conduct also states that corporate officers and salaried directors are under an obligation to consult the Group Ethics Officer prior to any trading in the shares of Bouygues or of any of its listed subsidiaries, and reminds directors and non-voting directors of the seriousness of the legal penalties for insider trading.

The Code of Conduct also reiterates the AMF recommendation that share trading plans be set up that enable senior executives to benefit, subject to certain conditions specified by the AMF, from a presumption that they have not committed insider misconduct. It encourages each director and non-voting director to consider the benefits of setting up such a plan for himself/herself, which could continue to operate during the closed windows described below.

The Board of Directors Rules of Procedure can be consulted at www.bouygues.com, in the "Corporate Governance" section.

3.3 Insider lists

Article L.621-18-4 of the French Monetary and Financial Code requires listed companies to keep an up-to-date list, made available for consultation by the AMF, of persons working for the company who have access to inside information relating directly or indirectly to the company, and of third parties acting in the name of or on behalf of the company who have access to inside information in the course of their professional relations with the company.

In accordance with Article 223-27 of the AMF General Regulation, Bouygues keeps an up-to-date list, which is made available for consultation by the AMF, of persons identified as insiders per the criteria specified in Article L.621-18-4 of the Monetary and Financial Code. The company informs such persons that they are on this list, by registered letter with acknowledgment of receipt. This letter also informs them of the obligation of insiders not to trade in the company's shares if they hold inside information, not to recommend a third party to use inside information, and not to disclose inside information other than in the course of their duties. A calendar indicating closed periods for the current year is attached to the letter, along with an extract from the AMF General Regulation dealing with inside information.

This insider list is made available for consultation by the AMF for a period of five years, as required by the AMF General Regulation.

Persons on the insider list are also informed by registered letter with acknowledgment of receipt if their name is removed from the list. The letter also informs such persons that the company is obliged to keep the list that includes their name for at least five years.

3.4 Closed periods

In line with AMF recommendations, Bouygues draws up a calendar every year showing closed periods during which directors, corporate officers and equivalents, and any person with regular or occasional access to inside information is prohibited from trading in the company's shares.

This calendar is posted on the corporate intranet no later than the start of the year to which it relates. It is also sent annually to all persons on the insider list, with a letter reminding them of their obligation to refrain from trading during these periods.

The closed periods calendar can be consulted on the corporate intranet at any time by those concerned.

Directors, corporate officers and equivalents are also sent a reminder by e-mail before the start of each closed period.

In line with AMF recommendations, the closed periods are:

- the thirty calendar days preceding publication of the annual, half-year and quarterly financial statements of Bouygues, plus the date of publication;
- the fifteen calendar days preceding publication of quarterly sales figures, plus the date of publication;
- any period during which the person concerned has inside information, plus the date of publication of such information.

Under Article L.225-197-1 of the French Commercial Code, any shares allotted free of consideration (which does not currently apply to Bouygues) may not be sold:

- during the ten trading days following publication of the consolidated financial statements;
- during the ten trading days following publication of inside information.

3.5 Transactions in Bouygues shares by directors, corporate officers and persons referred to in Article L. 621-18-2 of the Monetary and Financial Code

Under Article L.621-18-2 of the French Monetary and Financial Code and Article 223-22 of the AMF regulation, directors and corporate officers are required to file an electronic declaration with the AMF if they acquire, sell, subscribe for or exchange shares of the company in which they hold office, or in related financial instruments. This declaration must be filed within the five trading days following the transaction. Under Article 223-23 of the AMF General Regulation, transactions of a cumulative amount of no more than €5,000 in the current calendar year do not have to be disclosed.

This declaration obligation applies to directors and corporate officers, and to any person within the company who has the power to make decisions regarding the company's development and strategy and has access to inside information. It also applies to people with close personal links to such persons.

Article 223-24 of the AMF General Regulation requires listed companies to keep an up-to-date list of persons equivalent to directors and corporate officers, and to communicate this list to the AMF and to the persons concerned.

Since 2005, Bouygues has kept such a list, which it communicates simultaneously to the persons concerned and to the AMF.

Each person concerned is informed by registered letter with acknowledgment of receipt that they are on the list, of the rules that apply to the holding, disclosure and use of inside information, and of the penalties for violations of such rules.

Whenever the list is updated, the new list is sent to the AMF by e-mail. It is retained by the company for the five-year period required under the AMF General Regulation.

If a person equivalent to a director or corporate officer is removed from the list, they are informed of the fact by registered letter with acknowledgment of receipt.

The table below discloses details of transactions carried out by persons included in the aforementioned list during 2010, as required by Article 223-26 of the AMF General Regulation.

Person involved	Transaction carried out	Nature of transaction	Number of transactions	Number of shares	Amount (€)
SCDM	by a related person, SCDM Participations	Purchase	1	181,616	6,429,787.57
François Bertière	in a personal capacity	Exercise of options	1	88,268	1,709,751.16
		Sale	1	47,000	1,705,630.00
Martin Bouygues	in a personal capacity	Exercise of options	1	235,379	5,919,781.85
Pascal Grangé	in a personal capacity	Exercise of options	1	1,473	37,045.95
		Sale	1	1,473	52,836.51
Éric Guillemin	in a personal capacity	Exercise of options	1	5,885	113,992.45
Hervé Le Bouc	by a related person, Vinoridi	Sale	1	46,845	1,771,256.29
Richard Viel-Gouarin	by a related person	Sale	1	4,000	129,200

SHARE CAPITAL

1 • GENERAL INFORMATION

1.1 Share capital

On 31 December 2009, the share capital of Bouygues was €354,267,911, composed of 354,267,911 shares with a nominal value of €1 each.

- In 2010, 1,756,019 new shares were created following the exercise of stock options granted to Group executives and employees.
- On 30 December 2010, 9,838,593 shares were created as part of the leveraged employee share ownership plan Bouygues Confiance 5.

Consequently, the share capital of Bouygues at 31 December 2010 was €365,862,523, composed of 365,862,523 shares with a nominal value of €1 each.

The total number of voting rights* was 482,996,796 at 31 December 2010 (compared with 474,126,027 at 31 December 2009).

(*) Including non-voting shares, in accordance with the calculation provisions set out in the AMF General Regulation

1.2 Changes in the share capital over the last five years

All amounts in euros.

Period	Increases and reductions in share capital over the last five years	Amounts of changes in share capital		Amount of share capital	Aggregate number of shares and investment certificates[a]
		Nominal	Premiums and incorporation of reserves		
From 1 January to 30 November 2006	Exercise of stock options for 3,818,642 shares	3,818,642	90,923,045	340,581,538	340,581,538
6 December 2006	Cancellation of 6,410,706 shares bought back by the company	(6,410,706)	(263,827,884)	334,170,832	334,170,832
From 1 December to 31 December 2006	Exercise of stock options for 606,751 shares	606,751	17,022,599	334,777,583	334,777,583
From 1 January to 30 April 2007	Exercise of stock options for 916,501 shares	916,501	25,156,127	335,694,084	335,694,084
10 May 2007	Subscription by Bouygues Partage of 6,371,520 shares	6,371,520	225,806,669	342,065,604	342,065,604
From 1 May to 30 November 2007	Exercise of stock options for 3,347,448 shares	3,347,448	117,506,137	345,413,052	345,413,052
4 December 2007	Cancellation of 5,019,768 shares bought back by the company	(5,019,768)	(266,633,333)	340,393,284	340,393,284
31 December 2007	Subscription by the Bouygues Confiance 4 employee share ownership plan of 6,947,662 shares	6,947,662	293,052,383	347,340,946	347,340,946
From 1 December to 31 December 2007	Exercise of stock options for 161,632 shares	161,632	4,004,984	347,502,578	347,502,578
From 1 January to 31 May 2008	Exercise of stock options for 1,072,839 shares	1,072,839	30,161,529	348,575,417	348,575,417
3 June 2008	Cancellation of 6,952,935 shares bought back by the company	(6,952,935)	(321,937,158)	341,622,482	341,622,482
From 1 June to 31 December 2008	Exercise of stock options for 1,195,597 shares	1,195,597	34,383,665	342,818,079	342,818,079
From 1 January to 26 August 2009	Exercise of stock options for 1,277,142 shares	1,277,142	27,766,575	344,095,221	344,095,221
27 August 2009	Cancellation of 493,471 shares bought back by the company	(493,471)	(12,834,596)	343,601,750	343,601,750
From 27 August to 25 November 2009	Exercise of stock options for 1,004,779 shares	1,004,779	22,246,437	344,606,529	344,606,529
30 November 2009	Subscription by the Bouygues Partage 2 - five-year and Bouygues Partage 2 - ten-year employee share ownership plans of 9,881,360 shares	9,881,360	182,743,165	354,487,889	354,487,889
From 26 to 30 November 2009	Exercise of stock options for 2,500 shares	2,500	75,850	354,490,389	354,490,389
1 December 2009	Cancellation of 574,710 shares bought back by the company	(574,710)	(18,978,565)	353,915,679	353,915,679
From 1 December 2009 to 31 December 2009	Exercise of stock options for 352,232 shares	352,232	7,292,146	354,267,911	354,267,911
From 1 January 2010 to 30 November 2010	Exercise of stock options for 1,436,335 shares	1,436,335	28,235,345	355,704,246	355,704,246
30 December 2010	Subscription by the Bouygues Confiance 5 share ownership plan 9,838,593 shares	9,838,593	240,160,055	365,542,839	365,542,839
From 1 to 31 December 2010	Exercise of stock options for 319,684 shares	319,684	7,721,569	365,862,523	365,862,523

(a) Reconstitution of existing investment certificates as shares on 18 May 2006 further to a decision by the Combined Annual General Meeting of 27 April 2006

1.3 Authorisations to increase or reduce the share capital or to buy back shares

In accordance with Article L. 225-100, paragraph 7 of the Commercial Code, the following table lists the current powers granted to the Board of Directors at Annual General Meetings, and the use made of those powers during the 2010 financial year.

Purpose	Maximum nominal amount	Expiry/ Duration	Use of powers in 2010
Securities issues			
1. Increase share capital with pre-emptive rights for existing shareholders (AGM of 23 April 2009, Resolution 14)	- Capital increase: €150 million - Issue of debt securities: €5 billion	23 June 2011 (26 months)	Authorisations not used.
2. Increase share capital by incorporating share premiums, reserves or earnings into capital (AGM of 23 April 2009, Resolution 15)	€4 billion		
3. Increase share capital without pre-emptive rights for existing shareholders, by way of public issue or other issue falling within the scope of paragraph 2 of Article L. 411-2 of the Monetary and Financial Code (AGM of 23 April 2009, Resolution 16)	- Capital increase: €150 million[(a)(b)] - Issue of debt securities: €5 billion[a]		
4. Increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights for existing shareholders (AGM of 23 April 2009, Resolution 17)	15% of the initial issue[a]		
5. Set the price for immediate or future public issues of equity securities or issues falling within the scope of Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders (AGM of 23 April 2009, Resolution 18)	10% of the share capital[(a)(b)] in any 12-month period		
6. Increase share capital as consideration for contributions in kind consisting of a company's shares or securities giving access to capital (AGM of 23 April 2009, Resolution 19)	10% of the share capital[a]		
7. Increase share capital as consideration for securities tendered to a public exchange offer (AGM of 23 April 2009, Resolution 20)	- Capital increase: €150 million[a] - Issue of debt securities: €5 billion[a]		
8. Issue shares following the issue by a Bouygues subsidiary of securities giving immediate or future access to shares in Bouygues (AGM of 23 April 2009, Resolution 22)	Capital increase: €150 million[a]		
9. Issue securities giving rights to allotment of debt securities (AGM of 23 April 2009, Resolution 23)	€5 billion		
10. Issue equity warrants during the period of a public offer (AGM of 29 April 2010, Resolution 20)	- Capital increase: €400 million - The number of warrants is capped at the number of existing shares	29 October 2011 (18 months)	
11. Increase share capital during the period of a public offer (AGM of 29 April 2010, Resolution 21)	Ceilings fixed in the relevant authorisations		
Issues carried out for the benefit of employees and corporate officers of the company or associated companies			
12. Capital increase for the benefit of employees or corporate officers who are members of a company savings scheme (AGM of 23 April 2009, Resolution 21)	10% of the share capital	23 June 2011 (26 months)	The Board meeting of 27 July 2010 voted to make a capital increase reserved for employees of the Group's French companies who are members of the Bouygues group savings scheme as part of the leveraged employee share ownership plan Bouygues Confiance 5. 9,838,593 shares at €1 par value (2.8% of the share capital) were created on 30 December 2010, ie a €250-million capital increase including issue premium.
13. Allotment of existing or new bonus shares (AGM of 29 April 2010, Resolution 19)	10% of the share capital	29 June 2013 (38 months)	Authorisation not used.
14. Grant of stock subscription and/or purchase options (AGM of 24 April 2008, Resolution 11)	10% of the share capital[c]	24 June 2011 (38 months)	The Board meeting of 1 June 2010 voted to allot 4,145,650 stock options to 1,189 beneficiaries, effective 30 June 2010.
Share buybacks and reduction in share capital			
15. Purchase by the company of its own shares (AGM of 29 April 2010, Resolution 17)	10% of the share capital (5% for shares purchased as consideration for an acquisition, merger, spin-off or capital contribution)	29 October 2011 (18 months)	The company bought back 4,820,194 shares outside the liquidity contract in 2010. 96,250 shares purchased and 2,274,750 sold[d] under the liquidity contract.
16. Reduce the share capital (AGM of 29 April 2010, Resolution 18)	10% of the share capital in any 24-month period	29 October 2011 (18 months)	Authorisation not used.

(a) To be applied against the overall ceiling specified in point 1 (b) Within the limit of 20% of the share capital for capital increases carried out in connection with issues falling within the scope of paragraph 2 of Article L. 411-2 of the Monetary and Financial Code (transactions not involving a public offer reserved for eligible investors) (c) To be applied against the overall ceiling for bonus share issues (d) Including 91,250 shares purchased and 2,208,750 sold pursuant to the authorisation given by the Combined Annual General Meeting of 23 April 2009

2 • FINANCIAL AUTHORISATIONS SUBMITTED TO THE COMBINED ANNUAL GENERAL MEETING OF 21 APRIL 2011

The table below summarises the delegated powers and authorisations to be conferred on the Board of Directors by the Combined Annual General Meeting of 21 April 2011. With effect from the date of their approval by the meeting, these financial authorisations cancel and replace the unused portion, if applicable, of any authorisations previously granted for the same purpose.

Purpose	Maximum nominal amount	Expiry/Duration
Securities issues		
1. Increase share capital with pre-emptive rights for existing shareholders (Resolution 11)	- Capital increase: €150 million - Issue of debt securities: €5 billion	21 June 2013 (26 months)
2. Increase share capital by incorporating share premiums, reserves or earnings into capital (Resolution 12)	€6 billion	21 June 2013 (26 months)
3. Increase share capital by way of public offering without pre-emptive rights for existing shareholders (Resolution 13)	- Capital increase: €150 million[a] - Issue of debt securities: €5 billion[a]	21 June 2013 (26 months)
4. Increase share capital through an offer falling within the scope of Article L. 411-2 of the Monetary and Financial Code ("private placements") (Resolution 14)	- Capital increase: 20% of the share capital[a] - Issue of debt securities: €5 billion[a]	21 June 2013 (26 months)
5. Set the price for immediate or future public issues of equity securities or issues falling within the scope of Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders (Resolution 15)	10% of the share capital[a] in any 12-month period	21 June 2013 (26 months)
6. Increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights for existing shareholders (Resolution 16)	15% of the initial issue[a]	21 June 2013 (26 months)
7. Increase share capital as consideration for contributions in kind consisting of a company's shares or securities giving access to capital (Resolution 17)	10% of the share capital[a]	21 June 2013 (26 months)
8. Increase share capital as consideration for securities tendered to a public exchange offer (Resolution 18)	- Capital increase: €150 million[a] - Issue of debt securities: €5 billion[a]	21 June 2013 (26 months)
9. Issue shares following the issue by a Bouygues subsidiary of securities giving access to shares in Bouygues (Resolution 19)	Capital increase: €150 million (nominal value)[a]	21 June 2013 (26 months)
10. Issue securities giving the right to the allotment of debt securities (Resolution 20)	€5 billion	21 June 2013 (26 months)
11. Issue equity warrants during the period of a public offer for the company's shares (Resolution 23)	- Capital increase: €400 million - The number of warrants is capped at the number of existing shares	21 October 2012 (18 months)
12. Increase share capital during the period of a public offer (Resolution 24)	Ceilings fixed in the relevant authorisations	21 October 2012 (18 months)
Issues carried out for the benefit of employees and corporate officers		
13. Increase share capital for the benefit of employees or corporate officers of the company or a related company (Resolution 21)	10% of the share capital	21 June 2013 (26 months)
15. Grant options to acquire new or existing shares (Resolution 22)	5% of the share capital[b]	21 June 2014 (38 months)
Share buybacks and reduction in share capital		
16. Purchase by the company of its own shares (Resolution 9)	10% of the share capital (5% for shares purchased as consideration for an acquisition, merger, spin-off or capital contribution) Total outlay capped at €1.5 billion	21 October 2012 (18 months)
17. Reduce share capital by cancelling shares (Resolution 10)	10% of the share capital in any 24-month period	21 October 2012 (18 months)

(a) To be applied against the overall ceiling referred to in point 3 (b) Same ceiling as for bonus shares

3 • EMPLOYEE SHARE OWNERSHIP

On 31 December 2010, Group employees owned 18.99% of the share capital of Bouygues and 22.59% of the voting rights through a number of employee share ownership funds.

The share ownership fund created in 1968 invests in Bouygues shares bought on the market. At 31 December 2010, this fund held 3.71% of the share capital and 5.23% of the voting rights.

The Group savings plan is funded by voluntary contributions from employees and additional contributions paid by the company. These are invested in Bouygues shares by direct purchases made on the market. At 31 December 2010, this fund held 6.45% of the share capital and 7.99% of the voting rights.

Following the capital increases carried out in 2007, 2009 and 2010, the leveraged employee share ownership plans known as Bouygues Partage, Bouygues Confiance 4, Bouygues Partage 2 - five years, Bouygues Partage 2 - ten years and Bouygues Confiance 5, held 8.64% of the share capital and 9.10% of the voting rights at 31 December 2010.

The Bouygues Immobilier employee savings plan held 0.19% of the share capital and 0.26% of the voting rights at 31 December 2010.

4 • POTENTIAL CREATION OF NEW SHARES

A total of 5,036,456 shares would be added to the 365,862,523 shares existing on 31 December 2010 if all readily exercisable stock options (ie options for which the lock-up period has expired with an exercise price less than the closing share price of €32.255 at 31 December 2010), were exercised, representing 1.38% of the share capital at 31 December 2010. This would increase the total number of shares to 370,898,979.

5 • SHARE BUYBACKS

5.1 Use in 2010 of authorisations granted by the Annual General Meeting

The Combined Annual General Meetings of 23 April 2009 and 29 April 2010 approved share buyback programmes authorising the Board of Directors, on the basis of Articles L. 225-209 *et seq.* of the Commercial Code, to buy, on- or off-market, a number of shares representing up to 10% of the company's share capital as at the purchase date, for the purposes set out in European Commission Regulation (EC) 2273/2003 of 22 December 2003 and within the confines of market practices authorised by the AMF.

The Combined Annual General Meetings of 23 April 2009 and 29 April 2010 authorised the Board of Directors to cancel up to 10% of the shares comprising the share capital in any 24-month period.

The table below, prepared in accordance with Article L. 225-211 of the Commercial Code, summarises the transactions carried out pursuant to these authorisations in 2010.

Transactions carried out by Bouygues on its own shares in 2010	
Number of own shares held by the company at 31 December 2009	2,178,500
Shares purchased	4,916,444
Shares cancelled	0
Shares sold	2,274,750
Number of own shares held by the company at 31 December 2010	4,820,194
Value (purchase price) of own shares held by the company at 31 December 2010	€154,666,759
Breakdown of transactions by purpose	
Cancellation of shares	
Shares cancelled	0
Reallocations	-
Number of own shares held by the company at 31 December 2010	4,820,194
Liquidity contract	
Shares purchased	96,250
Shares sold	2,274,750
Reallocations	-
Number of own shares held by the company at 31 December 2010 under the liquidity contract	0

5.2 Description of the new share buyback programme submitted for approval by the Combined Annual General Meeting of 21 April 2011

Pursuant to Articles 241-2 and 241-3 of the AMF General Regulation, the company sets out below a description of the share buyback programme to be submitted for approval by the Combined Annual General Meeting of 21 April 2011. This programme is intended to replace that authorised by the Combined Annual General Meeting of 29 April 2010.

5.2.1 Number of shares and proportion of share capital held by Bouygues – Open derivatives positions

The company purchased 4,383,093 shares in January 2011.

At 31 January 2011, the company's capital was made up of 365,903,531 shares, 9,203,287 of which were held by Bouygues, representing 2.52% of the share capital.

At that same date, open derivatives positions were as follows:

Calls purchased:

	Option 1	Option 2	Option 3	Option 4	Option 5
Number of shares	3,056,000	16,925	12,682	4,720	153,633
Expiry date	21/06/2012	29/06/2012	21/12/2012	28/11/2014	29/11/2019
Average exercise price (€)	31.34	45.55	53.97	27.20	27.20

5.2.2 Breakdown of own shares held by intention

At 31 January 2011, the company held 9,203,287 of its own shares for the following reasons::

- cancellation: 4,820,194 shares, ie 1.32% of the share capital;
- liquidity: no shares, ie 0% of the share capital;
- shares retained with a view to being delivered subsequently as consideration or in exchange for an acquisition, merger, spin-off or capital contribution: 4,383,093, ie 1.20% of the share capital.

5.2.3 Objectives of the new buyback programme

Subject to approval by the Annual General Meeting, the buyback programme may be used to:

- cancel shares under the conditions provided for by law, subject to authorisation by the extraordinary general meeting ;
- ensure the liquidity of and organise the market in the company's shares, through an investment services provider acting under the terms of a liquidity contract compliant with an AMF-recognised code of conduct;
- retain shares with a view to delivering them subsequently as consideration or in exchange for an acquisition, merger, spin-off or capital contribution, in accordance with recognised market practices and prevailing regulations, within the limit of 5% of the share capital, pursuant to paragraph 6 of Article L. 225-209 of the Commercial Code;
- retain shares with a view to delivering them subsequently upon exercise of rights attached to securities that are redeemable, convertible, exchangeable or otherwise exercisable for the company's shares;
- allot shares to employees or corporate officers of the company or related companies under the terms and conditions laid down in law, in particular as part of profit-sharing schemes, stock option schemes, company savings schemes and inter-company savings schemes or through an allotment of bonus shares;
- carry out any market practice accepted by the AMF and generally perform any other transactions in compliance with prevailing regulations.

5.2.4 Maximum proportion of capital, maximum number and characteristics of shares

Under the terms of this programme, Bouygues may acquire shares representing a maximum of 10% of its share capital. In theory, this equates to 36,590,353 shares at 31 January 2011, subject to any adjustments in connection with share capital transactions.

Where shares are bought back for liquidity purposes, the number of shares included for the purposes of calculating 10% of the share capital is the number of shares purchased, less the number of shares resold during the authorisation period.

Shares acquired with a view to holding or exchanging them as part of a merger, spin-off or capital contribution may not exceed 5% of the company's capital.

In accordance with the law, the total number of shares held at a given date may not exceed 10% of issued share capital at that date.

Within the scope of this authorisation, the company may purchase its own shares on- or off-market. The purchase price may not exceed €60.00 per share, subject to any adjustments in connection with share capital transactions.

Shares acquired may be sold under the conditions laid down by the AMF in its instruction dated 19 November 2009 regarding the implementation of share buyback schemes. The minimum purchase price is set at €25 per share, subject to any adjustments in connection with share capital transactions.

The maximum amount of funds that may be used for this share buyback programme is €1.5 billion.

Shares repurchased and retained by Bouygues shall not carry voting or dividend rights. Shares may be purchased, in compliance with applicable regulations, in any manner, including on- or off-market and over-the-counter, through derivative financial instruments, and at any time, including in particular during a public tender or exchange offer. The entire programme may be carried out through block trades.

5.2.5 Term of programme

Eighteen months with effect from the Combined Annual General Meeting of 21 April 2011, ie until 21 October 2012.

Results of **BOUYGUES SA**

1 • DIVIDEND

Appropriation and distribution of the earnings of Bouygues SA (parent company)

The Annual General Meeting, having acquainted itself with the management report and having noted that distributable earnings amount to €2,361,093,784.74, is asked to approve the following appropriation and distribution:

- appropriation of €1,159,461.20 to the legal reserve, in order to increase that reserve to 10% of the share capital;
- distribution of a dividend of €1.60 per share, representing a total amount of €585,380,036.80;
- appropriation of the balance, amounting to €1,774,554,286.74, to retained earnings.

If Bouygues holds any of its own shares at the dividend payment date, an amount equal to the dividends not distributed because of the nature of these shares will be appropriated to retained earnings.

Subject to approval by the Annual General Meeting, the dividend of €1.60 per share will be paid in cash. The payment date will be 4 May 2011; the dividend detachment date (ex-date) for the Euronext Paris market will be 29 April 2011; the cut-off date for the positions which, after settlement, will qualify for payment (record date) will be close of business on 3 May 2011.

The company is required by law to state the amount of dividends distributed in respect of the last three financial years. They were as follows:

	2007	2008	2009
Number of shares	347,502,578	342,818,079	354,267,911
Dividend per share (€)	1.50	1.60	1.60
Total dividend[(a)(b)] (€)	509,751,964.50	545,090,553.60	566,147,057.60

(a) The amounts shown represent dividends actually paid, taking account of the fact that shares held by the company itself do not qualify for dividend
(b) Amounts eligible for the 40% tax relief mentioned in paragraph 2 of Article 158.3 of the French General Tax Code

Dividends not claimed within five years are paid to the French government.

2 • FIVE-YEAR FINANCIAL SUMMARY: BOUYGUES SA (PARENT COMPANY)

	2006	2007	2008	2009	2010
1. CAPITAL AT YEAR-END					
a) Share capital (€ million)	335	348	343	354	366
b) Number of ordinary shares in issue	334,777,583	347,502,578	342,818,079	354,267,911	365,862,523
c) Maximum number of shares to be issued in future by exercise of stock options	20,094,262	19,803,112	6,650,786	6,785,691	6,192,274
2. OPERATIONS AND RESULTS FOR THE YEAR (€ million)					
a) Sales excluding taxes	60	68	80	69	66
b) Earnings before tax, depreciation, amortisation, impairment and provisions	490	603	828	836	655
c) Income tax	61	165	145	135	194
d) Employee profit-sharing expense		(1)	(1)	(1)	(1)
e) Earnings after tax, depreciation, amortisation, impairment and provisions	603	751	882	1,017	894
f) Distributed earnings	400	510	545	566	585
3. EARNINGS PER SHARE (€)					
a) Earnings after tax but before depreciation, amortisation, impairment and provisions	1.65	2.21	2.84	2.74	2.32
b) Earnings after tax, depreciation, amortisation, impairment and provisions	1.80	2.16	2.57	2.87	2.44
c) Gross dividend per share	1.20	1.50	1.60	1.60	1.60
4. PERSONNEL					
a) Average number of employees during the year	175	171	179	179	182
b) Total payroll for the year (€ million)	29	31	46	31	31
c) Amounts paid in respect of employee benefits (social security, welfare benefits, etc.) for the year (€ million)	11	12	15	13	13

LEGAL information

1 • GENERAL INFORMATION

Company name	Bouygues
Registered office	32 avenue Hoche 75008 Paris, France
Telephone	+33 1 44 20 10 00
Registration number	572 015 246 Paris
APE code	7010Z
Form	*Société Anonyme* (public limited company)
Date of incorporation	15 October 1956
Termination date	14 October 2089
Financial year	1 January to 31 December
Governing law	Bouygues is incorporated under French law. The activities exercised by Group entities on international markets are generally subject to the legislation of the country concerned, or to other legislation, made applicable by contract or by international rule of law. The Group is present in several dozen countries. For a single project, many different contracts may be signed, often governed by different rules of law.

2 • BY-LAWS

2.1 Purpose (Article 2 of the by-laws)

The company has as its purpose in all countries:

- the acquisition, directly or indirectly, of interests in all French or foreign companies or groupings, whatever their purpose or business, and the management and disposal as appropriate of such interests;
- the creation, acquisition, operation and disposal of all French or foreign undertakings, in any field of business, whether industrial, commercial or financial, including in particular in the construction sector (building, civil works, roads, property) and the service sector (public utilities management, media, telecommunications);
- and, in general, all industrial, commercial, financial, mining and agricultural operations or transactions, involving movable or real property relating directly or indirectly to the purpose set forth above or to all similar or related purposes that may enable or facilitate the achievement or pursuit thereof.

2.2 Appropriation of earnings (Article 24 of the by-laws)

At least 5% of net earnings for the year, less prior-year losses if any, are retained in order to constitute the legal reserve. This requirement ceases to be mandatory when the legal reserve equals one-tenth of the share capital.

After appropriations to other reserves and retained earnings as decided by the Annual General Meeting, the balance of distributable earnings is divided between the shareholders.

2.3 Annual General Meetings (Articles 19 to 21 of the by-laws)

Annual general meetings are called in accordance with the formalities required by law; they include all shareholders, whatever the number of shares they hold.

2.4 Economic and political rights attached to shares (Articles 10 and 12 of the by-laws)

Each share has pecuniary and non-pecuniary rights, in compliance with law and as set out in the by-laws. In particular, Article 10 of the by-laws states that each share entitles the holder to part-ownership of corporate assets and to part of the profits equal to the portion of the capital it represents. Article 12 of the by-laws states that, unless otherwise specified by law, and unless the double voting rights described hereafter apply, the number of voting rights of each shareholder, and the number of votes expressed in the Annual General Meeting, is equal to the number of shares owned.

2.5 Double voting rights (Article 12 of the by-laws)

This provision has been in force since 1 January 1972. It is based on a measure introduced in the by-laws by the Annual General Meeting of 31 December1969.

Double voting rights are allocated to all fully paid-up shares that are proved to have been registered in the name of the same holder for at least two years.

In the event of a capital increase by incorporation of reserves, profits or premiums, double voting rights are conferred as of issue for registered shares allocated as a bonus to shareholders in respect of existing shares conferring such entitlement. Double voting rights attached to registered shares will be lost if those shares are converted into bearer shares or if title to them is transferred, except where otherwise provided by law.

An Extraordinary General Meeting may not abolish double voting rights unless authorised to do so by a special meeting of holders of those rights (Article L. 225-99 of the Commercial Code).

2.6 Notification of major holdings (Article 8.3 of the by-laws)

Persons or entities directly or indirectly holding at least 1% of capital or voting rights are required to inform the company of the total number of shares they own. Notification must be made by registered letter with acknowledgement of receipt sent to the registered office within 15 days of conclusion of the transaction, on- or off-market, irrespective of delivery of the securities.

Further notification must be provided as set out above each time a shareholding increases or decreases by 1%.

If disclosures are not made under the conditions set forth above, the voting rights attached to shares exceeding the fraction that should have been disclosed are suspended under the conditions provided by law if a request to that effect

is made at the Annual General Meeting by one or more shareholders holding at least 5% of the company's share capital or voting rights.

Under the terms of Article 8.2 of its by-laws, the company is authorised to use all legal means to identify the holders of securities conferring an immediate or future right to vote at annual general meetings.

3 • SHAREHOLDER AGREEMENTS ENTERED INTO BY BOUYGUES

3.1 Bouygues Telecom

The material provisions of the Bouygues Telecom shareholder agreement are the following: a reciprocal right of pre-emption; prohibition, without the prior agreement of the other shareholders, on disposals of securities to a telephone operator providing services to the public; and an undertaking by each party not to acquire a stake in the capital of any competing operator.

3.2 Alstom

In compliance with the provisions of the joint-venture contract signed on 29 September 2006 with several companies from the Alstom group, Bouygues exercised the option allowing it to obtain 4,400,000 Alstom shares in exchange for its 50% stake in the capital of Alstom Hydro Holding, on 25 November 2009. In accordance with a rider signed between the parties on 30 October 2009, the operation took the form of a contribution in kind by Bouygues to Alstom, whereby Bouygues exchanged its shares in Alstom Hydro Holding for 4,400,000 newly created Alstom shares. Owing to the time necessary to obtain authorisation from the competition authorities in a number of countries, the contribution and issue of the shares provided as remuneration took place only on 12 March 2010.

4 • FACTORS LIKELY TO HAVE AN IMPACT ON ANY PUBLIC TENDER OFFER PRICE (ARTICLE L. 225-100-3 OF THE COMMERCIAL CODE)

The factors likely to have an impact on the offer price in any potential tender offer relating to Bouygues' shares are set out below:

- Capital structure: information relating to Bouygues' capital structure is set out in the section on share ownership: the main shareholders of Bouygues are SCDM and company employees. In view of their respective weight, the votes of these shareholders could have an impact on the outcome of any public tender offer for the capital of Bouygues;
- restrictions in the by-laws on the exercise of voting rights. Article 8.3 of the by-laws, reproduced in paragraph 2. "By-laws" of this section, makes provision to suspend the voting rights of shareholders who fail to declare ownership of at least 1% of capital or voting rights. This restriction could have an impact in the event of a public tender;
- direct or indirect holdings in the share capital of which Bouygues is aware, pursuant to Articles L. 233-7 and L. 233-12 of the Commercial Code: the relevant information is set out in the "Share ownership" section;
- a list of owners of any security with special control rights, with a description of these rights; not applicable;
- Control mechanisms provided for within employee ownership plans: the regulations of the various employee investment funds created by Bouygues stipulate that voting rights are exercised by the supervisory boards of those funds and not directly by employees. These employee investment funds, which held 22.59% of voting rights as at 31 December 2010, could therefore have an impact on the price of any public tender offer;
- agreements between shareholders of which Bouygues is aware and which could result in restrictions on the transfer of shares and in the exercise of voting rights: not applicable;
- rules applicable to the appointment and replacement of members of the Board of Directors. The following is specified in Article 13 of the by-laws:
  - the Board of Directors has between three and eighteen members, subject to the waiver provided for by law in the event of a merger, appointed by the Annual General Meeting. It also has up to two members representing employee-shareholders. These members are elected by the Annual General Meeting on the recommendation of the supervisory boards of the employee investment funds set up as part of the employee savings plans run by the Bouygues group;
  - the functions of a director elected from the employees sitting on the supervisory board of one of the employee investment funds will automatically terminate early if the director's employment contract terminates (excluding the case of an intra-group transfer) or if the company for which the director works leaves the Bouygues group. The Board of Directors will then take all necessary steps to replace the director whose term of office has expired;
  - directors can be re-elected;
  - directors can be dismissed at any time by the Ordinary Annual General Meeting, in the case of directors chosen from shareholders;
  - directors appointed from the members of the supervisory boards of employee investment funds, and who represent employees, can be dismissed only for misconduct during their term of office, following a legal decision;
  - legal persons acting as directors are required to appoint a permanent representative, in compliance with legal conditions.

Also see the details in the Chairman's report.

- rules applicable to changes in company by-laws. Article L. 225-96 of the Commercial Code specifies that only the Extraordinary Annual General Meeting has the power to change the by-laws. Any other clauses will be considered as not written.
- powers of the Board of Directors with respect to issuance and buyback of shares. See the summary tables of authorisations in points

1.3 and 2 of the Share capital section above). In particular:

- the Combined Annual General Meeting of 23 April 2009 (20th resolution) authorised the Board of Directors to issue equity warrants during a public tender offer for the company's shares. The nominal amount of the capital increase that could result from the exercise of these equity warrants may reach €400 million. This authorisation expires on 29 October 2011. The Combined Annual General Meeting convened for 21 April 2011 will be asked to replace this delegation by a further delegation with the same purpose;
- the Combined Annual General Meeting of 23 April 2009 (21st resolution) also authorised the Board of Directors to use, during the period of the public tender offer for the company's shares, all the authorisations and delegations of powers at its disposal to increase the share capital, particularly for the benefit of employees and corporate officers. The Combined Annual General Meeting convened for 21 April 2011 will be asked to replace this delegation by a further delegation with the same purpose;
- the Combined Annual General of 23 April 2009 (17th resolution) also authorised the Board of Directors to trade in the company's shares, including during a public tender offer for the company's shares. The Combined Annual General Meeting convened for 21 April 2011 will be asked to replace this delegation by a further delegation with the same purpose;

- agreements entered into by Bouygues, which will be modified or expire in the event of a change of control of Bouygues:

The ten-year bonds maturing in 2016, seven-year bonds maturing in 2013, 20-year sterling bonds maturing in 2026, seven-year bonds maturing in 2015, eight-year bonds maturing in 2018, as well as the nine-year bonds maturing in 2019, include a change of control clause providing for the early redemption of bonds in the event of a change of control of Bouygues, resulting in a rating downgrade.

A change in the capital structure could potentially jeopardise TF1's authorisation to operate a national terrestrial television broadcasting service. Article 41-3-2 of the Act of 30 September 1986 governing audiovisual media specifies that any natural or legal person who controls, within the meaning of Article L. 233-3 of the Commercial Code, any company holding such an authorisation, or which has placed it under its authority or dependency, is deemed to be the holder of the authorisation. Article 42-3 adds that the authorisation may be withdrawn, without prior formal notice, if there is any substantial change in the circumstances on the basis of which the authorisation was granted, notably changes in capital structure.

Moreover, any changes in the capital and voting rights of Bouygues could throw doubt upon the ability of Bouygues Telecom to provide the financial and technical guarantees necessary to operate its network and supply services to the public, and could lead Arcep (French electronic communications regulator) to re-examine the validity of the authorisations granted to Bouygues Telecom. The decrees authorising Bouygues Telecom to establish and operate its wireless network and supply services to the public (including the decree of 3 December 2002 on third-generation networks) specify that Arcep must be informed of "any changes to any one of the items included in the request for authorisation" prior to implementation. The information included in the request for authorisation includes the breakdown of share ownership of the company or companies directly or indirectly controlling the holder of the authorisation.

- agreements making provision for compensation for members of the Board of Directors or employees, if they resign or leave the company without real and serious cause, or if their employment comes to an end following a public tender offer; not applicable. Nevertheless, although this is not severance pay, a director who is also an employee is covered by the applicable collective agreement (for Bouygues SA, the collective agreement for construction executives in the Paris region) and is therefore eligible for the compensation set out in the agreement if his or her contract of employment comes to an end. François Bertière, Yves Gabriel, Hervé Le Bouc and Nonce Paolini would be eligible for compensation of this type.

5 • BREAKDOWN OF AMOUNTS OWED TO SUPPLIERS

Pursuant to Articles L. 441-6-1 and D. 441-4 of the Commercial Code, the company (construction and civil works sector), has published a breakdown by due date of amounts owed to suppliers at 31 December 2010, as set out below.

	< 30 days	> 30 days
2010	€705,285	€45,579

Accrual expenses: €6,633,401 of which invoices due: €1,647,247
(contested or disputed amounts: none)

	< 30 days	> 30 days
2009	€948,863	€81,259

Accrual expenses: €5,028,234 of which invoices due: €1,450,597
(contested or disputed amounts: none)

6 • PUBLICLY AVAILABLE DOCUMENTS

During the validity of this Registration Document, originals or copies of the following documents may be accessed at the registered office of Bouygues and/or online at the website www.bouygues.com, under "Finance/Shareholders":

- company by-laws;
- all reports, appraisals and statements drawn up by the auditors and parts of which are incorporated or referred to in the Registration Document;
- historic financial data relating to the company and its subsidiaries for the two financial years preceding the publication of the Registration Document.

Annual **PUBLICATIONS**

In accordance with Article L. 451-1-1 of the Monetary and Financial Code, and Article 222-7 of the AMF General Regulation, this document contains all the information published or made public by the company within the European Economic Area or in any other country during the last 12 months in order to satisfy its legal or regulatory obligations with respect to financial instruments, issuers of financial instruments or markets in financial instruments.

1 • INFORMATION PUBLISHED ON THE AMF'S WEBSITE (www.amf-france.org)

Registration Document

Publication date	Subject
2010	
15 April	2009 Registration Document

2 • INFORMATION PUBLISHED IN THE LEGAL GAZETTE *(BALO)* (www.journal-officiel.gouv.fr)

Publication date	Subject
2010	
9 April	Meeting Notice (Annual General Meeting)
10 May	Notice of approval of the 2009 financial statements
2011	
4 March	Notice of meeting (Annual General Meeting)

3 • INFORMATION PUBLISHED THROUGH A PRIMARY INFORMATION PROVIDER ACCREDITED BY THE AMF (www.lesechos-comfi.fr) AND ON THE COMPANY'S WEBSITE (www.bouygues.com)

Publication date	Subject
2010	
1 April	Number of shares and voting rights at 31 March 2010
8 April	Supplement of 7 April 2010 to the Amafi liquidity contract
9 April	Press release announcing formalities for obtaining or consulting documents in preparation for the Annual General Meeting
16 April	Press release announcing the formalities for obtaining or consulting the 2009 Registration Document
3 May	Number of shares and voting rights at 30 April 2010
10 May	Termination of the liquidity contract entrusted by Bouygues to Rothschild & Cie Banque
11 May	Quarterly financial information – first-quarter 2010 sales
1 June	Number of shares and voting rights at 31 May 2010
1 June	First-quarter 2010 results
1 July	Number of shares and voting rights at 30 June 2010
2 August	Number of shares and voting rights at 31 July 2010
31 August	2010 half-year review
31 August	First-half 2010 results
1 September	Number of shares and voting rights at 31 August 2010
1 October	Number of shares and voting rights at 30 September 2010
2 November	Number of shares and voting rights at 31 October 2010
9 November	Quarterly financial information – Sales for the first nine months of 2010
1 December	Number of shares and voting rights at 30 November 2010
2 December	Net profit for the first nine months of 2010
2011	
3 January	Number of shares and voting rights at 31 December 2010
1 February	Number of shares and voting rights at 31 January 2011
3 February	Implementation of a liquidity contract
1 March	Number of shares and voting rights at 28 February 2011
4 March	Press release announcing formalities for obtaining or consulting documents in preparation for the Annual General Meeting
31 March	Press release announcing formalities for gaining access to documents in preparation for the Annual General Meeting

4 • OTHER INFORMATION PUBLISHED ON THE COMPANY'S WEBSITE (www.bouygues.com)

4.1 Registration Document

Publication date	Subject
2010	
16 April	2009 Registration Document (including the full-year financial review)

4.2 Report on internal control and corporate governance

Publication date	Subject
2010	
16 April	Report on internal control and corporate governance for the 2009 financial year (published in the Registration Document)

4.3 Fees paid to auditors

Publication date	Subject
2010	
16 April	Fees paid to auditors for the 2009 financial year (published in the Registration Document)

4.4 Description of the share buyback programme

Publication date	Subject
2010	
16 April	Description of the buyback programme submitted for approval by the Annual General Meeting of 29 April 2010 (published in the Registration Document)

4.5 Trading in the company's shares

Weekly trading disclosures

Publication date	Subject
2010	
6 April	Transactions between 29 March and 1 April 2010
12 April	Transactions between 6 and 9 April 2010
19 April	Transactions between 12 and 15 April 2010
4 May	Transactions between 27 and 30 April 2010
10 May	Transactions on 3 and 4 May 2010
7 June	Transactions on 31 May and 1 June 2010
14 June	Transactions between 8 and 11 June 2010
21 June	Transactions on 16 June 2010
5 July	Transactions between 29 June and 2 July 2010
12 July	Transactions between 5 and 9 July 2010
2 August	Transactions on 30 July 2010
9 August	Transactions on 2 August 2010
6 September	Transactions between 31 August and 1 September 2010
13 September	Transactions on 9 September 2010
4 October	Transactions on 30 September and 1 October 2010
11 October	Transactions on 4 October 2010
2 November	Transactions on 29 October 2010
8 November	Transactions on 1 November 2010
6 December	Transactions on 30 November and 1 December 2010
2011	
3 January	Transactions on 31 December 2010
10 January	Transactions on 3 January 2011
24 January	Transactions between 19 and 21 January 2011
7 February	Transactions on 31 January 2011
7 March	Transactions on 28 February 2011
14 March	Transactions on 8 and 9 March 2011
21 March	Transactions on 17 and 18 March 2011

4.6 Remuneration and stock options

Publication date	Subject
2011	
1 March	2010 Report on remuneration
1 March	2010 Report on stock options and performance shares

4.7 Annual General Meeting

Publication date	Subject
2010	
9 April	Meeting Notice published in the legal gazette *(Balo)*
9 April	Excerpt from the draft Registration Document (including the full-year financial review)
9 April	Details of positions held by directors and non-voting directors
29 April	Slide presentation
29 April	Voting results
23 June	Q&A
2011	
4 March	Notice of Meeting published in the legal gazette *(Balo)*
31 March	Meeting Notice
31 March	Excerpt from the draft Registration Document
31 March	Proxy-postal voting forms
31 March	Number of shares and voting rights at the Notice of Meeting date
31 March	Details of positions held by directors and non-voting directors
31 March	Remuneration paid to the ten highest paid employees
31 March	Sponsorship and donations
31 March	List and purpose of agreements
31 March	Appropriation of profits

5 • INFORMATION FILED WITH THE OFFICE OF THE CLERK OF THE PARIS COMMERCIAL COURT (www.infogreffe.fr)

Publication date	Subject
2010	
21 May	Decision to increase the share capital
21 May	Decision to reduce the share capital
21 May	Amendments of by-laws
27 May	Filing of 2009 parent company financial statements
27 May	Filing of 2009 consolidated financial statements
29 July	Filing of change of directors
29 July	Filing of change of alternate auditors
2011	
12 January	Decision to increase the share capital Amendments of by-laws Updated by-laws
15 February	Decision to increase the share capital Amendments of by-laws Updated by-laws

6 • INFORMATION PUBLISHED IN A JOURNAL OF LEGAL ANNOUNCEMENTS *(LES PETITES AFFICHES)*

Publication date	Subject
2010	
7 January	Change in share capital
9 April	Meeting Notice (Annual General Meeting)
26 May	Change of directors and alternate auditor
3 December	Change in share capital
2011	
6 January	Change in share capital

7 • FINANCIAL ANNOUNCEMENTS

Publication date	Subject	Publication
2010		
9 April	Press release (Annual General Meeting)	*Les Échos*
1 to 3 September	First-half 2010 results (banner linking to www.bouygues.com)	www.LesEchos.fr
1 to 9 September	First-half 2010 results (banner linking to www.bouygues.com)	*Les Échos mobile*
1 September	First-half 2010 results	www.boursorama.fr
2 September	First-half 2010 results	*Les Échos*
4 September	First-half 2010 results	*Le Monde*
4 September	First-half 2010 results	*Le Figaro*
6 September	First-half 2010 results	*La Tribune*
6 September	First-half 2010 results	*Option Finance*
9 September	First-half 2010 results	*L'Agefi Hebdo*
10 September	First-half 2010 results	*Le Revenu*
11 September	First-half 2010 results	*Investir*
13 September	First-half 2010 results	*Wall Street Journal US edition*
15 September	First-half 2010 results	*Financial Times European edition*
16 September	First-half 2010 results	*Wall Street Journal European edition*
2011		
2 March	Full-year 2010 results	www.boursorama.fr
3 March	Full-year 2010 results	*Les Échos*
4 March	Full-year 2010 results	*La Tribune*
4 March	Press release (Annual General Meeting)	*Les Échos*
5 March	Full-year 2010 results	*Le Figaro*
5 March	Full-year 2010 results	*Investir/Le Journal des Finances*
7 March	Full-year 2010 results	*Option Finance*
8 March	Full-year 2010 results	*Financial Times European edition*
9 March	Full-year 2010 results	*Wall Street Journal European/ Asian edition*
10 March	Full-year 2010 results	*L'Agefi Hebdo*
10 March	Full-year 2010 results	*Valeurs actuelles*
10 March	Full-year 2010 results	*Wall Street Journal US edition*

News, sport, entertainment... Once again TF1 scored higher audience ratings than any other TV channel in 2010, attracting 97 of the top 100 TV audiences, including the top 63 scores. With 17.5 million unique visitors per month on the TF1.fr website in 2010, the group proved its capacity to combine mass media effectiveness with the direct, personal experience of digital media. *Photo: Christophe Chevalin*

FINANCIAL statements

A glossary is available at the end of this Registration Document.

CONSOLIDATED financial statements

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2010 (€ million)

Assets

	Note	31/12/2010 Net	31/12/2009 Net
Property, plant and equipment	3.2.1	6,159	5,927
Intangible assets	3.2.2	990	988
Goodwill[a]	3.2.3	5,531	5,156
Investments in associates[b]	3.2.4	5,020	4,957
Other non-current financial assets	3.2.4	659	399
Deferred tax assets and non-current tax receivable	7.1	261	273
NON-CURRENT ASSETS		**18,620**	**17,700**
Inventories, programmes and broadcasting rights	4.1	2,680	2,680
Advances and down-payments on orders	4.2	396	400
Trade receivables	4.3	6,167	6,132
Tax asset (receivable)	4.3	134	71
Other current receivables and prepaid expenses	4.3	1,982	2,017
Cash and equivalents	4.4	5,576	4,713
Financial instruments[c]	17.3	13	21
Other current financial assets		18	201
CURRENT ASSETS		**16,966**	**16,235**
Assets held for sale and discontinued operations			
TOTAL ASSETS	**16**	**35,586**	**33,935**

(a) Goodwill of consolidated entities
(b) Associates (including goodwill on associates)
(c) Hedging of financial liabilities at fair value

Liabilities and shareholders' equity

	Note	31/12/2010	31/12/2009
Shareholders' equity			
- Share capital	5.1	366	354
- Share premium and reserves		8,027	6,919
- Translation reserve	5.3.1	8	(56)
- Treasury shares		(155)	
- Consolidated net profit for the period		1,071	1,319
Shareholders' equity attributable to the Group	5.2	9,317	8,536
Minority interests	5.2	1,290	1,190
SHAREHOLDERS' EQUITY	**5.2**	**10,607**	**9,726**
Non-current debt	8.1	6,750	6,434
Non-current provisions	6.1	1,870	1,727
Deferred tax liabilities and non-current tax liabilities	7.2	112	89
NON-CURRENT LIABILITIES		**8,732**	**8,250**
Advances and down-payments received		1,413	1,276
Current debt	8.1	994	726
Current taxes payable		137	132
Trade payables		6,347	6,479
Current provisions	6.2	930	831
Other current liabilities	10	6,089	6,219
Overdrafts and short-term bank borrowings		294	258
Financial instruments[c]	17.3	24	20
Other current financial liabilities		19	18
CURRENT LIABILITIES	**10**	**16,247**	**15,959**
Liabilities on held-for-sale assets and discontinued operations			
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**16**	**35,586**	**33,935**
NET SURPLUS CASH/(NET DEBT)	**9**	**(2,473)**	**(2,704)**

CONSOLIDATED INCOME STATEMENT (€ million)

	Note	Full year 2010	Full year 2009
SALES[a]	**11/16**	**31,225**	**31,353**
Other revenues from operations		144	139
Purchases used in production		(13,886)	(13,784)
Personnel costs		(6,504)	(6,474)
External charges		(7,091)	(6,897)
Taxes other than income tax		(633)	(706)
Net depreciation and amortisation expense	16	(1,392)	(1,361)
Net charges to provisions and impairment losses	16	(549)	(657)
Changes in production and property development inventories		(116)	(286)
Other income from operations[b]		1,250	1,119
Other expenses on operations		(688)	(591)
CURRENT OPERATING PROFIT	**12/16**	**1,760**	**1,855**
Other operating income	12	108	0
Other operating expenses	12	(77)	0
OPERATING PROFIT	**12**	**1,791**	**1,855**
Financial income	13.1	64	81
Financial expenses	13.1	(394)	(425)
COST OF NET DEBT	**13/16**	**(330)**	**(344)**
Other financial income	13.2	101	117
Other financial expenses	13.2	(95)	(92)
Income tax expense	14/16	(482)	(487)
Share of profits and losses of associates	16	278	393
NET PROFIT FROM CONTINUING OPERATIONS	**16**	**1,263**	**1,442**
Net profit from discontinued and held-for-sale operations[c]	16.2	0	14
NET PROFIT	**16**	**1,263**	**1,456**
NET PROFIT ATTRIBUTABLE TO THE GROUP	**16**	**1,071**	**1,319**
Net profit attributable to minority interests		192	137
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (in euros)	**15.2**	**3.03**	**3.78**
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (in euros)	**15.2**	**3.02**	**3.77**

(a) Of which sales generated abroad (including export sales) *9,719* *9,675*

(b) Of which reversals of unutilised provisions and impairment losses/other items *371* *257*

(c) 2009: divested operation (Finagestion)

STATEMENT OF RECOGNISED INCOME AND EXPENSE (€ million)

	Full year 2010	Full year 2009
Net profit for the period	**1,263**	**1,456**
Change in cumulative translation adjustment of controlled entities	38	6
Net change in fair value of derivative instruments used for hedging purposes and of other financial assets (including available-for-sale financial assets)	23	(16)
Actuarial gains/(losses) on employee benefits (amendment to IAS 19)	(11)	41
Share of income and expense recognised directly in equity by associates[a]	(16)	(100)
Net tax effect of items recognised directly in equity	(5)	24
Income and expense recognised directly in equity	**29**	**(45)**
Total recognised income and expense	**1,292**	**1,411**
Attributable to the Group	**1,092**	**1,272**
Attributable to minority interests	**200**	**139**

(a) Relates primarily to Alstom (accounted for by the equity method)

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY - YEAR ENDED 31 DECEMBER 2010 (€ million)

	Share capital & share premium	Reserves related to capital/ retained earnings	Consolidated reserves and profit for the period	Translation reserve	Treasury shares	Items recognised directly in equity	TOTAL ATTRIBUTABLE TO THE GROUP	Minority interests	TOTAL
POSITION AT 1 JANUARY 2009	**2,204**	**1,485**	**4,004**	**(54)**	**(3)**	**(82)**	**7,554**	**1,211**	**8,765**
MOVEMENTS IN 2009									
Capital and reserves transactions, net	219	338	(327)		33		**263**	3	**266**
Acquisitions of treasury shares					(30)	(12)	**(42)**		**(42)**
Dividend paid			(545)				**(545)**	(126)	**(671)**
Other transactions with shareholders			34				**34**	1	**35**
Net profit for the period			1,319				**1,319**	137	**1,456**
Other recognised income and expense				(2)		(45)	**(47)**	2	**(45)**
Total recognised income and expense	0	0	1,319	(2)	0	(45)	**1,272**	**139**	**1,411**
Changes in scope of consolidation							**0**	(38)	**(38)**
POSITION AT 31 DECEMBER 2009	**2,423**	**1,823**	**4,485**	**(56)**	**0**	**(139)**	**8,536**	**1,190**	**9,726**
MOVEMENTS IN 2010									
Capital and reserves transactions, net	288	451	(451)			7	**295**		**295**
Acquisitions/disposals of treasury shares					(155)	83	**(72)**		**(72)**
Acquisitions/disposals without loss of control						(2)	**(2)**		**(2)**
Dividend paid			(566)				**(566)**	(108)	**(674)**
Other transactions with shareholders		(1)	34				**33**	1	**34**
Net profit for the period			1,071				**1,071**	192	**1,263**
Other recognised income and expense[b]				64[a]		(43)	**21**	8	**29**
Total recognised income and expense	0	0	1,071	64	0	(43)	**1,092**	**200**	**1,292**
Changes in accounting policy/scope of consolidation and other items			1				**1**	7	**8**
POSITION AT 31 DECEMBER 2010	**2,711**	**2,273**	**4,574**	**8**	**(155)**	**(94)**	**9,317**	**1,290**	**10,607**

(a) Translation reserve

Attributable to:	*Group*	*Minority interests*	*Total*
Controlled entities	*32*	*6*	*38*
Associates	*32*		*32*
	64	*6*	*70*

(b) See the statement of recognised income and expense

CONSOLIDATED CASH FLOW STATEMENT (€ million)

	Note	Full year 2010	Full year 2009
I - CASH FLOW FROM CONTINUING OPERATIONS			
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES			
Cash flow			
Net profit from continuing operations		1,263	1,442
Share of profits effectively reverting to associates		(124)	(255)
Elimination of dividends (non-consolidated companies)		(8)	(8)
Charges to/(reversals of) depreciation, amortisation, impairment & non-current provisions		1,481	1,508
Gains and losses on asset disposals		(91)	(63)
Miscellaneous non-cash charges		(89)	(25)
Sub-total		2,432	2,599
Cost of net debt[a]		330	344
Income tax expense for the period		482	487
Cash flow	16	3,244	3,430
Income taxes paid during the period		(501)	(490)
Changes in working capital related to operating activities[b]		(52)	459
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES		**2,691**	**3,399**
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES			
Purchase price of property, plant and equipment and intangible assets	16	(1,507)	(1,365)
Proceeds from disposals of property, plant and equipment and intangible assets	16	84	95
Net liabilities related to property, plant and equipment and intangible assets		28	(78)
Purchase price of non-consolidated companies and other investments	16	(24)	(18)
Proceeds from disposals of non-consolidated companies and other investments	16	219[c]	756
Net liabilities related to non-consolidated companies and other investments		6	4
Effects of changes in scope of consolidation			
Purchase price of investments in consolidated activities	16	(470)[c]	(44)
Proceeds from disposals of investments in consolidated activities	16	20	53
Net liabilities related to consolidated activities		1	(3)
Other cash effects of changes in scope of consolidation		(51)	(85)
Other cash flows related to investing activities (changes in loans, dividends received from non-consolidated companies)		(47)[d]	156
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES		**(1,741)**	**(529)**

	Note	Full year 2010	Full year 2009
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES			
Capital increases paid, movements in treasury shares and other transactions with shareholders		78	225
Dividends paid during the period:			
Dividends paid to shareholders of the parent company		(566)	(545)
Dividends paid to minority shareholders of consolidated companies		(108)	(126)
Change in debt		565	(1,071)
Cost of net debt		(330)	(344)
Other cash flows related to financing activities		133[e]	(16)
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES		**(228)**	**(1,877)**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS		**105**	**35**
CHANGE IN NET CASH POSITION (A + B + C + D)		**827**	**1,028**
Net cash position at 1 January	**9**	**4,455**	**3,427**
Net cash flows during the period	9	827	1,028
Other non-monetary flows			
Net cash position at end of period	**9**	**5,282**	**4,455**
II - CASH FLOWS FROM DISCONTINUED AND HELD-FOR-SALE OPERATIONS (FINAGESTION)			
Net cash position at 1 January			**20**
Net cash flows during the period			(20)
Net cash position at end of period			

(a) Eliminated from operating cash flows, and reported instead as a component of financing cash flows

*(b) **Definition of change in working capital related to operating activities:***
Current assets - current liabilities (excluding income taxes paid, which are reported separately)

(c) Includes the Alstom Hydro/Alstom exchange → acquisition +€217m, disposal -€217m; and TMC/NT1 acquisition: -€195m

(d) Mainly Bouygues Construction (-€48m): financial receivables (in accordance with IFRIC 12)

(e) Mainly disposal of own shares via liquidity account: +€83m

Notes to the **CONSOLIDATED FINANCIAL STATEMENTS**

Contents

(Figures in millions of euros unless otherwise indicated)

Declaration of compliance:

The consolidated financial statements of the Bouygues group for the year ended 31 December 2010 have been prepared using the principles and methods defined in the standards issued by the International Accounting Standards Board (IASB), which comprise International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), and interpretations issued by the SIC and IFRIC Committees and are referred to collectively as "IFRS", as endorsed by the European Union and applicable as of 31 December 2010. The Bouygues group has not early adopted as of 31 December 2010 any standard or interpretation not endorsed by the European Union.

The financial statements are presented in millions of euros (unless otherwise indicated) and comprise:

- the balance sheet;
- the income statement and statement of recognised income and expense;
- the statement of changes in shareholders' equity;
- the cash flow statement;
- the notes to the financial statements.

The comparatives presented are from the consolidated financial statements for the year ended 31 December 2009.

1 • SIGNIFICANT EVENTS OF THE YEAR

1.1 Scope of consolidation as at 31 December 2010

1,158 entities were consolidated at 31 December 2010, against 1,236 at the end of 2009. The net reduction of 78 mainly relates to Bouygues Construction (in particular, construction project joint ventures), Colas (various asphalt companies accounted for by the proportionate consolidation method) and Bouygues Immobilier (deconsolidation of real estate partnerships and property companies on project completion, etc.).

The main acquisitions and other transactions during the period are described below:

Alstom

a) Unwinding of the Alstom Hydro Holding put option:

In November 2009, Bouygues exercised the put option over its 50% equity interest in Alstom Hydro Holding, in exchange for 4,400,000 Alstom shares. This transaction was carried out further to the agreements reached with Alstom in 2006 on the creation of this jointly-owned company.

The transaction was approved by the European Commission on 13 January 2010 and completed on 12 March 2010, once final clearance had been obtained from the competition authorities in some of the countries where Alstom Hydro Holding has operations.

This exchange deal raised the percentage interest held in Alstom to 30.8%. In accounting terms, the additional acquisition of Alstom shares, valued at €217.5 million (based on the average quoted price of Alstom shares on the date of the capital increase), generated additional goodwill of €128 million, plus a consolidated net gain of €41 million recognised in "Other financial income".

b) As of 31 December 2010, Alstom is accounted for by the equity method, and is carried at net acquisition cost plus Bouygues' share of Alstom's net profit since the acquisition date. Alstom's estimated net profit contribution recognised by Bouygues for the year ended 31 December 2010 was €235 million, after taking account of the Bouygues group's €66 million share of net restructuring costs incurred by Alstom.

Amortisation of fair value remeasurements of Alstom's identifiable intangible assets and other items had a negative impact of €17 million on the Bouygues group consolidated income statement for the year ended 31 December 2010 (share attributable to the Bouygues group).

The investment in Alstom is reported under "Investments in associates" in the balance sheet, at a carrying amount of €4,366 million (including goodwill of €2,589 million).

TF1: Consolidation of TMC and NT1

On 11 June 2010, the TF1 group acquired control over TMC, TMC Régie and NT1.

TMC and TMC Régie, which prior to the acquisition were accounted for by the proportionate consolidation method at 40%, are now fully consolidated with effect from 1 July, 2010. As from this date, 100% of all the assets, liabilities, income and expenses of these two companies are included in the consolidated financial statements. Net profit and shareholders' equity are split between the Group and minority interests on the basis of their respective interests in the companies (80% for the TF1 group, 20% minority interests).

The equity interests acquired in June 2010 were paid for in cash, at a price of €195 million.

The fair value of the equity interests in the channels was measured by an independent firm of experts at €429 million. Based on the €192 million paid for the equity interests acquired in 2010 and the €135 million carrying amount of the previously-held equity interests, a remeasurement gain of €102 million was recognised in "Other operating income".

The transaction costs incurred in connection with the acquisition (€6.5 million) were recognised in the income statement as a reduction in the remeasurement gain, in "Other operating income".

After recognition of these various items, provisional goodwill of €399 million was recognised.

The TF1 group elected to apply the partial goodwill method in accounting for this acquisition, which means that the minority interests in TMC held by the Principality of Monaco were not remeasured at fair value.

Consequently, these minority interests were maintained at their carrying amount after remeasurement of the acquired assets and liabilities.

Treatment of the equity interest in Groupe AB:

The TF1 group retained a 33.5% equity interest in the other activities of Groupe AB, classified as a non-current financial asset. TF1 has granted the Groupe AB management team a call option over this interest, exercisable at any time up to and including 12 June 2012 at a price of €155 million.

In accordance with IAS 27, and because the TF1 group has granted a call option that is exercisable at any time, this interest is no longer accounted for as an associate by the equity method, but instead is recognised as a non-current financial asset in the balance sheet at its market value of €155 million.

Colas

- Acquisition of SRD (Société de la Raffinerie de Dunkerque):
  Colas acquired SRD, a bitumen production plant at Dunkirk (France), for €20.5 million on 30 June 2010. The results of SRD's operations for the second half of 2010 are included in the consolidated income statement for the year ended 31 December 2010.
- As of 31 December 2010, Colas recognised an impairment loss of €27 million against the goodwill of its Central European subsidiaries (Romania, Croatia, Slovakia), against a background of economic crisis.

1.2 Bond issues

- In February 2010, Bouygues carried out a €500-million bond issue with an issue price of 99.651%, an interest rate of 4% and a maturity of eight years.

This issue is redeemable in full at par on 12 February 2018.

- In order to extend the maturity of its bond debt, and to take advantage of favourable market conditions during the fourth quarter of 2010, Bouygues carried out a €1-billion bond issue on 29 October 2010, bearing interest at 3.641% and maturing 29 October 2019. This issue was exchanged for the residual bonds due to mature in:
  - 2013 (€441 million);
  - 2014 (€242 million).

1.3 Consolidated sales for the year ended 31 December 2010

Consolidated sales for the year ended 31 December 2010 were €31,225 million, down 0.4% on a comparable basis relative to the 2009 figure of €31,353 million.

1.4 Bouygues capital increase: "Bouygues Confiance 5" employee share ownership plan

A new employee share ownership plan was implemented by Bouygues between 5 and 28 November 2010. The terms of the plan were approved by the Board of Directors on 27 July 2010, and the capital increase reserved for Group employees took place on 30 December 2010 via the issuance of 9,838,593 new shares.

The main features of the plan are as follows:

Number of employees subscribing to the plan	30.054
Reference price per share	€31.76
Subscription price per share (after 20% discount)	€25.41
Date of announcement of the plan to employees	25 October 2010
Maximum discount per share granted to employees*	€6.35
Fair value of the benefit to subscribing employees under IFRS	€7.81 per share
Opening share price on the date of the capital increase (30 December 2010)	€32.515

(*) Subscription price before discount = average of the opening share prices on the 20 trading days preceding 27 July 2010 (date of the Board meeting)

The overall expense recognised for the employee share ownership plan in the year ended 31 December 2010 was measured using the same policies and methods as were applied to the 2009 and 2007 plans, and included the fair value of the benefit granted to employees via the subscription price. The expense recognised in the consolidated income statement amounted to €7.7 million.

1.5 Significant events and changes in scope of consolidation subsequent to 31 December 2010

None.

2 • ACCOUNTING POLICIES

2.1 Business areas

The Bouygues group is a diversified industrial group, with operations in more than 80 countries.

The Group's activities are organised into a number of business areas:

a) Construction:
- Bouygues Construction (building & civil works, energy and services)
- Bouygues Immobilier (property)
- Colas (roads)

b) Telecoms/media:
- TF1 (television)
- Bouygues Telecom (mobile, fixed, TV and internet services)

c) At 31 December 2010, the Bouygues group also held a 30.77% interest in Alstom (Power, Transport and Transmission).

2.2 Basis of preparation

The consolidated financial statements of the Bouygues group include the financial statements of Bouygues and its subsidiaries, and investments in associates. They are presented in millions of euros, the currency in which the majority of the Group's transactions are denominated, and take account of the recommendations on presentation (Recommendation 2009-R-03) issued on 2 July 2009 by the Conseil National de la Comptabilité (CNC), now the Autorité des Normes Comptables (ANC), the French national accounting standard-setter.

The consolidated financial statements were adopted by the Board of Directors on 1 March 2011.

The consolidated financial statements for the year ended 31 December 2010 were prepared in accordance with IFRS using the historical cost convention, except for certain financial assets and liabilities measured at fair value. They include comparatives as at and for the year ended 31 December 2009.

The Bouygues group applied the same standards, interpretations and accounting policies for the year ended 31 December 2010 as applied in its consolidated financial statements for the year ended 31 December 2009, except for new IFRS requirements applicable from 1 January 2010 (see below). These changes did not have a material impact on the consolidated financial statements.

Principal new standards, amendments and interpretations effective within the European Union and mandatorily applicable to periods beginning on or after 1 January 2010

- **Revised IFRS 3 and IAS 27, "Business Combinations":** Significant revisions that affect the accounting treatment of acquisitions and disposals of equity interests. For the impact of applying these revisions on the balance sheet and income statement for the period, see Note 1, "Significant events of the period".
- **IFRIC 12,** "Service Concession Arrangements": The Bouygues group already applied IFRIC 12 within the Colas group to the Portsmouth PFI contract, which is accounted for as a receivable (financial asset).

Within the Bouygues Construction group, Private Finance Initiative (PFI) contracts are entered into with local and governmental authorities by entities in which the Bouygues group generally holds an interest of less than 20%. These entities are not consolidated, given the effective limitations on the Group's role in them. Concession companies are mainly accounted for by the equity method as associates, or otherwise are not consolidated.

- **IFRIC 15,** "Agreements for the Construction of Real Estate": This interpretation does not materially change the profit recognition policies currently used for the Group's property development activities.

Other key standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union, for which early adoption effective 1 January 2010 is permitted

- **Revised IAS 24,** "Related Party Disclosures" (1 January 2011);
- **IFRIC 19,** "Extinguishing Financial Liabilities with Equity Instruments" (1 January 2011).

Bouygues has not early adopted any standards, amendments and interpretations as of 31 December 2010.

Elective accounting treatments and estimates used in the valuation of certain assets, liabilities, income and expenses

Preparing financial statements to comply with IFRS standards and interpretations 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 period.

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.

The main items involved are the impairment testing of goodwill, share-based payment (stock options), employee benefits (lump-sum retirement benefits, etc.), the fair value of unlisted financial instruments, deferred tax assets, and provisions.

Where no standard or interpretation applies to specific transactions, events or conditions, 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:

- represent faithfully the financial position, financial performance and cash flows of the Group;
- reflect the economic substance of the underlying transactions;
- are neutral, prudent, and complete in all material respects.

Disclosures about judgements made by management are provided in the notes to the consolidated financial statements.

Goodwill is tested annually for impairment at the end of the financial year, or during the year if there is evidence of impairment, to ensure that the Group's share of the recoverable amount of the goodwill is greater than its carrying amount in the consolidated financial statements. If it is not, a provision for impairment may be recorded in accordance with IAS 36; see Note 2.7.4, "Impairment testing of non-current assets".

- Note 3.2 to the consolidated financial statements shows the consolidated carrying amount of listed shares held by Bouygues (TF1, Alstom, Colas) relative to the closing quoted share price at 31 December 2010.

2.3 Consolidation methods

Full consolidation

- Companies over which Bouygues exercises control are consolidated using the full consolidation method.
- Assessment of exclusive control over TF1:

  Bouygues holds 43.09% of the capital and voting rights of TF1. Exclusive control by Bouygues over TF1 is demonstrated by the following:

  Bouygues has consistently and regularly held a 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.

  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.

Proportionate consolidation: investments in joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. Bouygues consolidates the assets, liabilities, income and expenses of such entities using the proportionate consolidation method based on the percentage of control exercised. This definition applies in particular to Bouygues Construction and Colas construction project companies, and to Bouygues Immobilier property companies.

Investments in associates

An associate is a company over which Bouygues exercises significant influence without exercising control. Significant influence is presumed to exist where Bouygues directly or indirectly holds at least 20% of the entity's voting rights.

The net profit or loss and the assets and liabilities of such entities are accounted for by the equity method.

- Alstom: Bouygues exercises significant influence over Alstom, as demonstrated by its 30.77% interest in the capital and its control of two seats on the Board of Directors. The carrying amount of this investment (including goodwill) is reported under "Investments in associates" in the balance sheet.
- In accordance with IAS 39, equity investments in non-consolidated entities are recognised at fair value and are subject to impairment testing.

Changes in the scope of consolidation

	DECEMBER 2010	DECEMBER 2009
Fully consolidated	**882**	903
Proportionately consolidated	**217**	272
Equity method (associates)	**59**	61
	1,158	**1,236**

The main changes during 2010 are described in "Significant Events".

2.4 Business combinations

With effect from 1 January 2010, business combinations have been accounted for in accordance with the revised IFRS 3 and IAS 27, which use the concept of "obtaining control" in determining the accounting treatment to be applied to acquisitions or disposals of equity interests; depending on the circumstances, the impacts of such acquisitions and disposals are recognised either in consolidated profit or loss or in equity.

In a business combination, the fair value of the consideration transferred is allocated to the identifiable assets and liabilities of the acquiree, which are measured at fair value at the acquisition date and presented in the balance sheet using the full fair value method in accordance with IFRS 3. This method involves remeasuring the assets and liabilities acquired at fair value in full (including minority interests), rather than remeasuring just the percentage interest acquired.

The revised IFRS 3 allows entities to elect one of two methods of accounting for minority interests in each business combination:

- at fair value (full goodwill method), ie the minority interests are allocated their share of goodwill;
- at the minority interests' proportionate share of the acquired entity's identifiable assets and liabilities (partial goodwill method), ie no share of goodwill is allocated to the minority interests.

Fair value is the amount for which an asset or cash generating unit (CGU) could be sold between knowledgeable, willing parties in an arm's length transaction.

Goodwill represents the excess of acquisition cost over the acquirer's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities that can be reliably measured at the acquisition date; minority interests are either measured at fair value or not, depending on the option elected (see above). Goodwill is allocated to the CGU benefiting from the business combination or to the group of CGUs at the level of which return on investment is measured (business segment for the Bouygues group).

The purchase price allocation period is limited to the time required to identify and measure the acquired entity's assets and liabilities, the minority interests, the consideration transferred and the fair value of any previously-held equity interest, subject to a maximum period of 12 months.

Negative goodwill (ie gain from a bargain purchase) is taken to the income statement in the period in which the acquisition is made.

Subsequently, goodwill is carried at cost net of any impairment losses identified annually using the methods described under "Impairment testing of non-current assets" in Note 2.7.4 below, in accordance with IAS 36. Impairment losses are charged to the income statement as an operating item.

In accordance with the revised IFRS 3, any previously-held equity interest is remeasured at fair value at the date on which control is obtained, with the resulting gain or loss recognised in profit or loss for the period. In the event of loss of control, the retained equity interest is also remeasured at fair value; the gain or loss on remeasurement is recognised in profit or loss for the period, along with the gain or loss arising on the disposal.

In the event of a change in percentage interest with no effect on control, the difference between the consideration paid or received and the carrying amount of the minority interest is recognised directly in equity attributable to the Group. Consequently, no additional goodwill is recognised.

All acquisition-related costs are now recognised as an expense in profit or loss for the period.

Goodwill recognised prior to 1 January 2004 continues to be measured using the partial fair value method. This method involves restricting the fair value remeasurement of identifiable items to the percentage interest acquired. Minority interests in these items are measured on the basis of the carrying amount of the items as shown in the balance sheet of the acquired entity. The revised standards allow the acquirer to elect to account for each new business combination on either a full goodwill basis or a partial goodwill basis.

2.5 Foreign currency translation

2.5.1 Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into euros at the average exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the closing exchange rate. Translation differences are recognised as income or expenses in the income statement. Non-monetary assets and liabilities denominated in foreign currencies and accounted for at historical cost are translated using the exchange rate on the date of the transaction.

2.5.2 Financial statements of foreign entities

All assets and liabilities of consolidated entities with a functional currency other than the euro are translated at the closing exchange rate. Income and expenses are translated at the average exchange rate for the period. Translation differences arising from this treatment, and arising from the retranslation of a subsidiary's opening shareholders' equity at the closing exchange rate, are taken to the translation reserve (which is a component of consolidated shareholders' equity). Translation differences arising on the net investment in foreign subsidiaries and associates are recognised in shareholders' equity.

2.6 Income taxes

Deferred taxation is recognised on differences between the carrying amount and tax base of assets or liabilities, and arises as a result of:

- Temporary differences between the carrying amount and tax base of assets or liabilities, which may be:
  - items generating a tax liability in the future (deferred tax liabilities), arising mainly from income that is liable to tax in future periods; or
  - items deductible from taxable profits in the future (deferred tax assets), mainly provisions that are temporarily non-deductible for tax purposes.
  - Tax losses available for carry-forward (deferred tax assets), where it is probable that these losses will be recovered in future periods.

Deferred taxes are measured using known applicable national tax rates for the relevant country as at the balance sheet date.

Deferred taxes are not discounted, and are reported in non-current assets and liabilities.

2.7 Non-current assets

2.7.1 Property, plant and equipment

Property, plant and equipment is measured at acquisition cost net of accumulated depreciation and impairment. Depreciation is recognised on a straight line basis over the estimated useful life of the asset.

Useful lives by main asset category and business segment:

	CONSTRUCTION	MEDIA	TELECOMS	
Mineral deposits (quarries)	(1)			
Non-operating buildings	10 to 40 years	25 to 50 years	-	
Industrial buildings	10 to 20 years	-	20 years	
Plant, equipment and tooling	3 to 15 years	3 to 7 years	5 to 10 years	(2)
Other property, plant and equipment (vehicles and office equipment)	3 to 10 years	2 to 10 years		(2)

In accordance with IAS 16, when an item of property, plant and equipment consists of components with different useful lives, each component is accounted for and depreciated as a separate item of property, plant and equipment
Gains and losses on disposal represent the difference between the sale proceeds and the carrying amount, and are recognised in the income statement under "Other operating income and expenses"

(1) Depreciated on the basis of the rate of depletion, up to a maximum of 40 years (Colas)
(2) Depending on the type of asset

Depreciation periods are reviewed annually, and may be adjusted if expectations differ from previous estimates.

Leases

Items of property, plant and equipment held under leases (or agreements containing leases in the sense of IFRIC 4) whereby the Bouygues group retains substantially all the risks and rewards of ownership are recognised as assets in the balance sheet. Leases are classified as finance leases or operating leases in accordance with the criteria specified in IAS 17.

Assets held under finance leases are recognised in the balance sheet in "Property, plant and equipment" at the lower of fair value or the present value of the minimum lease payments, less accumulated depreciation and impairment losses. They are depreciated over their estimated useful lives. The lease obligation is recognised as a liability under "Debt" in the balance sheet.

Obligations under operating leases are disclosed in off-balance sheet commitments.

Grants received

Investment grants received from national, regional or local governments are netted off the value of the assets concerned in the balance sheet, and depreciated at the same rate as those assets once receipt of the grant becomes unconditional.

2.7.2 Intangible assets

IAS 38 defines an intangible asset as an identifiable non-monetary asset without physical substance which is controlled by the entity. An asset is identifiable:

- if it is separable, ie capable of being independently sold, transferred, licensed, rented or exchanged;
- or if it is derived from contractual or other legal rights, whether separable or not.

An asset is controlled:

- if the entity has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits.

Intangible assets with finite useful lives are depreciable. Intangible assets with indefinite useful lives are not depreciable, but are subject to impairment testing and are reviewed at each balance sheet date to ensure that their useful lives are still indefinite.

Intangible assets include:

Development expenses

- In accordance with IFRS, incorporation and research expenses are expensed as incurred.
- Development expenses are capitalised if the IAS 38 criteria are met, ie if they are expected to generate future economic benefits and their cost can be reliably measured.

Concessions, patents and similar rights

These include the following assets held by Bouygues Telecom:

Type of asset	Amortisation method	Period
UMTS licence[a]	straight line	17.5 years[a]
IAP-IRU and front fees (indefeasible right of use)	straight line	15 years
IT system software and developments, office applications	straight line	3 to 8 years

(a) UMTS licence:
Amortised from the date on which the broadband network opened (26 May 2005)

The fee for the UMTS licence, awarded for a 20-year period, comprises:

- a fixed component of €619.2 million, recognised as an intangible asset on the date the licence was awarded (12 December 2002);
- a variable component, calculated at 1% of sales generated by the operation of the third generation mobile network, recognised as incurred from the date on which the UMTS network opened (November 2007).

2.7.3 Other intangible assets

Other intangible assets recognised by the Group include leasehold rights and broadcasting rights (TF1).

TF1 broadcasting rights:

This item includes shares in films and programmes produced or co-produced by TF1 Films Production, TF1-Vidéo, TF1 Production and Téléma; distribution and trading rights owned by TF1 DA, TCM DA and TF1 Entreprises; and music rights owned by Une Musique and Baxter.

Broadcasting rights are recognised as assets, at historical cost. Dates of initial recognition and amortisation methods are as follows:

Initial recognition	Amortisation method		
	Film co-production shares	Broadcasting rights	Music rights
At end of shooting or on receipt of censor's certificate	in line with revenues over 8 years		
On signature of contract for distribution and/or trading rights		Distribution = in line with revenues, minimum 3 years straight line Trading: 5 years straight line	2 years 75% of gross value in year 1 25% of gross value in year 2

- For films co-produced by TF1 Films Production and Téléma, the group adopts industry practice and amortises in line with revenues, based on a minimum straight-line charge over three years.
- An impairment loss is recognised against audiovisual rights on a line by line basis where estimated future revenues do not cover the carrying amount of the asset.

2.7.4 Impairment testing of non-current assets

Impairment tests are carried out on the carrying amount of intangible assets as at the balance sheet date in accordance with the accounting policies applied by the Bouygues group; the carrying amount of indefinite-lived intangible assets and goodwill is compared to their recoverable amount at least at the end of each financial year.

In determining the recoverable amount, intangible assets to which independent cash flows cannot be directly allocated are grouped within the cash-generating unit (CGU) to which they belong, or within the appropriate group of CGUs representing the lowest level at which management monitors return on investment (business segment level in the case of the Bouygues group). The recoverable amount of CGUs is measured as follows:

a) For segments that are listed on a stock market and with good liquidity: on the basis of the quoted share price if this exceeds the carrying amount of the assets, as was the case at the end of the 2010 financial year for TF1, after allowing for a control premium (€14.95 at 31 December 2010).

b) If the quoted share price does not exceed the carrying amount of the assets, and for Bouygues Telecom and Colas: using the discounted cash flow (DCF) method, applying the following key principles.
   - The cash flows used are derived from the three-year business plan prepared by the management of the business segment and approved by the Boards of Directors of the entity and of Bouygues SA.
   - The discount rate is determined using a weighted average cost of capital appropriate to the sector in which the segment operates, by reference to a panel of comparable companies.
   - The terminal value is calculated by aggregating the discounted cash flows to infinity, based on normative cash flows and a perpetual growth rate that is consistent with the growth potential of the markets in which the business segment operates and with its competitive position in those markets.

The recoverable amount of the CGU as determined above is then compared with its carrying amount in the consolidated balance sheet. If this carrying amount is greater than the recoverable amount of the CGU, an impairment loss is recognised, this loss being allocated in the first instance to any goodwill recognised in the balance sheet.

- Information about goodwill impairment tests performed for Bouygues Telecom and Colas
  - The recoverable amount of Colas and Bouygues Telecom was determined using the method described above, based on three-year cash flow projections as per the business plans of each of the two subsidiaries.
  - Cash flows beyond the projection period were extrapolated using a reasonable, sector-specific perpetual growth rate.
  - The discount rates (weighted average cost of capital) and growth rates used at 31 December 2010 were as follows:

	Discount rate		Growth rate
	Scenario 1[a]	Scenario 2[a]	
Bouygues Telecom	5.22%	4.69%	2%
Colas	7.46%	6.64%	2%

(a) Depending on the capital structure: scenario 1 = 1/3 debt, 2/3 equity; scenario 2 = 2/3 debt, 1/3 equity.

- An analysis of the sensitivity of the calculation to the key parameters, including reasonably possible changes in those parameters, showed no probable scenario in which the recoverable amount of the CGU would become less than the carrying amount of the assets tested (and consequently, in which an impairment loss would need to be recognised).

c) Investments in associates: impairment testing of goodwill (Alstom):

Because goodwill included in the carrying amount of investments in associates is not shown separately, it is not tested separately for impairment under IAS 36. The total carrying amount of the investment is tested for impairment by comparing its recoverable amount with its carrying amount, determined as follows:

The recoverable amount of Alstom was tested for impairment as at 31 December 2010 on the basis of forecasts prepared by a panel of financial analysts. The recoverable amount determined on the basis of this analysis (using two different capital structure scenarios) was greater overall than the carrying amount of the Alstom assets tested.

- Discount rates (weighted average cost of capital) and growth rate used for Alstom at 31 December 2010:

Discount rate		Growth rate applied to cash flows after a 5-year time horizon
Scenario 1[a]	Scenario 2[a]	
9.77%	8.75%	2%

(a) Depending on the capital structure: scenario 1 = 1/3 debt, 2/3 equity; scenario 2 = 2/3 debt, 1/3 equity.

- Note 3.2 to the consolidated financial statements includes a table showing the consolidated carrying amount of listed shares held by Bouygues (TF1, Alstom, Colas) relative to the closing quoted share price at 31 December 2010. As of that date, there were no material events that might call into question the carrying amounts reported for these companies.

- **Other non-current assets:** for other non-current assets, in particular non-depreciable assets, an impairment loss is recognised as soon as there is evidence that the asset is impaired.

2.7.5 Non-current financial assets

In addition to deferred tax assets (treated as non-current), other non-current financial assets include loans and receivables (including amounts due from non-consolidated companies), deposits and caution money, and investments in non-consolidated companies over which the Bouygues group exercises neither control nor significant influence.

Investments in non-consolidated companies are measured at fair value, with changes in fair value taken to shareholders' equity.

Fair value is the market price for listed investments, and value in use for unlisted investments. Value in use is determined using the most appropriate criteria for each individual investment.

If there is objective evidence that an investment is impaired, the accumulated losses taken to shareholders' equity are recognised in the income statement.

Advances to non-consolidated companies, and other loans and receivables, are accounted for at amortised cost, determined using the effective interest method.

In the case of variable-rate loans and receivables, cash flows are periodically re-estimated to reflect changes in market interest rates, resulting in an adjustment to the effective interest rate and hence to the valuation of the loan or receivable.

Loans and receivables are reviewed for objective evidence of impairment. An impairment loss is recognised if the carrying amount of a financial asset is greater than the estimated recoverable amount as determined by impairment testing. Impairment losses are recognised in the income statement (see Note 3.2.4 for details).

2.8 Current assets

2.8.1 Inventories

Inventories are stated at the lower of cost (first in first out or weighted average cost, depending on the nature of the business) or market price.

Where the realisable value of inventory is lower than cost, the necessary provision for impairment is recognised.

2.8.2 Property development projects

Property development project inventories are measured at cost, which includes land acquisition costs and taxes, construction and fitting-out costs, utilities costs, professional fees and ancillary costs.

Sales agency fees and commission incurred on property development projects, and all advertising costs, are recognised in profit or loss as incurred.

Preliminary studies relating to property development projects are recognised in inventory. If the probability of the project being completed is low, especially if there is a risk of withdrawal or refusal of planning permission, the amount recognised is written down via a provision for impairment.

2.8.3 Programmes and broadcasting rights (TF1)

In order to secure broadcasting schedules for future years, the TF1 group enters into binding contracts, sometimes for a period of several years, under which it acquires (and the other party agrees to deliver) programmes and sports transmission rights.

A programme is treated as ready for transmission and recognised in inventory under "Programmes and broadcasting rights" when the following two conditions are met: technical acceptance (for in-house and external productions), and opening of rights (for external productions). In the case of rights and programmes for which these two criteria have not been met (programmes not yet delivered, sports rights for which the right to broadcast is not activated until the date of the event, etc.), the Group takes the view that it does not control the asset, since it has neither the right nor the ability to broadcast the programme. Consequently, these rights are not recognised in the balance sheet, and any advance payments made to acquire such rights are treated as supplier prepayments.

Programmes and broadcasting rights

The "Programmes and broadcasting rights" line in the balance sheet includes:

- in-house productions, made by TF1 group companies for TF1 channels;
- external productions, comprising broadcasting rights acquired by the TF1 group's channels and co-production shares of broadcasts made for the TF1 group's channels.

Programmes that have not been broadcast and the rights to which have expired are written off as a component of current operating profit, and any previously-recognised provisions are reversed.

The value of programmes and broadcasting rights is measured as follows:

- in-house production: overall production cost (direct costs plus a portion of indirect production costs);
- broadcasting rights and co-productions: purchase cost, less consumption for the year calculated at each balance sheet date and any impairment losses.

TF1 SA programmes (which account for most of the group's programme inventory) are deemed to have been consumed as transmitted. If they are acquired for a single transmission, they are regarded as having been consumed in full at the time of this transmission. If they are acquired for two or more transmissions, consumption is calculated according to the type of programme using the rules described below (unless otherwise specified in the acquisition contract):

	TYPE OF PROGRAMME		
	Dramas with a running time of at least 52 minutes	Films, TV movies, serials and cartoons	Other programmes and broadcasting rights
1st transmission	80%	50%	100%
2nd transmission	20%	50%	-

"Other programmes and broadcasting rights" in the table above refers to children's programmes (other than cartoons), entertainment shows, plays, factual and documentary programmes, news, sport, and dramas with a running time of less than 52 minutes.

A provision for impairment is recorded once it becomes probable that a programme will not be transmitted, or if the contractual value at which it was recognised in inventory exceeds the value attributable to it using the rules described above. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management. If rights are resold, a provision is recorded once the sale is probable to cover any excess of the value at which the rights were initially recognised in inventory (or the amount of advance payments) over the actual or estimated selling price.

2.8.4 Trade receivables

Trade receivables are carried at face value, net of impairment recorded to reflect the probability of recovery. These receivables are usually short-term and non interest-bearing. They are measured at the original invoice amount, unless application of an implied interest rate would have a material effect.

In line with the percentage of completion method of accounting for long-term contracts, trade receivables include:

- statements issued as works are executed or services provided, and accepted by the project owner;
- unbilled receivables, arising where works are entitled to acceptance but billing or acceptance by the project owner has been temporarily delayed.

2.8.5 Other current receivables and prepaid expenses

Other receivables are carried at face value, net of impairment recorded to reflect the probability of recovery.

2.9 Financial instruments

Some Group entities use hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates. The Group's policy on the use of financial instruments is described below.

2.9.1 Risks to which the Group is exposed

Currency risk

In general, the Bouygues group has little exposure to currency risk in routine commercial transactions, given that its international operations (primarily Bouygues Construction and Colas) do not involve exports. Where possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most projects executed outside France, on which local-currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. Exposure to currency risk is therefore limited to contract margins, and to any design work carried out in France. The Bouygues group also pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

Interest rate risk

The Group's financial expenses have low sensitivity to interest rate risk. The bulk of debt is in the form of fixed-rate bond issues, and a range of hedging instruments is used to convert variable-rate debt into fixed-rate debt.

Consolidated financial expenses would be only marginally affected by fluctuations in euro interest rates, or by a divergence in interest rate trends between the euro and other major currencies.

On average over the year, the amount of variable-rate debt in the balance sheet is less than the amount of surplus cash invested at variable rates.

2.9.2 Principles applied to all hedging instruments

The only instruments used for hedging purposes are forward currency purchases and sales, currency swaps and purchases of currency options for currency risk hedging purposes; and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes.

These instruments:

- are used solely for hedging purposes;
- are contracted solely with high-quality French and foreign banks;
- carry no liquidity risk in the event of a downturn.

Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of hedging instruments, the selection of counterparties with whom they are contracted, and more generally the management of exposure to currency risk and interest rate risk.

2.9.3 Hedging rules

Currency risk

Group policy is to hedge systematically all residual currency exposure relating to commercial transactions. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the contract award has been confirmed; if the hedged item ceases to exist (for example, if the service is not provided or the contract is cancelled), the hedge is closed out immediately.

In the interests of efficiency, the currency positions of some Group entities may be managed centrally, which in some cases may result in the offset of matching positions (currency derivatives are used solely for hedging purposes).

Interest rate risk

Group policy is for each sub-group to hedge some or all of its financial assets and liabilities, where these are foreseeable and recurring.

The aim is to control future interest expense by fixing the cost of debt using swaps and future rate agreements, or by limiting it through the use of caps, over a period equivalent to that of the financial liabilities to be hedged.

As with currency risk, the interest rate positions of some Group entities may, in the interests of efficiency, be managed centrally and partially offset.

2.9.4 Accounting methods

In general, the financial instruments used by the Group qualify for hedge accounting, which means that the hedging relationship is documented in accordance with the requirements of IAS 39. Two types of accounting treatment are used:

- Fair value hedges: changes in the fair value of the hedging instrument and changes in the fair value of the hedged item are recognised symmetrically in the income statement.
- Cash flow hedges: changes in the fair value of the hedging instrument are recognised in the income statement for the ineffective portion of the hedging relationship, and in shareholders' equity (until the hedge is closed out) for the effective portion.

2.10 Consolidated shareholders' equity

Treasury shares are deducted from consolidated shareholders' equity. No expense or income arising on the cancellation of treasury shares is recognised in the income statement.

If a Group subsidiary holds its own shares, an additional percentage interest in that subsidiary is recognised at Group level.

Translation reserve

The translation reserve represents translation differences arising since 1 January 2004, when the reserve was deemed to be zero and the balance transferred to "Retained earnings".

Information about the management of capital

The objective of Bouygues management in managing capital is to maintain consolidated shareholders' equity at a level consistent with:

- maintaining a reasonable gearing ratio (net debt to shareholders' equity);
- distributing regular dividends to shareholders.

However, the level of equity may vary over short periods, especially if a strategically important investment opportunity arises.

The business plan is a key management tool, used by the parent company to assess the financial position of each business segment and of the Group as a whole, and the effects on consolidated shareholders' equity.

Within these overall principles, Group management allows the subsidiaries responsible for segments and their respective parent companies a degree of autonomy to manage their equity in line with their specific objectives and needs, given that equity capital requirements vary from business to business and segment to segment.

Bouygues defines net debt as all financial liabilities (including financial instrument liabilities associated with debt and short-term investments), less cash and cash equivalents and associated financial instruments.

2.11 Non-current liabilities

2.11.1 Non-current debt (portion due after more than one year)

With the exception of derivative instruments accounted for as financial liabilities measured at fair value, all other borrowings and financial liabilities are accounted for at amortised cost, measured using the effective interest method.

Transaction costs directly attributable to the acquisition or issuance of a financial liability are offset against that liability, and amortised over the life of the liability using the effective interest method.

The portion of long-term debt due within less than one year is included in current liabilities.

2.11.2 Non-current provisions

Under IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", a provision is recorded at the balance sheet date if the Group has an obligation to a third party resulting from a past event and it is probable that settlement of the obligation will result in a net outflow from the Group of resources embodying economic benefits.

The amount recognised as a provision represents the Group's best estimate of the net outflow of resources.

Non-current provisions are not usually associated with the normal operating cycle of each segment (compare the definition of current provisions below).

Non-current provisions mainly comprise:

- Provisions established to cover the uninsured portion of risks under two-year and ten-year construction contract guarantees. These provisions are recognised in line with recognition of contract revenues, based on statistical data reflecting actual experience over the long term.
- Provisions related to tax exposures and to fines levied by the competition authorities.
- Provisions for litigation, claims and foreseeable risks relating to the Group's operations, especially foreign operations, including permanent withdrawal from projects and sundry risks and liabilities.
- Provisions for site rehabilitation and decommissioning costs (eg quarries).
- Costs incurred as a result of a contractual obligation to remedy immediate environmental damage are covered by a provision.
- Employee benefits:
  - Provisions for long-service awards.
  - Provisions for obligations to employees in respect of lump-sum benefits payable on retirement.
  - This provision is calculated using the projected unit credit method based on final salary, and on the basis of the collective agreement for each business segment. The calculation takes account of:
    - status, age and length of service for each employee category;
    - employee turnover, calculated on the basis of the average number of leavers by business segment, age bracket and employee category;
    - average salary and wages including bonuses and benefits in kind, uplifted by a coefficient to reflect the applicable percentage of employer's social security charges;
    - a final salary inflation rate;
    - a discount rate applied to the obligation over the projected period to the retirement date;
    - estimated mortality, based on mortality tables.
  - Provisions for pension obligations (depending on the country and terms of the pension plan).

    To cover their pension obligations, Group companies make regular payments to external bodies including public and private pension funds and insurance companies (defined-contribution plans). There are however some remaining defined-benefit plans still in existence, mainly in the Colas group (United Kingdom, Ireland and Canada); only a limited number of employees are involved, as it was decided some years ago to close these plans to new entrants. The fair value of the assets held to cover these plans as of 31 December 2010 did not require any material impairment to be recognised in the consolidated financial statements.

    - The actuarial assumptions used to measure the present value of the pension obligation and the service cost for the period in respect of defined-benefit plans represent the best estimate of the variables that will determine the final cost of the benefits. These assumptions are internally consistent. The discount rate is determined by reference to the expected market rate for high-quality corporate bonds at the balance sheet date, taking into account the estimated timing of benefit payments.

The Bouygues group recognises in consolidated shareholders' equity the effect of changes in actuarial assumptions on the pension obligation.

2.12 Current liabilities

2.12.1 Advances and down-payments on orders

This item comprises advances and down-payments received from customers on construction contract starts.

2.12.2 Current provisions

- Provisions relating to the normal operating cycle of each segment. These mainly comprise:
  - Provisions for construction contract risks, joint ventures, etc.
  - Provisions for restructuring.
- Provisions for losses to completion on construction contracts:

  These relate to construction contracts in progress, and take account of claims accepted by the customer. They are measured on a contract by contract basis, with no netting between them.

2.12.3 Trade payables and other current liabilities

Because of the short-term nature of these liabilities, the carrying amounts shown in the consolidated financial statements are a reasonable estimate of market value.

2.13 Income statement

As allowed under IAS 1, "Presentation of Financial Statements", the Bouygues group presents an income statement that classifies expenses by nature, in the format specified in Recommendation 2009-R-03 issued by the French national accounting standard-setter, the Conseil National de la Comptabilité (CNC), now the Autorité des Normes Comptables (ANC), on 2 July 2009. An income statement classifying expenses by function is shown in Note 16 to the financial statements.

2.13.1 Definition of operating revenues

Revenues from the Group's operations are recognised when:

- it is probable that the future economic benefits of the transaction will flow to the Group;
- the amount of revenue can be reliably measured;
- at the transaction date, it is probable that the amount of the sale will be recovered.

Bouygues Telecom

- Bouygues Telecom generates revenue from services, and from sales of handsets and accessories.
- Services:

  Price plans and commercial services (mobile and fixed) are invoiced one month in advance, and the corresponding revenue is recognised on a straight-line basis over the service period.

  Revenues from call charges other than price plans, roaming fees and interconnection fees are recognised as the service is used.

  Services carried out on behalf of content providers in relation to SMS+ services, special numbers and i-mode services are not included in income and expenses for the period. Only the margin charged as consideration for the service is recognised in sales.
- Sales of handsets and accessories:

  Sales of handsets and SIM cards are recognised on sale to the distributor or retailer, but the margin on the sale is eliminated until the line is activated by the customer.
- The costs of acquiring and renewing customer contracts are recognised as an expense in the period in which they are incurred.
- Distributor/retailer commission:

  All commission payable to distributors and retailers is recognised as an expense.
- Consumer loyalty programme:

  Consumers earn points as and when they are billed, which they can then use to obtain a handset upgrade provided that they sign up again for a minimum period of 12 months.
- In accordance with IFRIC 13 (paragraphs AG1 to AG3), Bouygues Telecom has measured the fair value of the loyalty points awarded under its consumer loyalty programme, and has not deferred any revenues as a result.

2.13.2 Accounting for long-term contracts

Construction activities

All activities related to construction contracts are accounted for using the percentage of completion method.

Under this method, the revenue recognised equals the latest estimate of the total selling price of the contract multiplied by the actual completion rate determined by reference to the physical state of progress of the works. The latest estimate of the total selling price takes account of claims that have been accepted by the client or are highly probable.

If it is regarded as probable that a contract will generate a loss on completion, a provision for expected losses on completion is recognised as a current provision in the balance sheet. The loss is provided for in full as soon as it is can be reliably measured, irrespective of the completion rate.

Property development

- Accounting treatment for property development projects:

  Revenues and profits are recognised using the percentage of completion method once the following conditions have been met:

  - building permit with no appeal;
  - signature of notarised deed of sale or development contract;
  - construction contract signed (order given to start works).

  The percentage of completion represents costs recognised to date as a proportion of the total estimated costs to completion of the project.

  Accrued expenses are recognised for finishing costs on this type of project, based on the percentage of completion; residual expenses on delivered projects are also recognised in "Trade payables".

  Overheads, including sales force costs and all advertising costs, are expensed as incurred.

2.13.3 Profits/losses from joint operations

These profits and losses are included in "Other operating income and expenses", and represent the Group's share of profits or losses from non-consolidated companies involved in the operation of production facilities for road-building and asphalt products; they are included in current operating profit.

2.13.4 Share-based payment

In accordance with IFRS 2, stock subscription options granted to corporate officers or employees of the Group are accounted for in the financial statements as follows: the fair value of the options granted (corresponding to the fair value of the services rendered by the employees as consideration for the options) is recognised as an employee benefit under "Personnel costs" in the income statement, with the matching entry credited to shareholders' equity.

The amount of the employee benefit is measured at the grant date of the option using the Black & Scholes model, and is charged to the income statement over the vesting period of the rights.

2.14 Cash flow statement

The cash flow statement is presented in accordance with IAS 7 and with CNC Recommendation 2009-R-03 of 2 July 2009, using the indirect method.

The net profit of consolidated entities is adjusted to eliminate the impact of transactions with no cash effect, and of income and expenses related to investing or financing activities.

- Cash flow:

  The Bouygues group defines cash flow as:

  Consolidated net profit before: net depreciation and amortisation expense, net changes in provisions and impairment losses, gains and losses on asset disposals, cost of net debt (included in financing activities in the cash flow statement), and net income tax expense for the period.

  The cash flow statement explains changes in the Group's net cash position, which is defined as the net total of the following balance sheet items:

  - cash and equivalents;
  - overdrafts and short-term bank borrowings.

2.15 Other financial indicators

2.15.1 EBITDA

Current operating profit excluding net depreciation and amortisation expense and changes in provisions, and impairment losses (after reversals of utilised and non-utilised provisions and of impairment losses).

2.15.2 Free cash flow

Cash flow (determined after cost of net debt and net income tax expense, but before changes in working capital) minus net capital expenditure for the period.

2.15.3 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).

2.16 Statement of recognised income and expense

The Bouygues group presents a statement of recognised income and expense, disclosing a comparative net profit figure on the line "Total recognised income and expense" which includes income and expenses recognised directly in equity.

2.17 Comparability of the financial statements

Changes in the scope of consolidation during the year ended 31 December 2010 did not have a material effect on the consolidated financial statements as presented for the year then ended, and do not impair comparisons with the consolidated financial statements for the year ended 31 December, 2009 (after the divestment of Finagestion at the end of 2009).

NOTE 3 • NON-CURRENT ASSETS 18,620

3.1 Acquisitions of non-current assets during the year, net of disposals

	2010	2009
Acquisitions of property, plant and equipment	1,377	1,219
Acquisitions of intangible assets	130	146
Capital expenditure	**1,507**	**1,365**
Acquisitions of non-current financial assets (investments in consolidated and non-consolidated companies, other long-term investments)	494	62
Acquisitions of non-current assets	**2,001**	**1,427**
Disposals of non-current assets	(323)	(904)
Acquisitions of non-current assets, net of disposals	**1,678[a]**	**523**

(a) - Includes net acquisitions of €681m by Bouygues Telecom and €500m by Colas - TF1: TMC/NT1 acquisition, €195m

For a breakdown of non-current assets by business segment see Note 16, "Segment Information".

3.2 Non-current assets: movements during the period

3.2.1 Property, plant and equipment 6,159

	Land and buildings	Industrial plant and equipment	Other property, plant and equipment	PP&E under construction and advance payments	Total
Gross value					
1 January 2009	**1,925**	**9,534**	**2,225**	**449**	**14,133**
Movements during 2009					
Translation adjustments	8	25	6		39
Changes in scope of consolidation	(133)	(197)	(106)	(73)	(509)
Acquisitions during the period	56	612	260	291	1,219
Disposals, transfers and other movements	4	(194)	(97)	(297)	(584)
31 December 2009	**1,860**	**9,780**	**2,288**	**370**	**14,298**
of which finance leases	24	107	92		223
Movements during 2010					
Translation adjustments	35	117	34	1	187
Changes in scope of consolidation	(23)	121	12	18	128
Acquisitions during the period	62	691	293	331	1,377[a]
Disposals, transfers and other movements	(11)	(396)	(97)	(289)	(793)
31 December 2010	**1,923**	**10,313**	**2,530**	**431**	**15,197**
of which finance leases	24	109	82		**215**
Depreciation and impairment					
1 January 2009	**(616)**	**(5,922)**	**(1,475)**		**(8,013)**
Movements during 2009					
Translation adjustments	(2)	(11)	(4)		(17)
Changes in scope of consolidation	51	117	84		252
Net expense for the period	(70)	(849)	(257)		(1,176)
Disposals and other reductions	16	447	120		583
31 December 2009	**(621)**	**(6,218)**	**(1,532)**		**(8,371)**
of which finance leases	(9)	(65)	(81)		(155)
Movements during 2010					
Translation adjustments	(11)	(69)	(21)		(101)
Changes in scope of consolidation	30	(104)	(10)		(84)
Net expense for the period	(68)	(872)	(277)		(1,217)
Disposals and other reductions	21	540	174		735
31 December 2010	**(649)**	**(6,723)**	**(1,666)**		**(9,038)**
of which finance leases	(9)	(60)	(74)		(143)
Carrying amount					
31 December 2009	**1,239**	**3,562**	**756**	**370**	**5,927**
of which finance leases	15	42	11		68
31 December 2010	**1,274**	**3,590**	**864**	**431**	**6,159**
of which finance leases	15	49	8		72

(a) Includes €623m for Bouygues Telecom (mobile network investments of €396m), and €499m for Colas

Analyses by business segment and geographical area of the carrying amount of intangible assets and property, plant and equipment, and of net capital expenditure, are provided in Note 16, "Segment Information"

Operating commitments not yet recognised involving future outflows of resources:

	Falling due: within less than 1 year	within 1 to 5 years	after more than 5 years	Total 2010	Total 2009
Colas: orders in progress for plant & equipment	42	40		**82**	35
Bouygues Telecom: orders in progress for PP&E (network equipment assets)	232	43		**275**	178
TOTAL	**274**	**83**		**357**	**213**

3.2.2 Intangible assets

990

Overall increase in carrying amount: €2m

	Development expenses[a]	Concessions, patents and similar rights	Other intangible assets	Total
Gross value				
1 January 2009	**203**	**1,190**	**1,360**	**2,753**
Movements during 2009				
Translation adjustments	0	0	1	1
Changes in scope of consolidation	0	(9)	(48)	(57)
Acquisitions during the period	22	68	54	144
Disposals, transfers and other movements	(5)	(22)	(10)	(37)
31 December 2009	**220**	**1,227**	**1,357**	**2,804**
Movements during 2010				
Translation adjustments	0	2	2	4
Changes in scope of consolidation	0	33	7	40
Acquisitions during the period	7	65	54	126
Disposals, transfers and other movements	26	(49)	(66)	(89)
31 December 2010	**253**	**1,278**	**1,354**	**2,885**
Amortisation and impairment				
1 January 2009	**(148)**	**(425)**	**(1,084)**	**(1,657)**
Movements during 2009				
Translation adjustments	0	0	0	0
Changes in scope of consolidation	0	0	17	17
Net expense for the period	(27)	(89)	(84)	(200)
Disposals, transfers and other movements	5	3	16	24
31 December 2009	**(170)**	**(511)**	**(1,135)**	**(1,816)**
Movements during 2010				
Translation adjustments	0	(1)	(1)	(2)
Changes in scope of consolidation	0	(2)	(4)	(6)
Net expense for the period	(11)	(104)	(56)	(171)
Disposals, transfers and other movements	(25)	66	59	100
31 December 2010	**(206)**	**(552)**	**(1,137)**	**(1,895)**
Carrying amount:				
Net				
31 December 2009	**50**	**716**	**222**	**988**
31 December 2010	**47**	**726[b]**	**217**	**990**

(a) Development expenses:
- software development expenses are usually capitalised (relates mainly to Bouygues Telecom);
- development expenses of a permanent and recurring nature that do not meet the IAS 38 capitalisation criteria are expensed (relates mainly to Colas)

(b) Includes Bouygues Telecom's UMTS licence: carrying amount €418m

3.2.3 Goodwill 5,531

Overall increase in carrying amount during the year: €375m (fully consolidated entities only; amounts for associates are disclosed in Note 3.2.4.1, "Investments in associates"

	Gross value	Impairment	Carrying amount
1 January 2009	**5,200**	**(43)**	**5,157**
Movements during 2009			
Changes in scope of consolidation	(19)	9	(10)
Impairment losses charged during the period		(2)	(2)
Translation adjustments and other movements	9	2	11
31 December 2009	**5,190**	**(34)**	**5,156**
Movements during 2010			
Changes in scope of consolidation	392	(1)	391
Impairment losses charged during the period		(47)	(47)
Translation adjustments and other movements	29	2	31
31 December 2010	**5,611[a]**	**(80)**	**5,531**

(a) Includes €399m for TMC and NT1 at 31 December 2010 (increase during the year: €384m)

Split of goodwill by cash generating unit (CGU)

CGU	31/12/2010		31/12/2009	
	Total	% (Bouygues or subsidiaries)	Total	% (Bouygues or subsidiaries)
Bouygues Construction[a]	347	99.97	326	99.97
Colas[b]	1,063	96.62	1,086	96.62
TF1[b]	1,468	43.09	1,091	43.02
Bouygues Telecom[b]	2,651	89.55	2,651	89.55
Other activities	2		2	
Total Bouygues	**5,531**		**5,156**	

(a) Only includes goodwill on subsidiaries acquired by the CGU
(b) Includes goodwill on subsidiaries acquired by the CGU and on acquisitions made by the parent company (Bouygues SA) for the CGU

Consolidated carrying amount of listed shares as at 31 December 2010 (in euros)

	Consolidated carrying amount per share	Closing quoted share price at 31/12/2010[a]
TF1	13.46[b]	13.00
Colas	95.07	144.94
Alstom	49.48	35.81

Impairment tests carried out at 31 December 2010 using the methodology described in Note 2 showed no evidence that the recoverable amount of any CGU had fallen below the carrying amount of the assets tested.

(a) Before adjustment to reflect a control premium (TF1/Colas)
(b) €14.95 after adjustment to reflect a control premium

3.2.4 Other non-current assets 5,940

These comprise:
- investments in associates (companies accounted for by the equity method): €5,020m
- other non-current financial assets (loans, receivables, investments in non-consolidated companies, etc).
- deferred tax assets and non-current tax receivable

	Investments in associates[a]	Gross value		Total gross value	Amortisation and impairment	Carrying amount	Deferred tax assets & non-current tax receivable
		Other non-current financial assets					
		Investments in non-consolidated companies	Other non-current financial assets				
1 January 2009	**4,747**	**311**	**1,197**	**6,255**	**(204)**	**6,051**	**246**
Movements during 2009							
Changes in scope of consolidation	31	(33)	156	154	(9)	145	(9)
Acquisitions and other increases	408	14	68	490		490	
Amortisation and impairment, net					2	2	
Disposals and other reductions	(138)	(15)	(927)	(1,080)		(1,080)	
Transfers (including to equity)	(86)	(1)	(163)	(250)	(2)	(252)	36
31 December 2009	**4,962**	**276**	**331**	**5,569**	**(213)**	**5,356**	**273**
Amortisation and impairment	**(5)**	**(135)**	**(73)**	**(213)**			
Carrying amount	**4,957**	**141**	**258**	**5,356**			**273**
Movements during 2010							
Changes in scope of consolidation	(97)	11	1	**(85)**	(7)	**(92)**	**22**
Acquisitions and other increases	345	22	111	**478**		**478**	
Amortisation and impairment, net					(11)	**(11)**	
Disposals and other reductions	(157)	(10)	(82)	**(249)**		**(249)**	
Transfers (including to equity)	(25)[b]	168	57	**200**	(3)	**197**	**(34)**
31 December 2010	**5,028**	**467**	**418**	**5,913**	**(234)**	**5,679**	**261**
Amortisation and impairment	**(8)**	**(138)**	**(88)**	**(234)**			
Carrying amount	**5,020**	**329**	**330**	**5,679**			**261**

(a) Includes goodwill on associates of €2,753m

(b) Mainly relates to actuarial gains/losses on lump-sum retirement obligations of Alstom (includes net movement of €32m in the translation reserve)

5,940

3.2.4.1 Investments in associates 5,020

Components of carrying amount at 31 December 2010	Share of net assets held	Share of profit for the period	Goodwill	Carrying amount
1 January 2009	**1,590**	**357**	**2,795**	**4,742**
Movements during 2009				
Translation adjustments	(9)			(9)
Acquisitions and share issues	25		21	46
Profit for the period		393		393
Impairment losses				
Appropriation of prior-year profit, disposals, transfers and other movements	142	(357)		(215)
31 December 2009	**1,748**	**393**	**2,816**	**4,957**
Movements during 2010				
Translation adjustments	32			32
Acquisitions and share issues	94		126[b]	220
Profit for the period		281		281
Impairment losses			(3)	(3)
Appropriation of prior-year profit, disposals, transfers and other movements	112	(393)	(186)	(467)
31 December 2010	**1,986**	**281**	**2,753**	**5,020[a]**

(a) Includes: - Alstom = €4,366m (see below)
- Cofiroute (Colas) = €490m

(b) Includes: - Alstom = €126m (goodwill on additional acquisitions in 2010)

A list of associates in which the Bouygues group holds an interest is provided in Note 24 (Detailed list of consolidated companies at 31 December 2010).

Principal associates

	31/12/2009	Net movement in 2010	31/12/2010	Includes: share of profit/(loss) for the period
Alstom	4,054	312	**4,366[b]**	218[a]
Construction				
Concession companies	77	(15)	**62**	(8)
Other associates	4	1	**5**	(2)
Roads				
Cofiroute	469	21	**490**	52
Other associates	57	8	**65**	16
Media	275	(261)	**14**	6
Other associates	21	(3)	**18**	(4)
Total	**4,957**	**63**	**5,020**	**278**

(a) Contribution net of amortisation of €17m charged against fair value remeasurements in 2010
(b) Includes total goodwill of €2,589m

Summary information about the assets, liabilities, income and expenses of the Bouygues group's two principal associates is provided below.

Amounts shown are for 100% of the associate	31 December 2010	
	Alstom[a]	Cofiroute
Non-current assets	11,753	5,841
Current assets	17,423	568
Total assets	**29,176**	**6,409**
Shareholders' equity	3,989	2,150
Non-current liabilities	5,047	3,726
Current liabilities	20,140	533
Total liabilities and equity	**29,176**	**6,409**
Sales	**10,432**	**1,292**
Current operating profit	**763**	**584**
Net profit	**416**	**312**
Net profit attributable to the Group	**401**	**312**

Amounts shown are for 100% of the associate	31 December 2009	
	Alstom[b]	Cofiroute
Non-current assets	8,898	5,934
Current assets	17,080	498
Total assets	**25,978**	**6,432**
Shareholders' equity	4,101	2,022
Non-current liabilities	3,888	3,720
Current liabilities	17,989	690
Total liabilities and equity	**25,978**	**6,432**
Sales	**19,650**	**1,284**
Current operating profit	**1,779**	**593**
Net profit	**1,205**	**312**
Net profit attributable to the Group	**1,217**	**312**

(a) Interim financial statements published by Alstom for the six months ended 30 September 2010 (Alstom's financial year-end is 31 March)
(b) Financial statements for the year ended 31 March 2010

Principal investments in non-consolidated companies at 31 December 2010

Investment	31/12/2010								31/12/2009
	Gross value	Impairment	Carrying amount	% interest	Total assets	Total current & non-current liabilities	Total sales	Net profit/ (loss)	Carrying amount
French companies									
Groupe AB (put option)	155[a]		**155**	33.5%					
Sofica valor	13		**13**	71.6%					**8**
Sylver	4		**4**	49.0%					**4**
Asphalt and binder companies (Colas)[b]	14	(2)	**12**						**13**
Sub-total	**186**	**(2)**	**184**						**25**
Foreign companies									
IEC Investments (Hong Kong)	53		**53**	15.0%	158	17	20	(21)	**49**
Socoprim (Côte d'Ivoire)	13		**13**	64.0%	23	1			**14**
A1- International (Netherlands)	13	(13)		50.0%					
Bombela (South Africa)	9		**9**	17.0%	473	459	2		**9**
CCIB (Romania)	6	(6)		22.0%					
VSL Corporation (United States)	22	(22)		100.0%					
Wikio	4		**4**	13.2%					
Asphalt and binder companies (Colas)[b]	2	(1)	**1**						**1**
Sub-total	**122**	**(42)**	**80**						**73**
Other investments	159	(94)	**65**						**43**
Total	**467**	**(138)**	**329**						**141**

(a) Most significant change during 2010

(b) The information provided for "Colas asphalt & binder companies" and "Other investments" relates to a large number of companies, for which individual information is not disclosed on grounds of immateriality

Other non-current financial assets **330**

The main items included in this heading are:

▶ advances to non-consolidated companies	85	
▶ non-current loans and receivables	102	
▶ other long-term investments:	143	
- deposits and caution money		124
- other long-term investment securities		19[a]

(a) Main components of "Other long-term investment securities"

- mutual funds	*10*
- other investments individually less than €2m	*9*
	19

Analysis of investments in non-consolidated companies and other non-current financial assets (excluding associates) by type 659

	Measured at fair value			
	Available-for-sale financial assets[a]	Other financial assets measured at fair value[b]	Loans and receivables[c]	Total
31 December 2009	**180**	**4**	**215**	**399**
Movements during 2010	26	157[d]	77[e]	260
31 December 2010	**206**	**161**	**292**	**659**
Due within less than 1 year	10		13	**23**
Due within 1 to 5 years	1	155	73	**229**
Due after more than 5 years	195	6	206	**407**

(a) Impact of fair value remeasurements recognised in equity
(b) Impact of fair value remeasurements recognised in profit or loss
(c) Measured at amortised cost
(d) Includes Groupe AB put option, initially designated at fair value
(e) Includes financial receivables relating to Public-Private Partnership (PPP) activities

Investments in joint ventures

The Bouygues group holds a number of interests in joint ventures, which are listed in Note 24 (Detailed list of consolidated companies at 31 December 2010).

Aggregate amounts of assets/liabilities and key income statement indicators are shown below:

Bouygues share in joint ventures	31/12/2010	31/12/2009
Non-current assets	183	147
Current assets	941	712
Total assets	**1,124**	**859**
Shareholders' equity	(136)	(62)
Non-current liabilities	136	158
Current liabilities	1,124	763
Total liabilities and equity	**1,124**	**859**
Sales	**1,181**	**1,230**
Operating profit/(loss)	**13**	**(48)**
Net profit/(loss)	**11**	**(50)**

3.2.5 Non-current tax assets 261

See Note 7 for details.

NOTE 4 • CURRENT ASSETS 16,966

4.1 Inventories 2,680

Inventories	31/12/2010			31/12/2009		
	Gross value	Impairment[a]	Carrying amount	Gross value	Impairment[a]	Carrying amount
Property development inventories	1,338	(112)	**1,226[b]**	1,483	(117)	1,366
Raw materials and finished goods	877	(41)	**836**	757	(32)	725
Programmes and broadcasting rights (TF1)	771	(153)	**618**	746	(157)	589
Total	**2,986**	**(306)**	**2,680**	**2,986**	**(306)**	**2,680**

(a) Includes: impairment charged during the period: (76) (130)
impairment reversed during the period: 90 133
(b) Includes Bouygues Immobilier: property under construction €889m, completed properties €240m

Operating commitments not yet recognised involving future outflows of resources:

TF1: Programming schedules for future years

The maturities of broadcasting and sports transmission rights contracts are as follows:

	Maturity				
	within less than 1 year	within 1 to 5 years	after more than 5 years	Total 2010	Total 2009
Programmes and broadcasting rights[a]	531	925	149	1,605	1,524
Sports transmission rights	220	406	10	636	527
Total	**751**	**1,331**	**159**	**2,241**	**2,051**

(a) 2010: some of these contracts are denominated in foreign currencies: €16.8m in Swiss francs, €9.6m in pounds sterling, and €472.6m in US dollars

	Maturity				
	within less than 1 year	within 1 to 5 years	after more than 5 years	Total 2010	Total 2009
Bouygues Immobilier					
Reciprocal operating off balance sheet commitments relating to the acquisition of land banks	**251**	**18**		**269**	**191**
Bouygues Telecom					
Agreements to secure handset supplies	**156**			**156**	**219**

4.2 Advances and down-payments on orders 396

	31/12/2010			31/12/2009		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Advances and down-payments on orders	410	(14)	**396**	421	(21)	**400**

4.3 Trade receivables, tax assets and other receivables 8,283

	31/12/2010			31/12/2009		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Trade receivables (including unbilled receivables)	**6,624**	(457)	**6,167**	6,509	**(377)**	**6,132**
Current tax assets (tax receivable)	**136**	(2)	**134**	73	**(2)**	**71**
Other receivables and prepaid expenses:						
• Other operating receivables (employees, social security, government and other)	1,292	(76)	**1,216**	1,426	**(60)**	**1,366**
• Sundry receivables	630	(81)	**549**	536	**(83)**	**453**
• Prepaid expenses	217		**217**	198		**198**
Total other receivables and prepaid expenses	**2,139**	(157)	**1,982**	2,160	(143)	**2,017**

Split of carrying amount of trade receivables between non-past due and past due balances at 31/12/2010 and 31/12/2009

	Non-past due balances	Balances past due by:			Total
		0-6 months	6-12 months	> 12 months	
Trade receivables	4,585	1,370	240	429	6,624
Impairment of trade receivables	(102)	(78)	(56)	(221)	(457)
Carrying amount of trade receivables at 31 December 2010	**4,483**	**1,292**	**184**	**208[a]**	**6,167**
Carrying amount of trade receivables at 31 December 2009	**4,479**	**1,268**	**236**	**149**	**6,132**

(a) Includes €106m for Colas and €84m for Bouygues Construction

An analysis of unimpaired trade receivables more than 12 months past due revealed no additional credit risk (recoverable VAT, offset with trade creditors, etc.).

4.4 Cash and equivalents 5,576

Cash and equivalents	31 December 2010			31 December 2009		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Cash	1,977		**1,977[a]**	1,690		**1,690**
Cash equivalents	3,601	(2)	**3,599[b]**	3,030	(7)	**3,023**
Total	**5,578**	**(2)**	**5,576**	**4,720**	**(7)**	**4,713**

(a) Includes €1,054m of term deposits maturing in less than 3 months recorded in the books of Bouygues SA
(b) €3,493m of these cash equivalents are held by Bouygues SA
Surplus cash is invested with high-quality French and foreign banks.
Cash equivalents are readily convertible into cash.
Cash and equivalents are measured at fair value.

All investments of cash and equivalents were available as at 31 December 2010.
The net cash position shown in the cash flow statement comprises the following items:

	31/12/2010	31/12/2009
Assets		
Cash	1,977	1,690
Cash equivalents	3,599	3,023
Sub-total: assets	**5,576**	**4,713**
Liabilities		
Overdrafts and short-term bank borrowings	(294)	(258)
Sub-total: liabilities	**(294)**	**(258)**
Total	**5,282**	**4,455**

Split of cash position by currency at 31 December 2010	Euro	Pound sterling	Swiss franc	Other European currencies	US dollar	Other currencies	Total
Cash	1,329	103	53	68	38	386	**1,977**
Cash equivalents	3,599						**3,599**
Financial instruments							
Overdrafts and short-term bank borrowings	(133)			(87)		(74)	**(294)**
Total at 31 December 2010	**4,795**	**103**	**53**	**(19)**	**38**	**312**	**5,282**
Total at 31 December 2009	**3,840**	**92**	**37**	**(51)**	**99**	**438**	**4,455**

4.5 Analysis of depreciation, amortisation, provisions and impairment in the balance sheet and income statement

	Charges and reversals (operating)						
	01/01/2010	Translation adjustments	Depreciation and amortisation	Impairment and provisions	Reversals (unutilised)	Other movements[a]	31/12/2010
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets	(10,188)	(104)	(1,412)			771	**(10,933)**
Impairment of goodwill	(34)	(1)		(47)		2	**(80)**
Impairment of investments in non-consolidated companies	(135)			(3)			**(138)**
Impairment of other non-current financial assets	(77)	(1)		(24)	4	2	**(96)**
Impairment of inventories	(306)	(1)		(76)	22	55	**(306)**
Impairment of trade receivables	(377)	(6)		(211)	59	78	**(457)**
Impairment of cash equivalents	(7)					5	**(2)**
Impairment of other current assets	(167)			(39)	2	31	**(173)**
Total deducted from assets	**(11,291)**	**(113)**	**(1,412)**	**(400)**	**87**	**944**	**(12,185)**
Current and non-current provisions	**(2,558)**	**(36)**		**(861)**	**289**	**366**	**(2,800)**
Total recognised as liabilities	**(2,558)**	**(36)**		**(861)**	**289**	**366**	**(2,800)**

(a) Reversals on disposals and changes in scope of consolidation, and net movement recognised in financial income/expenses

4.6 Other current financial assets 31

	31/12/2010	31/12/2009
Financial instruments used to hedge financial liabilities	13	21
Other financial assets (financial assets due within < 1 year, financial instruments related to working capital items, etc)	18	201[a]
Total	**31**	**222**

*(a) Includes **€175m** relating to Alstom Hydro Holding*

NOTE 5 • CONSOLIDATED SHAREHOLDERS' EQUITY

5.1 Share capital of Bouygues SA (€) €365,862,523

As of 31 December 2010, the share capital of Bouygues SA consisted of 365,862,523 shares with a par value of €1. Movements during 2010 were as follows:

		Movements during 2010		
	01/01/2010	Reductions	Increases	31/12/2010
Shares	354,267,911		11,594,612[a]	**365,862,523**
Number of shares	**354,267,911**		**11,594,612**	**365,862,523**
Par value	€1			€1
Share capital (€)	**354,267,911**		**11,594,612**	**365,862,523**

(a) Capital increases related to the Bouygues Confiance 5 employee share ownership plan and the exercise of share options

5.2 Shareholders' equity as of 31 December 2010 attributable to the Group and to minority interests

	Share capital	Share premium	Reserves related to capital	Retained earnings	Consolidated reserves and profit for the year	Treasury shares	Items recognised directly in equity	Total 31/12/2010
Attributable to the Group	366	2,345	806	1,467	4,574	(155)	(86)	**9,317**
Attributable to minority interests					1,286		4	**1,290**
Total shareholders' equity	**366**	**2,345**	**806**	**1,467**	**5,860**	**(155)**	**(82)[a]**	**10,607**

(a) Cumulative balance of items recognised directly in equity as of 31 December 2010

5.3 Analysis of income and expense recognised directly in equity (change in the period)

	Ref.	Attributable to the Group	
		2010	2009
Translation reserve	1	32	6
Fair value remeasurement reserve (financial instruments)	2	21	(16)
Actuarial gains/(losses)	3	(12)	38
Taxes on items recognised directly in equity		(4)	25
Share of remeasurements of associates[a]		(16)	(100)
Sub-total		**21**	**(47)**

(a) Income and expenses relating to associates have been reclassified to a separate line, "Share of remeasurements of associates".

	Minority interests	Minority interests
Other income and expenses relating to minority interests	**8**	**2**
Total	**29**	**(45)**

These items are reported in the statement of recognised income and expense, presented immediately after the consolidated income statement.

5.3.1 Translation reserve

Principal translation differences in the year ended 31 December 2010 arising on foreign subsidiaries and associates reporting in:

	31/12/2009	Movements during 2010	31/12/2010
US dollar	(34)	21	**(13)**
Canadian dollar	7	23	**30**
Australian dollar	1	6	**7**
Pound sterling	(13)	1	**(12)**
South African rand	(17)	(38)	**(55)**
Swiss franc	2	5	**7**
Czech koruna	6	3	**9**
Other currencies	(8)	43	**35**
Total	**(56)**	**64[b]**	**8[a]**

(a) Includes the cumulative translation difference on associates: +€21m (including +€18m for Alstom, not reported separately)
(b) Split: Subsidiaries +€32m, associates +€32m

5.3.2 Fair value remeasurement reserve (portion attributable to the Group)

Amounts recognised directly in equity on the remeasurement at fair value of financial instruments used for hedging purposes and available-for-sale financial assets

	31/12/2009	Movements during 2010	31/12/2010
Gross movement (excluding associates)	32	21	**53**

Mainly currency hedging instruments and fair value remeasurement of financial instruments.

5.3.3 Actuarial gains and losses on employee benefits (IAS19) (portion attributable to the Group)

	31/12/2009	Movements during 2010	31/12/2010
Gross movement (excluding associates)	1	(12)	**(11)**

5.4 Analysis of "Other transactions with shareholders" (portion attributable to the Group)

Share-based payment (IFRS 2): impact on consolidated shareholders' equity

	2010	2009	(matching entry charged to profit or loss)
Stock options: TF1 and Bouygues SA			
Transfer to reserves:			
• TF1	1	1	
• Bouygues SA	25	25	Based on plans awarded since March 2004
Consolidated expense	26	26	
Employee share ownership plans			Cost of the employee benefit
• Bouygues Partage 2 plan		8	
• Bouygues Confiance 5 plan	8		
Total	34	34	

NOTE 6 • NON-CURRENT AND CURRENT PROVISIONS

6.1 Non-current provisions = 1,870

	Long-term employee benefits[a]	Litigation and claims[b]	Guarantees given[c]	Other non-current provisions[d]	Total
1 January 2009	**493**	**332**	**319**	**538**	**1,682**
Movements during 2009					
Translation adjustments	2		2		4
Changes in scope of consolidation	(17)	(1)	1	(54)	(71)
Charges to provisions	41	118	127	136	422
Reversals (utilised or unutilised)	(25)	(108)	(83)	(86)	(302)[e]
Actuarial gains and losses	(39)				(39)
Transfers and other movements		2	2	27	31
31 December 2009	**455**	**343**	**368**	**561**	**1,727**
Movements during 2010					
Translation adjustments	2		4	4	10
Changes in scope of consolidation	20	(1)	(1)	37	55
Charges to provisions	49	121	103	126	399
Reversals (utilised or unutilised)	(40)	(97)	(105)	(115)	(357)[f]
Actuarial gains and losses	11				11
Transfers and other movements	1	(2)	3	23	25
31 December 2010	**498**	**364**	**372**	**636**	**1,870**

Provisions are based on management's best estimate of the risk, including risks relating to tax inspections.

			Principal segments involved:	
*(a) **Long-term employee benefits***		*498*	*- Bouygues Construction*	*131*
Lump-sum retirement benefits	*318*		*- Colas*	*277*
Long-service awards	*124*		*- TF1*	*31*
Other long-term employee benefits	*56*		*- Bouygues Telecom*	*38*
*(b) **Litigation and claims***		*364*	*- Bouygues Construction*	*193*
Provisions for customer disputes	*198*		*- Bouygues Immobilier*	*39*
Subcontractor claims	*37*		*- Colas*	*118*
Employee-related litigation and claims	*129*			
*(c) **Guarantees given***		*372*	*- Bouygues Construction*	*262*
Provisions for guarantees given	*270*		*- Bouygues Immobilier*	*27*
Provisions for additional building/civil engineering/ civil works guarantees	*102*		*- Colas*	*83*
*(d) **Other non-current provisions***		*636*	*- Bouygues Construction*	*196*
Risks related to official inspections	*160*		*- Colas*	*271*
Provisions for miscellaneous foreign risks	*33*		*- Bouygues Telecom*	*104*
Provisions for subsidiaries and affiliates	*47*			
Other non-current provisions	*396*			

*(e) **Including reversals of unutilised provisions**: -€101m*

*(f) **Including reversals of unutilised provisions:** -€157m*

6.2 Current provisions = 930

Provisions related to the operating cycle (see Note 2):

	Provisions for customer warranties	Provisions for project risks and project completion	Provisions for expected losses to completion	Other current provisions	Total
1 January 2009	**55**	**177**	**144**	**252**	**628**
Movements during 2009					
Translation adjustments			6	1	7
Changes in scope of consolidation	(1)	(3)		(2)	(6)
Charges to provisions	34	153	168	134	489
Reversals (utilised or unutilised)	(26)	(82)	(84)	(135)	(327)[c]
Transfers	(3)	8		35	40
31 December 2009	**59**	**253**	**234**	**285**	**831**
Movements during 2010					
Translation adjustments		6	12	9	27
Changes in scope of consolidation		(5)	1	(1)	(5)
Charges to provisions	27	159	142	134	462
Reversals (utilised or unutilised)	(29)	(119)	(107)	(118)	(373)[d]
Transfers				(12)	(12)
31 December 2010	**57**	**294[e]**	**282[b]**	**297[a]**	**930**

(a) Other current provisions comprise:

- reinsurance costs	*16*
- current customer disputes and vendor's liability guarantee (TF1)	*45*
- customer loyalty programmes (Bouygues Telecom)	*27*
- site rehabilitation costs	*12*
- rental guarantees (Bouygues Immobilier)	*8*
- miscellaneous current provisions	*189*

Entities involved	
- Challenger Réassurance	*19*
- Bouygues Construction	*62*
- Bouygues Immobilier	*42*
- Colas	*78*
- TF1	*52*
- Bouygues Telecom	*38*

(b) ***Provisions relating to the Construction segment,*** *mainly Bouygues Construction and Colas. (Individual project provisions are not disclosed for confidentiality reasons)*

(c) ***Including reversals of unutilised provisions:*** *-€104m*

(d) ***Including reversals of unutilised provisions:*** *-€127m*

(e) Mainly Bouygues Construction and Colas

NOTE 7 • NON CURRENT TAX ASSETS AND LIABILITIES 261/112

7.1 Non-current tax assets

	31/12/2009	Movements during 2010	31/12/2010
Deferred tax assets	**273**	**(12)**	**261**
Bouygues Construction	90	(34)	**56**
Bouygues Immobilier	42	(1)	**41**
Colas	102	36	**138**
Bouygues Telecom	19	(13)	**6**
Other business segments	20		**20**
Long-term tax receivable			
Total non-current tax assets	**273**	**(12)**	**261**

Deferred tax assets mainly derived from:

- *temporary differences (provisions temporarily non-deductible for tax purposes, etc);*
- *tax losses with a genuine probability of recovery (see Note 7.4).*

7.2 Non-current tax liabilities

	31/12/2009	Movements during 2010	31/12/2010
Deferred tax liabilities	89	23	**112[a]**
Other non-current tax liabilities			
Total non-current tax liabilities	**89**	**23**	**112**

(a) Includes €96m for Colas

7.3 Net deferred tax asset/liability by business segment

Deferred taxation by business segment and type	Net deferred tax asset/(liability) at 31/12/2009	Changes in scope of consolidation	Translation adjustments	Movements during 2010		Other items[a]	Net deferred tax asset/(liability) at 31/12/2010
				Gain	Expense		
A - Tax losses available for carry-forward							
Bouygues Construction	5			8			**13**
Bouygues Immobilier	2			1			**3**
Colas	18			11			**29**
TF1	8						**8**
Sub-total	**33**			**20**			**53**
B - Temporary differences							
Bouygues Construction	84			1	(45)		**40**
Bouygues Immobilier	39					(1)	**38**
Colas	2	14	(2)	1	(6)	5	**14**
TF1	2	(7)		2	(11)	(2)	**(16)**
Bouygues Telecom	19				(13)		**6**
Bouygues SA and other activities	5				15	(6)	**14**
Sub-total	**151**	**7**	**(2)**	**4**	**(60)**	**(4)**	**96**
Total	**184**	**7**	**(2)**	**24**	**(60)**	**(4)**	**149[b]**

(a) Mainly deferred taxation on changes in fair value remeasurements of financial instruments and on actuarial gains/losses on employee benefits

(b) • Breakdown of net deferred tax asset:

- Deferred tax assets: €261m
- Deferred tax liabilities: (€112m) | *€149m*

• Main sources of deferred taxation:

	2010	2009
- Deferred tax assets on employee benefits (mainly lump-sum retirement benefits)	*138*	*137*
- Deferred taxation on provisions temporarily non-deductible for tax purposes	*80*	*100*
- Restricted provisions booked solely for tax purposes	*(127)*	*(106)*
- Other	*58*	*53*
	149	*184*

7.4 Period to recovery of deferred tax assets

31/12/2010	Less than 2 years	2-5 years	More than 5 years	Total
Expected period to recovery of deferred tax assets	55	47	159[a]	**261**

(a) Mainly Colas

7.5 Unrecognised deferred tax assets

Amount of deferred tax assets at 31 December 2010 not recognised due to low probability of recovery at that date (mainly tax loss carry-forwards): Applies solely to companies not included in the Bouygues SA group tax election.

	31/12/2009	Movements during 2010	31/12/2010
Bouygues Construction	**66**	26	**92**
Bouygues Immobilier	**40**	8	**48**
Colas	**34**	24	**58**
TF1	**24**	4	**28**
Other	**4**	(3)	**1**
Total unrecognised deferred tax assets	**168**	**59**	**227**

NOTE 8 • NON-CURRENT AND CURRENT DEBT 7,744

Non-current debt	6,750
Current debt	994

8.1 Interest-bearing debt by maturity

	Current debt (maturing 2011)				Non-current debt							
	Accrued interest	1 to 3 months	4 to 12 months	Total maturing 2011	1 to 2 years 2012	2 to 3 years 2013	3 to 4 years 2014	4 to 5 years 2015	5 to 6 years 2016	6 or more years 2017 and later	Total 31/12/2010	Total 31/12/2009
Bond issues	150	751		**901**		709	754	997	599	3,026	**6,085**	6,065
Bank borrowings		8	24	**32**	49	27	15	338	12	115	**556**	284
Finance lease obligations		6	17	**23**	21	12	8	4	1	1	**47**	40
Other borrowings		5	33	**38**	11	17	2	2	6	24	**62**	45
Total debt	**150**	**770**	**74**	**994**	**81**	**765**	**779**	**1,341**	**618**	**3,166**	**6,750**	**6,434**
Comparative at 31 December 2009	**143**	**13**	**570**	**726**	**848**	**93**	**1,171**	**1,009**	**1,008**	**2,305**		**6,434**

Finance lease obligations by business segment	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
Non-current, 31 December 2010	1		24	16	6		**47**
Current, 31 December 2010			16	4	3		**23**
Non-current, 31 December 2009	1		29		10		**40**
Current, 31 December 2009			16	1	3		**20**

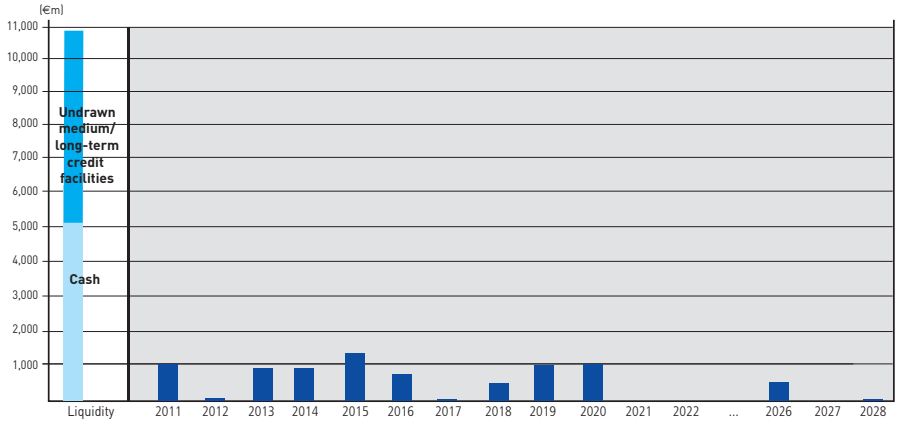
8.2 Confirmed credit facilities and drawdowns

Description	Confirmed facilities - Maturity				Confirmed facilities - Maturity			
	Less than 1 year	1 to 5 years	Over 5 years	Total	Less than 1 year	1 to 5 years	Over 5 years	Total
Bond issues (primarily Bouygues SA)	901	2,460	3,625	**6,986**	901	2,460	3,625	**6,986**
Bank borrowings	1,134	4,586	416	**6,136**	32	429	127	**588**
Finance lease obligations	23	45	2	**70**	23	45	2	**70**
Other borrowings	38	32	30	**100**	38	32	30	**100**
Total credit facilities	**2,096**	**7,123**	**4,073**	**13,292**	**994**	**2,966**	**3,784**	**7,744**

Undrawn confirmed credit facilities = €5,548m

8.3 Liquidity at 31 December 2010

As at 31 December 2010, available cash stood at €5,271m (including -€11m of financial instruments contracted to hedge net debt). The Group also had €5,548m of credit facilities as at the same date.



The bond issues maturing in 2013, 2015, 2016, 2018, 2019 and 2026 all contain a change of control clause relating to Bouygues SA.

The credit facilities contracted by Bouygues SA and its subsidiaries contain no financial covenants or trigger event clauses.

8.4 Split of current and non-current debt by interest rate type

Split of current and non-current debt, including the effect of all open interest rate hedging contracts at the balance sheet date:

	31/12/2010	31/12/2009
Fixed rate[a]	92%	95%
Variable rate	8%	5%

(a) Rates fixed for more than one year

8.5 Interest rate risk

The split of financial assets and financial liabilities by interest rate type at 31 December 2010 was as follows:

	Variable rate	Fixed rate	Total
Financial liabilities (debt)	908	6,836	**7,744**
Financial assets[a] (net cash position)	5,271		**5,271**
Net position before hedging	(4,363)	6,836	**2,473**
Interest rate hedges	(252)	252	
Net position after hedging	**(4,615)**	**7,088**	**2,473**
Adjustment for seasonal nature of certain activities	450		
Net position after hedging and adjustment	**(4,165)**		

(a) Includes -€11m for the fair value of financial instruments contracted to hedge net debt

The effect of an immediate 1% rise in short-term interest rates on the net position described above would be to reduce the cost of net debt by €41.7m over a full year.

8.6 Split of current and non-current debt by currency

	Europe						
	Euro	Pound sterling	Other currencies	US dollar	HK dollar	Other currencies	Total
Non-current, 31 December 2010	5,968	670	53	12	26	21	**6,750**
Current, 31 December 2010	964	10	8	2	1	9	**994**
Non-current, 31 December 2009	5,659	670	60	4		41	**6,434**
Current, 31 December 2009	698	6	14			8	**726**

An analysis of debt by business segment is provided in Note 16.

An analysis of collateral and pledges given by the Bouygues group is provided in Note 18.1 (breakdown by business segment).

NOTE 9 • MAIN COMPONENTS OF CHANGE IN NET DEBT (2,473)

9.1 Change in net debt

	31/12/2009	Movements in 2010	31/12/2010
Cash and equivalents	4,713	863	**5,576**
Overdrafts and short-term bank borrowings	(258)	(36)	**(294)**
Net cash and equivalents	**4,455**	**827**	**5,282[a]**
Non-current debt	(6,434)	(316)	**(6,750)**
Current debt	(726)	(268)	**(994)**
Financial instruments, net	1	(12)	**(11)**
Total debt	**(7,159)**	**(596)**	**(7,755)**
Net debt	**(2,704)**	**231**	**(2,473)**

(a) Net cash position as analysed in the 2010 cash flow statement (net cash flows + non-monetary movements)

9.2 Principal net debt transactions in the year ended 31 December 2010

Net debt at 31 December 2009	**(2,704)**
Acquisitions/disposals	(255)[a]
Dividends paid	(674)
Transactions involving share capital	167[b]
Changes in scope of consolidation	(36)
Operating items	1,029
Net debt at 31 December 2010	**(2,473)**

(a) includes TF1: -€195m relating to the TMC/NT1 acquisition

(b) includes +€194m relating to the capital increase for the Bouygues Confiance 5 employee share ownership plan, +€37m for exercise of stock options, -€155m for acquisitions of treasury shares, and +€83m for sales of treasury shares in connection with the liquidity account

NOTE 10 • CURRENT LIABILITIES 16,247

Breakdown of current liabilities

	31/12/2010	31/12/2009
Advances and down-payments received	**1,413**	1,276
Current debt[a]	**994**	726
Current taxes payable	**137**	132
Trade payables	**6,347**	6,479
Current provisions[b]	**930**	831
Other current liabilities, deferred income and similar		
Other operating liabilities (employees, social security, government)	**2,450**	2,457
Deferred income	**1,794**	1,934
Other non-financial liabilities, differed income and similar	**1,845**	1,828
Overdrafts and short-term bank borrowings	**294**	258
Financial instruments	**24**	20
Other current financial liabilities	**19**	18
Total	**16,247**	**15,959**

(a) See analysis in Note 8: "Non-current and current debt"
(b) See analysis in Note 6.2.: "Current provisions"

NOTE 11 • ANALYSIS OF SALES AND OTHER REVENUES FROM OPERATIONS

11.1 Analysis by accounting classification

	2010	2009
Sales of goods	**2,722**	2,469
Sales of services	**12,176**	12,286
Construction contracts	**16,327**	16,598
Sales	**31,225**	**31,353**
Other revenues from operations	**144**	139
Other revenues from operations	**144**	**139**
Total revenues	**31,369**	**31,492**

There were no material exchanges of goods or services in the year ended 31 December 2010.

Consolidated balance sheet: information about construction contracts

	Bouygues Construction	Colas	Total
Unbilled works	415	375	**790**
Warranty retentions	71	53	**124**
Works billed in advance	1,314	(321)	**993**
Advance payments received	854	(107)	**747**

11.2 Analysis by business segment

Sales reported by consolidated companies (excluding associates) include accounting revenues from works contracts and sales of goods and services.

Segment	2010 sales				2009 sales			
	France	International	Total	%	France	International	Total	%
Construction	4,875	4,127	**9,002**	29	4,978	4,187	**9,165**	29
Property	2,206	203	**2,409**	8	2,719	252	**2,971**	9
Roads	6,598	4,994	**11,592**	37	6,629	4,882	**11,511**	37
Media	2,199	390	**2,589**	8	1,991	348	**2,339**	7
Telecoms	5,621		**5,621**	18	5,352		**5,352**	16
Bouygues SA & other activities	7	5	**12**		9	6	**15**	
Consolidated sales	**21,506**	**9,719**	**31,225**	**100**	**21,678**	**9,675**	**31,353**	**100**
% change 2010 vs. 2009	**-1%**							

11.3 Analysis by geographical area

	2010 sales		2009 sales	
	Total	%	Total	%
France	**21,506**	69	21,678	69
European Union (27 members)	**3,171**	10	3,820	12
Rest of Europe	**1,106**	4	1,012	3
Africa	**1,351**	5	1,396	5
Middle East	**127**	1	140	
United States, Canada	**2,301**	7	1,956	6
Central and South America	**145**		188	1
Asia-Pacific	**1,367**	4	1,048	3
Oceania	**149**		115	1
Other	**2**			
Total	**31,225**	**100**	**31,353**	**100**

11.4 Split by type of contract, France/International (%)

	2010			2009		
	France	International	Overall	France	International	Overall
Public-sector contracts[a]	32	54	**39**	32	51	**38**
Private-sector contracts	68	46	**61**	68	49	**62**

(a) Sales billed directly to government departments or local authorities (mainly works and maintenance contracts) in France and abroad.

NOTE 12 • OPERATING PROFIT 1,791

	2010	2009
Current operating profit		
Sales	**31,225**	31,353
Other revenues from operations	**144**	139
Purchases used in production and external charges	**(20,977)**	(20,681)
Personnel costs	**(6,504)**	(6,474)
Taxes other than income tax	**(633)**	(706)
Net depreciation, amortisation, provisions and impairment		
Depreciation and amortisation*	**(1,392)**	(1,361)
Net charge to provisions and impairment losses*	**(549)**	(657)
Change in production & property development inventories	**(116)**	(286)
Other income from operations	**1,250**	1,119
Reversals of provisions no longer required*	**371**	257
Other miscellaneous income[a]	**879**	862
Other expenses on operations[a]	**(688)**	(591)
Current operating profit	**1,760**	**1,855**
Other operating income[b]	**108**	
Other operating expenses[c]	**(77)**	
Operating profit	**1,791**	**1,855**

(*) Components used in the calculation of EBITDA

See Note 16 for an analysis by business segment.

(a) Includes €39m of net gains on disposals.

*(b) **Colas:** gain on bargain purchase (negative goodwill) on buyout of minority interests = €6m*

TF1: Other operating income of €102m for the year ended 31 December 2010 includes a gain of €95.9m on the remeasurement at fair value of the previously-held equity interests in TMC and NT1.

*(c) **Colas:** - Fines relating to competition issues and associated claims: -€31m*

- Goodwill impairment: -€27m

TF1: Other operating expenses include goodwill impairment and other items.

NOTE 13 • COST OF NET DEBT/ OTHER FINANCIAL INCOME AND EXPENSES (330) 6

13.1 Components of cost of net debt

	2010	2009
Financial expenses	**(394)**	(425)
Financial income	**64**	81
Including:		
- on finance leases	**(4)**	(3)
- on financial instruments	**(6)**	0
Total cost of net debt	**(330)**	**(344)**

	2010	2009
Interest expense on net debt	**(346)**	(381)
Interest expense related to treasury management	**(30)**	(35)
Interest expense on finance leases	**(4)**	(3)
Net effect of financial instruments	**(6)**	0
Income from cash equivalents	**56**	75
Total cost of net debt	**(330)**	**(344)**

13.2 Other financial income and expenses

	2010	2009
Other financial income	**101**	117
Other financial expenses	**(95)**	(92)
Other financial income/(expenses), net	**6**	**25**

"Other financial income and expenses" include the gain on the Alstom Hydro share exchange, interest paid to investors on calls for funds (commercial property), commitment fees, fair value remeasurements of "Other current financial assets", and other items.

NOTE 14 • INCOME TAX EXPENSE (482)

14.1 Analysis of income tax expense

	2010			2009		
	France	Other countries	Total	France	Other countries	Total
Tax payable to the tax authorities	(326)	(120)	**(446)**	(395)	(137)	**(532)**
Change in deferred tax liabilities	(10)	(9)	**(19)**	2	3	**5**
Change in deferred tax assets	(24)	7	**(17)**	42	(2)	**40**
Total	**(360)**	**(122)**	**(482)**	**(351)**	**(136)**	**(487)**

See Note 16 for an analysis by business segment.

14.2 Tax proof (reconciliation between standard tax rate and effective tax rate)

Differences between the standard corporate income tax rate applicable in France and the effective tax rate based on the consolidated financial statements are as follows:

	2010	2009
Net profit (100%)	**1,263**	**1,456**
Eliminations:		
Income tax expense	**482**	487
Net profit of discontinued and held-for-sale operations	**N/A**	(14)
Share of profits and losses of associates	**(278)**	(393)
Net pre-tax profit from continuing operations excluding associates	**1,467**	**1,536**
Standard tax rate in France	**34.43%**	34.43%
Recognition and utilisation of tax loss carry-forwards	**3.36%**	(0.88%)
Effect of permanent differences	**(6.22%)**	0.69%
Flat-rate taxes, dividend taxes and tax credits	**1.11%**	0.07%
Taxes at rates not linked to profits: differential tax rates, long-term capital gains, foreign taxes	**0.17%**	(2.60%)
Effective tax rate	**32.85%**	**31.71%**

NOTE 15 • NET PROFIT FROM CONTINUING OPERATIONS AND BASIC/ DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS

15.1 Net profit from continuing operations

Net profit from continuing operations for the period was €1,071m.

	2010	2009	Change
Net profit from continuing operations (100%)	**1,263**	1,442	(12%)
Minority interest in net profit from continuing operations	**(192)**	(137)	40%
Net profit from continuing operations attributable to the Group	**1,071**	**1,305**	(18%)

15.2 Basic and diluted earnings per share from continuing operations

Basic earnings per share from continuing operations is calculated by dividing net profit from continuing operations attributable to the Group by the weighted average number of shares outstanding during the year, excluding the average number of ordinary shares bought and held as treasury shares.

	2010	2009
Net profit from continuing operations attributable to the Group (€m)	**1,071**	1,305
Weighted average number of shares outstanding	**353,494,819**	345,165,830
Basic earnings per share from continuing operations (€)	**3.03**	**3.78**

Diluted earnings per share from continuing operations is calculated by reference to the weighted average number of shares outstanding, adjusted for the conversion of all potentially dilutive shares (ie stock subscription options legally exercisable and in the money at the balance sheet date).

	2010	2009
Net profit from continuing operations used to calculate diluted earnings per share (€m)	**1,071**	1,305
Weighted average number of shares outstanding	**353,494,819**	345,165,830
Adjustment for potentially dilutive effect of stock options	**1,518,148**	1,056,524
Diluted earnings per share from continuing operations (€)	**3.02**	**3.77**

NOTE 16• SEGMENT INFORMATION

Segment information is provided in two forms: **1. By business segment (CGU):** Construction (Bouygues Construction), Property (Bouygues Immobilier), Roads (Colas), Media (TF1), Telecoms (Bouygues Telecom), Bouygues SA and other activities. **2. By geographical area:** France, European Union, Rest of Europe, Africa, Asia-Pacific, Americas and Middle East. (Sales are allocated by the location where the sale is generated, and property, plant and equipment by the location of the asset).

16.1 Analysis by business segment - Year ended 31 December 2010

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total 2010
INCOME STATEMENT							
Total sales	9,235	2,418	11,661	2,622	5,636	132	**31,704**
Inter-segment sales	(233)	(9)	(69)	(33)	(15)	(120)	**(479)**
Third-party sales	**9,002**	**2,409**	**11,592**	**2,589**	**5,621**	**12**	**31,225**
Net depreciation and amortisation expense	(155)	(4)	(470)	(91)	(664)	(8)	**(1,392)**
Net charges to provisions	(306)	(13)	(173)	(14)	(41)	(2)	**(549)**
Current operating profit	**315**	**204**	**365**	**230**	**692**	**(46)**	**1,760**
Cost of net debt	23	(2)	(30)	(18)	(9)	(294)	**(330)**
Income tax expense	(133)	(67)	(122)	(69)	(232)	141	**(482)**
Share of profits/(losses) of associates	(10)	(1)	69	6		214[a]	**278**
Net profit from continuing operations	**203**	**112**	**223**	**229**	**444**	**52**	**1,263**
Net profit of discontinued and held-for-sale operations							
Net profit	**203**	**112**	**223**	**229**	**444**	**52**	**1,263**
Net profit attributable to the Group	**201**	**108**	**216**	**98**	**397**	**51**	**1,071**
BALANCE SHEET							
Property, plant and equipment	560	13	2,454	186	2,798	148	**6,159**
Intangible assets	74	3	68	147	695	3	**990**
Goodwill	347		1,063	1,468	2,651	2	**5,531**
Deferred tax assets and long-term tax receivable	56	41	138	3	6	17	**261**
Investments in associates	67		555	14	1	4,383[b]	**5,020**
Other non-current assets	257	14	168	181	9	30	**659**
Cash and equivalents	521	61	368	39	20	4,567	**5,576**
Other assets							**11,390**
Total assets							**35,586**
Non-current debt	70	43	200	16	331	6,090	**6,750**
Non-current provisions	782	94	750	46	148	50	**1,870**
Deferred tax liabilities and non-current tax liabilities	3		96	11		2	**112**
Current debt	3	5	50	4	31	901	**994**
Overdrafts and short-term bank borrowings	(2,721)	(363)	167	2	(174)	3,383	**294**
Other liabilities							**25,566**
Total liabilities							**35,586**
Net debt[c]	**2,856**	**376**	**(57)**	**17**	**(170)**	**(5,495)**	**(2,473)**
CASH FLOW STATEMENT							
Cash flow	**509**	**195**	**814**	**297**	**1,327**	**102**	**3,244**
Acquisitions of property, plant and equipment and intangible assets, net of disposals	**221**	**4**	**474**	**43**	**680**	**1**	**1,423**
Acquisitions of investments in consolidated companies and other investments, net of disposals	**14**	**8**	**26**	**203[d]**	**1**	**3**	**255**
OTHER INDICATORS							
EBITDA	**606**	**184**	**894**	**319**	**1,367**	**(40)**	**3,330**
Free cash flow	**178**	**122**	**188**	**167**	**406**	**(52)**	**1,009**

(a) Includes €218m for Alstom (b) Includes €4,366m for Alstom (c) Contribution at business segment level, including Bouygues Relais and Uniservice internal current accounts (these inter-segment accounts are eliminated in the "Bouygues SA & other activities" column). (d) Includes €195m for the TMC/NT1 acquisition

16.2 Analysis by business segment - Year ended 31 December 2009

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total 2009
INCOME STATEMENT							
Total sales	9,546	2,989	11,580	2,365	5,368	135	**31,983**
Inter-segment sales	(381)	(18)	(69)	(26)	(16)	(120)	**(630)**
Third-party sales	**9,165**	**2,971**	**11,511**	**2,339**	**5,352**	**15**	**31,353**
Net depreciation and amortisation expense	(162)	(6)	(482)	(100)	(604)	(7)	**(1,361)**
Net charges to provisions	(347)	(81)	(183)	(14)	(25)	(7)	**(657)**
Current operating profit	**335**	**203**	**541**	**101**	**730**	**(55)**	**1,855**
Cost of net debt	26	(6)	(34)	(22)	(10)	(298)	**(344)**
Income tax expense	(124)	(49)	(172)	(15)	(246)	119	**(487)**
Share of profits/(losses) of associates	(7)		55	15		330	**393**
Net profit from continuing operations	**241**	**113**	**391**	**115**	**471**	**111**	**1,442**
Net profit of discontinued and held-for-sale operations						14	**14**
Net profit	**241**	**113**	**391**	**115**	**471**	**125**	**1,456**
Net profit attributable to the Group	**240**	**110**	**374**	**49**	**422**	**124[a]**	**1,319**
BALANCE SHEET							
Property, plant and equipment	411	15	2,312	191	2,737	261	**5,927**
Intangible assets	48	3	60	136	739	2	**988**
Goodwill	326		1,086	1,091	2,651	2	**5,156**
Deferred tax assets and long-term tax receivable	90	42	102	12	19	8	**273**
Investments in associates	81		526	275		4,075[b]	**4,957**
Other non-current assets	161	14	166	20	8	30	**399**
Cash and equivalents	519	97	498	124	15	3,460	**4,713**
Other unallocated assets							**11,522**
Total assets							**33,935**
Non-current debt	347	91	212		293	5,491	**6,434**
Non-current provisions	738	83	663	46	167	30	**1,727**
Deferred tax liabilities and non-current tax liabilities	1	1	84	1		2	**89**
Current debt	8	17	45	502	15	139	**726**
Overdrafts and short-term bank borrowings	(3,121)	(156)	115	(443)		3,863	**258**
Other unallocated liabilities							**24,701**
Total liabilities							**33,935**
Net debt[c]	**3,285**	**146**	**116**	**73**	**(294)**	**(6,030)**	**(2,704)**
CASH FLOW STATEMENT							
Cash flow	**569**	**181**	**1,066**	**186**	**1,340**	**88**	**3,430**
Acquisitions of property, plant and equipment and intangible assets, net of disposals	**142**	**6**	**362**	**70**	**683**	**7**	**1,270**
Acquisitions of investments in consolidated companies and other investments, net of disposals	**(20)**		**8**	**(739)[d]**	**1**	**3**	**(747)**
OTHER INDICATORS							
EBITDA	**746**	**269**	**1,109**	**194**	**1,344**	**(46)**	**3,616**
Free cash flow	**329**	**120**	**498**	**79**	**401**	**(98)**	**1,329**

(a) Includes €329m for Alstom (b) Includes €4,054m for Alstom (c) Contribution at business segment level, including Bouygues Relais and Uniservice internal current accounts (these inter-segment accounts are eliminated in the "Bouygues SA & other activities" column). (d) Includes €744m on the disposal of the equity interest in Canal+ France

16.3 Analysis by geographical area

Year ended 31 December 2010	France*	European Union	Rest of Europe	Africa	Asia-Pacific Oceania	Americas	Middle East	Total
INCOME STATEMENT								
Third-party sales	21,506	3,171	1,108	1,351	1,516	2,446	127	**31,225**
BALANCE SHEET								
Property, plant and equipment[a]	4,629	381	82	222	171	666	8	**6,159**
Intangible assets	943	25	1		2	19		**990**
Cash flow statement								
Purchase price of property, plant & equipment and intangible assets	1,095	53	36	90	47	166	20	**1,507**

(*) Includes French overseas departments
(a) Includes assets held under finance leases

Year ended 31 December 2009	France*	European Union	Rest of Europe	Africa	Asia-Pacific Oceania	Americas	Middle East	Total
INCOME STATEMENT								
Third-party sales	21,678	3,820	1,012	1,396	1,163	2,144	140	**31,353**
BALANCE SHEET								
Property, plant and equipment[a]	4,643	387	77	164	142	510	4	**5,927**
Intangible assets	952	24				12		**988**
Cash flow statement								
Purchase price of property, plant & equipment and intangible assets	1,067	55	17	74	63	87	2	**1,365**

(*) Includes French overseas departments
(a) Includes assets held under finance leases

16.4 Income statement by function

Year ended 31 December 2010	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
Consolidated sales	**9,002**	**2,409**	**11,592**	**2,589**	**5,621**	**12**	**31,225**
Cost of sales	(7,664)	(2,001)	(10,166)	(1,959)	(4,067)	(3)	**(25,860)**
Gross profit	**1,338**	**408**	**1,426**	**630**	**1,554**	**9**	**5,365**
Research and development expenses	(15)	(2)	(69)	(6)	(16)	(2)	**(110)**
Selling expenses	(420)	(134)		(116)	(189)		**(859)**
Administrative expenses	(588)	(68)	(992)	(278)	(657)	(53)	**(2,636)**
Current operating profit	**315**	**204**	**365**	**230**	**692**	**(46)**	**1,760**

Year ended 31 December 2009	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
Consolidated sales	**9,165**	**2,971**	**11,511**	**2,339**	**5,352**	**15**	**31,353**
Cost of sales	(7,816)	(2,559)	(9,862)	(1,902)	(3,870)	(9)	**(26,018)**
Gross profit	**1,349**	**412**	**1,649**	**437**	**1,482**	**6**	**5,335**
Research and development expenses	(12)	(1)	(70)	(21)	(19)	(2)	**(125)**
Selling expenses	(438)	(149)		(110)	(185)		**(882)**
Administrative expenses	(564)	(59)	(1,036)	(211)	(548)	(56)	**(2,474)**
Goodwill impairment			(2)				**(2)**
Other income and expenses, net				6		(3)	**3**
Current operating profit	**335**	**203**	**541**	**101**	**730**	**(55)**	**1,855**

NOTE 17 • FINANCIAL INSTRUMENTS

The tables below show the aggregate notional amounts at 31 December 2010 for each type of financial instrument used, split by residual maturity for interest rate hedges and by currency for currency hedges.

17.1 Interest rate hedges

Analysis by maturity

Maturity	Notional amounts at 31/12/2010				Notional amounts
	2011	2012 to 2015	After 2015	Total	31/12/2009
Interest rate swaps					
• on financial assets	1,711	2		**1,713[a]**	851
• on financial liabilities	240	640	150	**1,030[b]**	1,569
Caps/floors					
• on financial assets					-
• on financial liabilities		150		**150**	150

(a) of which rate paid = fixed rate: €1,713m
(b) of which rate paid = fixed rate: €1,030m

Analysis by business segment

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	31/12/2010	31/12/2009
Interest rate swaps								
• on financial assets				100		1,613[a]	**1,713**	851
• on financial liabilities			150		880[a]		**1,030**	1,569
Caps/floors								
• on financial assets								-
• on financial liabilities		150					**150**	150

(a) Includes forward interest rate swaps used for hedging purposes

In the case of renewable interest rate hedges, the amounts shown in each column relate to the longest maturity.

17.2 Currency hedges

Analysis by original currency

Currency	31 December 2010 (equivalent value in € million)					Notional amounts 31/12/2009
	US dollar	Pound sterling	Swiss franc	Other currencies	Total	
Interest rate swaps						
• on financial assets	215	5	1	127	**348**	419
• on financial liabilities	162	20	1	212	**395**	247
Currency swaps	59	143	97	227	**526**	401
Currency options						
• on financial assets						34
• on financial liabilities						

Analysis by business segment

	Construction	Property	Road	Media	Telecoms	Bouygues SA & other activities	31/12/2010	31/12/2009
Forward purchases/sales								
• on financial assets	165		14	132	37		**348**	419
• on financial liabilities	291		75	29			**395**	247
Currency swaps	12			25		489	**526**	401
Currency options								
• on financial assets								34
• on financial liabilities								

17.3 Market value of hedging instruments

At 31 December 2010, the market value (net present value) of the hedging instruments portfolio was -€30.1m. This amount mainly comprises the net present value of interest rate swaps contracted to hedge the Group's debt (fair value hedges and cash flow hedges), and the net present value of forwards and futures contracted to hedge currency risk arising on commercial transactions.

The split of this market value by type of hedge is as follows:

- fair value hedges of components of net debt: -€13.5m
- cash flow hedges: -€16.6m

In the event of a +1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€6.3m; in the event of a -1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€52.1m.

In the event of a uniform 1% depreciation in the euro against all other currencies, the hedging instruments portfolio would have a market value of -€37.3m.

These calculations were prepared by the Bouygues group, or obtained from the banks with whom the instruments were contracted.

NOTE 18 • OFF BALANCE SHEET COMMITMENTS

Notes 18.1 and 18.2 disclose information about guarantee commitments and sundry contractual commitments. Operating lease obligations are shown separately in Note 18.3. (See also Notes 3, 4 and 8)

18.1 Guarantee commitments

	31/12/2010	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity			31/12/2009
								Less than 1 year	1 to 5 years	Over 5 years	
Pledges, mortgages and collateral	**115**	17		98				14	35	66	**136**
Guarantees and endorsements given	**252**	35	2	67	4		144	172	62	18	**150**
Total guarantee commitments given	**367**	**52**	**2**	**165**	**4**		**144**	**186**	**97**	**84**	**286**
Guarantees and endorsements received	**11**		8		3			1	8	2	**3**
Total guarantee commitments received	**11**		**8**		**3**			**1**	**8**	**2**	**3**
BALANCE	**356**	**52**	**(6)**	**165**	**1**		**144**	**185**	**89**	**82**	**283**

In connection with its ordinary activities, the Bouygues group grants multi-year guarantees (such as 10-year building guarantees), which are usually covered by statistically-based provisions on the liabilities side of the balance sheet. Contract guarantees provided by banks to Group customers represent off balance sheet commitments for those banks; where such guarantees are liable to result in payments being made, a provision is recognised by Bouygues in the consolidated balance sheet.

18.2 Sundry contractual commitments

	31/12/2010	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity			31/12/2009
								Less than 1 year	1 to 5 years	Over 5 years	
Image transmission	**119**				119			56	60	3	**160**
Network maintenance	**133**					133		80	53		**152**
Retirement benefit obligations	**41**	15	2	22			2	3	11	27	**45**
Other commitments	**488**	23	4		201	256	4	302	181	5	**459[a]**
Total sundry contractual commitments given	**781**	**38**	**6**	**22**	**320**	**389**	**6**	**441**	**305**	**35**	**816**
Image transmission	**119**				119			56	60	3	**160**
Network maintenance	**133**					133		80	53		**152**
Retirement benefit obligations	**41**	15	2	22			2	3	11	27	**45**
Other commitments	**457**				201[a]	256		271	181	5	**451[a]**
Total sundry contractual commitments received	**750**	**15**	**2**	**22**	**320**	**389**	**2**	**410**	**305**	**35**	**808**
BALANCE	**31**	**23**	**4**				**4**	**31**			**8**

(a) Includes firm or optional commitments to deliver or receive securities, including the agreement signed with Groupe AB (put option): €155m in 2010, €192m in 2009

The presentation of sundry contractual commitments has been harmonised across the Group's business segments.
No material off balance sheet commitments have been omitted from this disclosure, in accordance with applicable accounting standards.

18.3 Operating leases

	31/12/2010	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity			31/12/2009
								Less than 1 year	1 to 5 years	Over 5 years	
Operating lease commitments											
Commitments given	**1,442**	31	31	165	146	1,069		244	811	387	**1,518**
Commitments received	**1,442**	31	31	165	146	1,069		244	811	387	**1,518**
Operating lease commitments, net											

Minimum future lease payments due until the normal renewal date of the lease (or earliest potential termination date) under operating leases relating to current operations (land, buildings, plant & equipment, etc). After revaluation (projected increase in rentals), these amounts mainly take account of a discounting calculation (incremental borrowing rate).

Bouygues Telecom: commitments given in connection with operating activities, primarily commercial leases of property and land intended to house technical installations for the network: includes site rentals of €650m, property and other rentals of €136m, rentals for the new Sequana and Technopôle buildings of €267m, and miscellaneous commitments of €16m.

18.4 Finance leases (already recognised as liabilities in the balance sheet)

	31/12/2010	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity			31/12/2009
								Less than 1 year	1 to 5 years	Over 5 years	
Finance leases	**70**	**1**		**40**	**20**	**9**		**23**	**45**	**2**	**59**

18.5 Other commitments

Bouygues Telecom	
Blind spots	The agreement signed in 2003 by the three operators, the French government, the French regional authorities and Arcep stipulated that coverage be provided in blind spots in some 3,000 communities. By the end of 2010, coverage had been extended to over 98% of the communities included in this initial agreement. The operators have also agreed, in addition to their initial commitment, to extend coverage to a further 364 communities, taking the final target to over 3,300 communities that must have coverage by 2011.
3G mobile network site-sharing agreement	In February 2010, Bouygues Telecom, Orange and SFR signed an agreement under the auspices of Arcep on the sharing of 3G network sites in the less dense zones of the territory. This agreement, which was amended in July 2010 in anticipation of the future Free Mobile roll-out, deals with coverage for some 3,600 communities, including all those covered by the 2G blind spots programme; by end 2013, it will enable approximately 99.8% of the population to enjoy 3G coverage on a par with 2G coverage, over and above the coverage obligations entered into by the operators.

18.6 Contingent assets and liabilities

Bouygues Telecom	
Contingent assets:	
Audiovisual Services Tax	The French Audiovisual Law (No. 2009-258 of 5 March 2009) introduced a tax on services payable by all electronic communications operators, levied at 0.9% on the portion of annual taxable revenues above €5m (before VAT). Operators who are members of the French telecoms federation (FFT) have filed a complaint about this new tax with the European Commission, which has instituted an infringement procedure against the French government in respect of this tax.

NOTE 19 • HEADCOUNT, EMPLOYEE BENEFIT OBLIGATIONS AND EMPLOYEE SHARE OWNERSHIP

19.1 Average headcount

	2010	2009
Managerial staff	**22,201**	21,804
Supervisory, technical and clerical staff	**21,761**	21,246
Site workers	**32,241**	31,143
Sub-total: France	**76,203**	**74,193**
Expatriates and local contract staff	**61,205**	70,161
Total average headcount	**137,408**	**144,354[a]**

(a) Includes Finagestion until 30 September 2009

19.2 Employee benefit obligations

	31/12/2009	Movement in 2010	31/12/2010
Lump-sum retirement benefits	**311**	7	**318**
Long-service awards	**104**	20	**124**
Other post-employment benefits (pensions)	**40**	16	**56**
Total	**455**	**43**	**498**

19.3 Employee benefit obligations: post-employment benefits (excluding long-service awards)

The tables below disclose information about the Bouygues group's post-employment benefit obligations.

19.3.1 Defined-contribution plans

	2010	2009
Amounts recognised as expenses	**(1,651)**	(1,679)

These defined-contribution expenses comprise contributions to:

- health insurance and mutual insurance funds,
- pension funds (compulsory and top-up schemes),
- unemployment insurance funds.

For related-party information, see Note 20.

19.3.2 Defined-benefit plans

Net expense recognised in the income statement (as an operating item)

(a)	Lump-sum retirement benefits		Pensions[b]	
	2010	2009	2010	2009
Current service cost	**(12)**	2	**(3)**	0
Interest expense on obligation	**13**	11	**12**	11
Expected return on plan assets			**(12)**	(10)
Past service cost	**3**	4	**(16)**	(1)
Net expense recognised in the income statement	**4**	**17**	**(19)**	**0**

(a) Sign convention:
- net expense: plus sign
- net gain: minus sign
(b) Colas: pensions are managed by independent funds

Amounts recognised in the balance sheet

	Lump-sum retirement benefits		Pensions[b]		Total 2010	Total 2009
	31/12/2010	31/12/2009	31/12/2010	31/12/2009		
Present value of obligation	**364**	363	**324**	283	**688**	646
Fair value of plan assets (dedicated funds)	**1**		**(270)**	(246)	**(269)**	(246)
Unrecognised past service cost	**(42)**	(47)	**2**	3	**(40)**	(44)
Other	**(5)[a]**	(5)[a]			**(5)**	(5)
Net obligation recognised (provision)	**318**	**311**	**56**	**40**	**374**	**351**
Ratio of dedicated funds to present value of obligation			83%	87%		

(a) Residual TF1 fund covering a portion of the obligation
(b) Relates primarily to Colas group pension funds located in the United Kingdom

Movement in balance sheet items (non-current provisions)

	Lump-sum retirement benefits		Pensions	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Position at 1 January	**311**	**358**	**40**	**29**
Expense recognised	**4**	20	**(19)**	
Changes in scope of consolidation	**5**		**16**	
Transfers between items and other movements	**7**	(22)	**(1)**	
Actuarial gains/losses recognised directly in equity	**(9)**	(45)	**20**	11
Position at 31 December	**318**	**311**	**56**	**40**

Analysis by business segment: year ended 31 December 2010

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
Net lump-sum retirement benefit expense	6	1	(4)	(3)	3	1	**4**
Non-current provisions (balance sheet):							
• Lump-sum retirement benefits	103	6	145	23	29	12	**318**
• Pensions	1		55				**56**

Analysis by geographical area: year ended 31 December 2010

	France (incl. overseas departments)	European Union	Rest of Europe	Africa	Americas	Asia-Pacific	Middle East	Total
Net lump-sum retirement benefit expense[a]	4							**4**
Non-current provisions (balance sheet):								
• Lump-sum retirement benefits	309			5	1	2	1	**318**
• Pensions	16	30				10		**56**

(a) Pension expense for the year ended 31 December 2010 is not material

Main actuarial assumptions used to measure lump-sum retirement benefit obligations

	2010	2009
Discount rate	**4.62% (iboxx A10)**	4.89% (iboxx A10)
Mortality table	**INSEE**	INSEE
Retirement age (depending on business segment):		
• Managerial staff	**63/65 years**	62/65 years
• Technical, supervisory & clerical staff, site workers	**62/63 years**	60/65 years
Salary inflation rate (depending on business segment)[a]	**2% to 4%**	2% to 4%

(a) Includes general inflation

19.4 Employee share ownership

19.4.1 Stock options

Total number of effectively exercisable options: 6,192,274

Quoted share price on 31 December 2010: €32.255

Plan	Outstanding options at 31/12/2010	Date of grant	Earliest normal exercise date	Earliest company savings scheme exercise date	Exercise price (€)	Number of effectively exercisable options
2004.03	2,263,290	15/03/04	15/03/08	15/03/05	25.15	2,263,290
2005.06	2,771,916	21/06/05	21/06/09	21/06/06	31.34	2,771,916
2006.09	3,553,139	05/09/06	05/09/10	05/09/07	40.00	-
2007.06	4,251,650	05/06/07	05/06/11	05/06/08	63.44	-
2008.03	4,290,700	31/03/08	31/03/12	31/03/09	43.23	-
2009.04	4,628,272	01/04/09	01/04/13	01/04/10	25.95	1,157,068
2010.06	4,113,550	30/06/10	30/06/14	30/06/11	34.52	-
Total						**6,192,274**

To be regarded as effectively exercisable, stock options must meet two conditions:

1) They must be legally exercisable at 31 December 2010, either by normal exercise or by partial exercise ahead of the normal exercise date under the terms of the company savings scheme.

2) They must be in the money at 31 December 2010, in other words the exercise price must be less than the closing share price on 31 December 2010 (€32.255).

NOTE 20 • DISCLOSURES ON RELATED PARTIES AND ON REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

20.1 Related-party disclosures

	Expenses		Income		Receivables		Liabilities	
	2010	2009	2010	2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Parties with an ownership interest	5	6	1	1	2			
Joint ventures	25	53	156	170	236	179	113	123
Associates	7	13	101	257	64	57	10	22
Other related parties	34	29	17	10	66	32	45	31
Total	**71**	**101**	**275**	**438**	**368**	**268**	**168**	**176**
Maturity								
less than 1 year					295	231	165	173
1 to 5 years					30	20	3	3
more than 5 years					43	17		
of which impairment of doubtful receivables (mainly non-consolidated companies)					**77**	77		

Identity of related parties:

- Parties with an ownership interest: SCDM (company controlled by Martin and Olivier Bouygues)
- Joint ventures: primarily quarry companies, project joint ventures and property development companies
- Associates: includes in particular transactions with concession companies
- Other related parties: mainly comprises transactions with non-consolidated companies in which the Group has an interest

20.2 Disclosures about remuneration and benefits paid to directors and senior executives (Bouygues)

These disclosures cover members of the Group's Management Committee who were in post on 31 December 2010.

Direct remuneration: €15,721,071, comprising basic remuneration of €7,321,699; variable remuneration of €8,399,372 paid in 2011 on the basis of 2010 performance; and €470,199 of directors' fees.

Directors' fees paid to non-executive and non-voting directors amounted to €455,962.

Short-term benefits: none.

Post-employment benefits: Members of the Management Committee belong to a top-up retirement plan based on 0.92% of their reference salary for each year's membership of the plan. This top-up plan is capped at eight times the annual French social security ceiling, and is contracted out to an insurance company. Contributions paid into the fund managed by the insurance company amounted to €1,100,000 in 2010.

Long-term benefits: none.

Termination benefits: these comprise lump-sum retirement benefits of €391,354.

Share-based payment: A total of 1,120,000 stock options were awarded to members of the Management Committee on 1 June 2010 at an exercise price of €34.52. The earliest exercise date is 1 July 2014, and the expense recognised for these options in the year ended 31 December 2010 was €218,262.

NOTE 21 • ADDITIONAL CASH FLOW STATEMENT INFORMATION

21.1 Cash flows of acquired and divested subsidiaries

Breakdown by business segment of net cash flows resulting from acquisitions and divestments of subsidiaries.

On continuing operations

Acquired/divested subsidiaries	Construction	Property	Roads	Media[a]	Telecoms	Bouygues SA & other activities	Total 2010
Cash and equivalents	53	21	(21)	(4)	-	2	**51**
Inventories	(1)	(4)	(4)	(27)	-	-	**(36)**
Trade and other receivables	11	(18)	(60)	(40)	-	-	**(107)**
Non-current assets	1	1	(50)	(16)	-	-	**(64)**
Goodwill	(1)	-	7	(181)	-	(222)	**(397)**
Trade payables & other current liabilities	(60)	(15)	20	70	-	1	**16**
Non-current liabilities	-	-	4	-	-	(2)	**2**
Non-current provisions	(2)	7	49	1	-	-	**55**
Non-current taxes	(2)	-	32	-	-	-	**30**
Net acquisition/divestment cost	**(1)**	**(8)**	**(23)**	**(197)**	**-**	**(221)**	**(450)**
Cash acquired or divested	(53)	(21)	21	4	-	(2)	**(51)**
Net debt on long-term investments		1	2	-	-	(2)	**1**
Net cash inflow/(outflow) resulting from acquisitions & divestments of subsidiaries	**(54)**	**(28)**	**-**	**(193)**	**-**	**(225)**	**(500)**

(a) Mainly the TMC/NT1 acquisition

On discontinued operations: N/A

NOTE 22 • AUDITORS' FEES (in €' 000)

The table below shows fees paid to the auditors (and member firms of their networks) responsible for the audit of the consolidated financial statements of Bouygues and consolidated companies (excluding associates), as expensed through the income statement in 2010.

Engagement	Mazars network				Ernst & Young network				Other firms[a]				Total expense	
	Amount (excl. VAT)		%		Amount (excl. VAT)		%		Amount (excl. VAT)		%			
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
A - Audit														
Audit of consolidated and individual company financial statements[b]	6,341	5,379	96%	96%	4,226	3,696	94%	92%	7,445	8,024	91%	87%	18,012	17,099
• Bouygues SA	218	216			219	217			0	0			437	433
• Consolidated companies	6,123	5,163			4,007	3,479			7,445	8,024			17,575	16,666
Related engagements[c]	148	236	2%	4%	287	311	6%	8%	203	77	2%	1%	638	624
• Bouygues SA	30				21	10				0			51	10
• Consolidated companies	118	236			266	301			203	77			587	614
Sub-total 1	**6,489**	**5,615**	**98%**	**100%**	**4,513**	**4,007**	**100%**	**100%**	**7,648**	**8,101**	**93%**	**88%**	**18,650**	**17,723**
B - Other services[d]														
Legal, tax, employment law	84	0	1%		0	0	0%		413	638	5%	7%	497	638
Other	40	0	1%		0	0	0%		114	450	2%	5%	154	450
Sub-total 2	**124**	**0**	**2%**	**0%**	**0**	**0**	**0%**	**0%**	**527**	**1,088**	**7%**	**12%**	**651**	**1,088**
Total fee expense	**6,613**	**5,615**	**100%**	**100%**	**4,513**	**4,007**	**100%**	**100%**	**8,175**	**9,189**	**100%**	**100%**	**19,301**	**18,811**

(a) In the interests of comprehensiveness, this table includes fees paid to other firms
(b) Includes services provided by independent experts and member firms to the auditors in connection with their audit engagement
(c) Includes procedures and directly related services provided to the issuer or its subsidiaries:
- by the auditors, in compliance with article 10 of the Code of Ethics;
- by a member firm of the auditor's network, in compliance with articles 23 and 24 of the Code of Ethics
(d) Non-audit services provided, in compliance with article 24 of the Code of Ethics, by member firms to subsidiaries of the issuer on whose financial statements an audit opinion is issued

NOTE 23 • PRINCIPAL EXCHANGE RATES

Convention: 1 local currency unit = x euros

Country	Currency unit	Closing rate		Annual average rate	
		31/12/2010	31/12/2009	2010	2009
EUROPE					
Denmark	Danish krone	**0.134165**	0.134376	**0.134269**	0.134299
United Kingdom	Pound sterling	**1.161778**	1.125999	**1.168215**	1.123622
Hungary	Hungarian forint	**0.003598**	0.003698	**0.003617**	0.003553
Poland	Polish zloty	**0.251572**	0.243635	**0.249695**	0.230048
Czech Republic	Czech koruna	**0.039903**	0.037774	**0.039583**	0.037742
Romania	Romanian leu	**0.234632**	0.236055	**0.237141**	0.235754
Switzerland	Swiss franc	**0.799744**	0.674036	**0.729949**	0.663291
NORTH AMERICA					
United States	US dollar	**0.748391**	0.694155	**0.757189**	0.716174
Canada	Canadian dollar	**0.750638**	0.661026	**0.732055**	0.632161
REST OF THE WORLD					
Morocco	Moroccan dirham	**0.089497**	0.088464	**0.089724**	0.088884
Thailand	Thai baht	**0.024894**	0.020839	**0.023913**	0.020901
Hong Kong	Hong Kong dollar	**0.096287**	0.089518	**0.097455**	0.092393
African Financial Community	CFA franc	**0.001524**	0.001524	**0.001524**	0.001524
South Africa	South African rand	**0.112835**	0.093756	**0.103544**	0.086801

NOTE 24 • LIST OF PRINCIPAL CONSOLIDATED COMPANIES AT 31 DECEMBER 2010

Company	City/Country	% interest 2010	% interest 2009	% direct and indirect control[a] 2010	% direct and indirect control[a] 2009
FRANCE					
Full consolidation					
Construction					
Bouygues Construction SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues Bâtiment Ile-de-France SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues Bâtiment International SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues TP SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Axione	Malakoff	99.97	99.97		
Bati-Rénov SA	Orly	99.32	99.32		
Brézillon SA	Noyon	99.32	99.32		
Challenger SNC	Paris	99.97	(b)		
DTP Terrassement SA	Saint-Quentin-en-Yvelines	99.97	99.97		
DV Construction SA	Mérignac	99.97	99.97		
ETDE SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Exprimm IT	Villebon sur Yvette	99.97	99.97		
Exprimm SA	Saint-Quentin-en-Yvelines	99.97	99.97		
GFC Construction SA	Caluire et Cuire	99.97	99.97		
GTB Construction SA	Nantes	99.97	99.97		
Mainguy SAS	Vertou	99.97	99.97		
Norpac SA	Villeneuve d'Ascq	99.97	99.97		
Pertuy Construction SA	Maxéville	99.97	99.97		
Quille SA	Rouen	99.97	99.97		
Serma SAS	Champforgueil	99.97	99.97		
Sodéarif SA	Saint-Quentin-en-Yvelines	99.96	99.96		
Property					
Bouygues Immobilier	Issy-les-Moulineaux	100.00	100.00		
SLC	Lyon	100.00	100.00		
SNC Bouygues Immobilier Entreprises Ile-de-France	Issy-les-Moulineaux	100.00	100.00		
SNC Bouygues Immobilier Est	Strasbourg	Deconsolidated	100.00		
SNC Bouygues Immobilier Paris	Issy-les-Moulineaux	100.00	100.00		
Roads					
Colas SA and its regional subsidiaries *(Colas, Screg and Sacer)*	Boulogne-Billancourt	96.62	96.62		
Aximum	Chatou	96.61	96.61	100.00	100.00
Colas Guadeloupe	Baie-Mahault (Guadeloupe)	96.61	96.61	100.00	100.00
Colas Martinique	Le Lamentin (Martinique)	96.61	96.61	100.00	100.00
Colas Rail	Maisons-Laffitte	96.61	96.61	100.00	100.00

(a) Where percentage control differs from percentage interest
(b) Previously held by Bouygues SA

Company (continued)	City/Country	% interest 2010	% interest 2009	% direct and indirect control[a] 2010	% direct and indirect control[a] 2009
Grands Travaux Océan Indien (GTOI) SA	Le Port (La Réunion)	96.61	96.61	99.99	99.99
Smac and its subsidiaries	Boulogne-Billancourt	96.61	96.61	100.00	100.00
Société de la Raffinerie de Dunkerque	Dunkerque	96.61	-	100.00	-
Spac and its subsidiaries	Clichy	96.61	96.61	100.00	100.00
Media					
Télévision Française 1 SA	Boulogne-Billancourt	43.09	43.02		
Dujardin and its subsidiaries	Cestas	43.09	43.02	100.00	100.00
E-TF1	Boulogne-Billancourt	43.09	43.02	100.00	100.00
Eurosport SA and its subsidiaries	Issy-les-Moulineaux	43.09	43.02	100.00	100.00
La Chaîne Info	Boulogne-Billancourt	43.09	43.02	100.00	100.00
NT1	Boulogne-Billancourt	43.09	-	100.00	-
Télé Monte Carlo	Monaco	43.09	(b)	100.00	-
Téléshopping	Boulogne-Billancourt	43.09	43.02	100.00	100.00
TF1 Droits Audiovisuels	Boulogne-Billancourt	43.09	43.02	100.00	100.00
TF1 Entreprises	Boulogne-Billancourt	43.09	43.02	100.00	100.00
TF1 Publicité	Boulogne-Billancourt	43.09	43.02	100.00	100.00
TF1 Vidéo	Boulogne-Billancourt	43.09	43.02	100.00	100.00
TV Breizh	Lorient	43.09	43.02	100.00	100.00
Une Musique	Boulogne-Billancourt	43.09	43.02	100.00	100.00
Telecommunications					
Bouygues Telecom SA and its subsidiaries	Paris	89.55	89.55		
Other subsidiaries					
Bouygues Relais SNC	Paris	100.00	100.00		
Challenger SNC	Paris	(c)	100.00		
GIE 32 Hoche	Paris	90.00	90.00		
Société Française de Participation & Gestion (SFPG) SA and its subsidiaries	Paris	99.76	99.76		
Proportionate consolidation					
Roads					
Carrières Roy	Saint-Varent	48.29	48.29	49.98	49.98
Other subsidiaries					
Serendipity and its subsidiaries	Paris	50.00	50.00		

(a) Where percentage control differs from percentage interest
(b) Proportionate consolidation in 2009
(c) Transferred to Bouygues Construction

Company	City/Country	% interest 2010	% interest 2009	% direct and indirect control[a] 2010	% direct and indirect control[a] 2009
Associates (equity method)					
Construction					
Adelac SAS	Beaumont	46.09[b]	45.86		
Autoroute de liaison Seine-Sarthe SA	Bourg-Achard	33.16	33.16		
Axione Infrastructures SAS and its subsidiaries	Saint-Quentin-en-Yvelines	15.00	15.00		
Consortium Stade de France SA	Saint-Denis	33.32	33.32		
Routes					
Cofiroute	Sèvres	16.11	16.11	16.67	16.67
Media					
Groupe AB	La Plaine Saint-Denis	(c)	14, 41	-	33.50
Métro France Publications	Paris	14.78	14 .76	34.30	34.30
Other subsidiaries					
Alstom	Levallois-Perret	30.77	29.80		
Finagestion and its subsidiaries (Africa)	Saint-Quentin-en-Yvelines	21.50	21.50		
INTERNATIONAL					
Full consolidation					
Construction					
Acieroïd SA	Barcelona/Spain	99.97	99.97		
Bouygues Thaï Ltd	Bangkok/Thailand	48.99	48.98		
Bouygues UK Ltd	London/United Kingdom	99.97	99.97		
Bymaro	Casablanca/Morocco	99.96	99.96		
David Webster Lighting and its subsidiaries	Harlow/United Kingdom	99.97	99.97		
Dragages et TP (Hong-Kong) Ltd	Hong Kong/China	99.97	99.97		
DTP Singapour Pte Ltd	Singapore	99.97	99.97		
Ecovert FM	London/United Kingdom	99.97	99.97		
ETDE Contracting Ltd	Derbyshire/United Kingdom	99.97	99.97		
ETDE Gabon	Libreville/Gabon	84.39	84.39		
ETDE Hungary	Gyor/Hungary	99.97	99.97		
Icel Maidstone Ltd and its subsidiaries	London/United Kingdom	99.97	99.97		
Karmar SA	Warsaw/Poland	99.97	99.97		
Kohler Investment SA	Luxembourg	99.97	99.97		
Losinger Construction AG	Köniz/Switzerland	99.97	99.97		
Marazzi Holding AG and its subsidiaries	Bern/Switzerland	99.97	99.97		
Prader Losinger SA	Sion/Switzerland	99.64	99.64		
VCES Holding s.r.o. and its subsidiaries	Pardubice/Czech Republic	99.97	99.97		
VSL International Ltd	Bern/Switzerland	99.87	99.82		
Warings Construction Group Holding Ltd and its subsidiaries	Portsmouth/United Kingdom	99.97	99.97		

(a) Where percentage control differs from percentage interest
(b) 39.19% Bouygues Construction, 6.90% Colas
(c) See Note 1

Company (continued)	City/Country	% interest 2010	% interest 2009	% direct and indirect control[a] 2010	% direct and indirect control[a] 2009
Westminster Local Education Partnership Ltd	London/United Kingdom	79.98	79.98		
Property					
Bouygues Inmobiliaria SA	Madrid/Spain	100.00	100.00		
Parque Empresarial Cristalia SL	Madrid/Spain	100.00	100.00		
Roads					
Colas Belgium and its subsidiaries	Brussels/Belgium	96.61	96.61	100.00	100.00
Colas Canada Inc.	Montreal Quebec/Canada	96.62	96.62	100.00	100.00
Colas Cz	Prague/Czech Republic	96.62	96.62	100.00	100.00
Colas Danmark A/S	Virum/Denmark	96.62	96.62	100.00	100.00
Colas Gabon	Libreville/Gabon	86.86	86.86	89.99	89.90
Colas Hungaria and its subsidiaries	Budapest /Hungary	96.62	96.62	100.00	100.00
Colas Inc. and its subsidiaries	Morristown New Jersey/USA	96.62	96.62	100.00	100.00
Colas Ltd and its subsidiaries	Rowfant/United Kingdom	96.62	96.62	100.00	100.00
Colas du Maroc and its subsidiaries	Casablanca/Morocco	96.61	96.61	100.00	100.00
Colas Polska	Sroda-Wielkopol/Poland	96.62	96.62	100.00	100.00
Colas SA and its subsidiaries	Lausanne/Switzerland	95.87	95.87	99.22	99.22
Other subsidiaries					
Challenger Réassurance	Luxembourg	99.99	99.99		
Uniservice	Geneva/Switzerland	99.99	99.99		
Proportionate consolidation					
Construction					
Bombela Civils Jv Ltd	Johannesburg/South Africa	44.99	44.99		
Associates (equity method)					
Construction					
Bina Fincom	Zagreb/Croatia	44.99	44.99		
Hermes Airports Ltd	Nicosia/Cyprus	21.99	21.99		

(a) Where percentage control differs from percentage interest

PARENT COMPANY financial statements (French GAAP)

PARENT COMPANY BALANCE SHEET AT 31 DECEMBER 2010

Assets

(€ million)	Gross 2010	Amortisation, depreciation & impairment 2010	Net 2010	Net 2009	Net 2008
Intangible assets	4	2	2	1	1
Property, plant and equipment					
Long-term investments	11,473	19	11,454	11,256	11,232
• Holdings in subsidiaries and affiliates	11,293	15	11,278	11,081	11,061
• Loans & advances to subsidiaries & affiliates	10	1	9	12	6
• Other	170	3	167	163	165
NON-CURRENT ASSETS	**11,477**	**21**	**11,456**	**11,257**	**11,233**
Inventories and work in progress					
Advances and down-payments made	1		1		
Trade receivables	19		19	18	20
Other receivables	170	2	168	72	112
Short-term investments	3,484	1	3,483	2,978	2,955
Cash	1,056		1,056	556	8
CURRENT ASSETS	**4,730**	**3**	**4,727**	**3,624**	**3,095**
Other assets	87		87	37	42
TOTAL ASSETS	**16,294**	**24**	**16,270**	**14,918**	**14,370**

Liabilities & shareholders' equity

(€ million)	Net 2010	Net 2009	Net 2008
Share capital	366	354	343
Share premium and reserves	3,151	2,875	2,668
Retained earnings	1,467	1,017	679
Net profit for the year	894	1,017	882
Restricted provisions	6	4	3
SHAREHOLDERS' EQUITY	**5,884**	**5,267**	**4,575**
Provisions	88	83	100
Debt	7,066	6,238	7,285
Advances and down-payments received			
Trade payables	21	21	31
Other payables	48	33	25
LIABILITIES	**7,223**	**6,375**	**7,441**
BANK OVERDRAFTS AND CURRENT ACCOUNTS	**3,123**	**3,234**	**2,299**
Other liabilities	40	42	55
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**16,270**	**14,918**	**14,370**

INCOME STATEMENT - YEAR ENDED 31 DECEMBER 2010

(€ million)	2010	2009	2008
SALES	**66**	**69**	**80**
Other operating revenues	1	2	1
Purchases and changes in inventory			
Taxes other than income tax	(2)	(3)	(3)
Personnel costs	(44)	(44)	(61)
Other operating expenses	(45)	(49)	(49)
Depreciation, amortisation, impairment and provisions, net	(4)	(2)	4
OPERATING PROFIT/(LOSS)	**(28)**	**(27)**	**(28)**
Financial income and expenses	659	889	752
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	**631**	**862**	**724**
Exceptional items	69	20	14
Income taxes and profit-sharing	194	135	144
NET PROFIT	**894**	**1,017**	**882**

CASH FLOW STATEMENT

(€ million)	2010	2009	2008
A - OPERATING ACTIVITIES			
Cash flow from operations before changes in working capital	**851**	**981**	**913**
Net profit for the period	894	1,017	882
Amortisation, depreciation and impairment of non-current assets, net	20	7	4
Charges to/(reversals of) provisions, net	6	(17)	18
Deferred expenses/(income)	(2)	(9)	18
Losses/(gains) on disposals of non-current assets	(67)	(17)	(9)
Change in working capital	**(81)**	**34**	**157**
Current assets	(96)	41	143
Current liabilities	15	(7)	14
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**770**	**1,015**	**1,070**
B - INVESTING ACTIVITIES			
Increases in non-current assets			
Acquisitions of intangible assets and property, plant and equipment	(1)	(1)	
Acquisitions of long-term investments	(377)	(22)	(239)
	(378)	**(23)**	**(239)**
Disposals of non-current assets	232	21	14
Investments during the period, net	**(146)**	**(2)**	**(225)**
Other long-term investments, net	2	(6)	37
Amounts receivable/payable in respect of non-current assets, net	(1)		(21)
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**(145)**	**(8)**	**(209)**
C - FINANCING ACTIVITIES			
Change in shareholders' equity	287	221	(239)
Dividends paid	(566)	(545)	(510)
Change in debt	771	(1,048)	1,035
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	**492**	**(1,372)**	**286**
CHANGE IN NET CASH POSITION (A + B + C)	**1,117**	**(365)**	**1,147**
Cash position at 1 January	299	664	(483)
Other non-monetary flows			
Change during the period	1,117	(365)	1,147
CASH POSITION AT 31 DECEMBER	**1,416**	**299**	**664**

Notes to the **PARENT COMPANY FINANCIAL STATEMENTS**

Contents

Figures in millions of euros

NOTE 1 • SIGNIFICANT EVENTS OF THE YEAR

1.1 Holdings in subsidiaries and affiliates

1.1.1 Alstom

As of 31 December 2010, Bouygues held a 30.77% interest in Alstom, with a total carrying amount of €3,697 million.

On 13 January 2010, the European Commission approved the transaction initiated by Bouygues in November 2009, whereby Bouygues exercised its option to exchange its interest in Alstom Hydro Holding for 4.4 million Alstom shares. The transaction was completed on 12 March 2010, once all clearances had been obtained. The €67 million gain arising on the transaction was recognised as an exceptional item.

1.1.2 SNC Challenger

In December 2010, Bouygues transferred its 100% interest in SNC Challenger to Bouygues Construction for a total of €15 million; no material gain or loss arose on this transaction.

1.2 Treasury shares

During 2010, Bouygues acquired 4,820,194 of its own shares for a total of €155 million. These shares are reported in "Other long-term investment securities".

As of 31 December 2010, Bouygues did not hold any of its own shares via a liquidity account, this account having been closed on 10 May 2010.

1.3 Bouygues Confiance 5

The Bouygues Confiance 5 employee share ownership plan was introduced during 2010, following a decision taken by the Board of Directors on 27 July 2010. Subscriptions were open from 5 November to 28 November 2010.

The new dedicated leveraged mutual fund set up in connection with this plan offers Group employees a discount of 20% on the share price.

The plan resulted in a capital increase being carried out on 30 December 2010, by the issuance of 9,838,593 shares amounting to €250 million in total.

1.4 Bond issues

1.4.1 February 2010 bond issue

- Amount: €500 million
- Rate: 4%
- Issue premium: 99.651%
- Redemption terms: redeemable in full at par on 12 February 2018
- Term: 8 years

1.4.2 Bond swap completed on 29 October 2010

To extend the maturity of its bond debt and take advantage of favourable market conditions, Bouygues carried out a bond issue on 29 October 2010 on the following terms:

- Amount: €1 billion
- Rate: 3.641%
- Redemption terms: redeemable in full at par on 29 October 2019
- Term: 9 years

This bond issue enabled Bouygues to partially swap and repurchase some existing bond issues:

- Bond issue maturing 2013: €441 million nominal value exchanged and repurchased (residual balance €709 million)
- Bond issue maturing 2014: €242 million nominal value exchanged and repurchased (residual balance €758 million)

NOTE 2 • ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the current provisions of French law.

2.1 Intangible assets

Expenditure on intangible assets is recognised in accordance with the historical cost convention.

As a general principle, software acquired from third parties is recognised as an intangible asset and amortised on a straight-line basis over a maximum of five years.

2.2 Property, plant and equipment

Property, plant and equipment is recognised at acquisition cost net of reclaimable taxes. Transaction costs that do not form part of the market value of the acquired asset are expensed as incurred.

Depreciation is calculated on a straight-line basis, according to the nature and estimated useful life of each asset component.

2.3 Long-term investments

2.3.1 Holdings in subsidiaries and affiliates and other long-term investment securities

Holdings in subsidiaries and affiliates and other long-term investment securities are recognised at cost, including directly attributable acquisition costs.

Holdings in subsidiaries and affiliates and other long-term investment securities are also measured at value in use, determined using objective criteria (stock market price for quoted companies, shareholders' equity, profitability), forecast data (economic outlook, earnings prospects), or any other information indicative of the actual value of the asset.

If value in use is less than cost, a provision for impairment is recorded to cover the difference.

2.3.2 Long-term receivables

Long-term receivables are shown in the balance sheet at face value. If the realisable value (taking into account the probability of recovery) is less than the carrying amount, a provision for impairment is recorded to cover the difference.

2.4 Receivables and payables expressed in foreign currencies

Receivables and payables expressed in foreign currencies are translated at the exchange rate prevailing on the balance sheet date, or at the hedged rate if the item is covered by a currency hedge.

Unrealised foreign exchange gains and losses are taken to suspense accounts in the balance sheet; unrealised losses are covered by a provision.

2.5 Short-term investments

The short-term investment portfolio is measured in accordance with French accounting standards.

The realisable value of unlisted securities (equities, negotiable debt instruments, and money-market mutual funds) was determined by reference to the latest estimate as at 31 December 2010. In the case of quoted securities, the average quoted stock market price over the last month of the financial year is used.

2.6 Other assets

Deferred charges mainly comprise the portion of bond issue costs not covered by the issue premium. In the case of convertible bonds, any unamortised issue costs relating to bonds converted into shares are offset against the share premium on the newly-issued shares.

Bond redemption premium relates to bond issues priced at the following percentages of nominal value: 99.348% (November 2003 issue), 99.05% (October 2004 issue), 99.804% (July 2005 issue), 97.203% (February 2006 issue), 99.657% (May 2006 issue), 99.812% (May 2006 issue), 98.662% (October 2006 issue), 99.441% (July 2008 issue), and 99.651% (February 2010 issue).

2.7 Provisions

These mainly comprise:

- provisions for income taxes;
- provisions for miscellaneous risks (including tax inspections) and provisions for additional risks relating to loss-making subsidiaries, established where the negative net assets of a subsidiary are not wholly covered by provisions for impairment of Bouygues SA's investment in and loans and/or advances to that subsidiary;
- provisions for charges, including employee benefits (bonuses, lump-sum retirement benefits, long-service awards, etc).

2.8 Hedging instruments

Bouygues SA uses hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates.

These instruments share the following characteristics:

- they are limited to the following products: forward currency purchases and sales, currency swaps, cross currency swaps and purchases of currency options for currency risk hedging purposes, and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes;
- they are used solely for hedging and pre-hedging purposes;
- they are contracted solely with high-quality French and foreign banks;
- they carry no liquidity risk in the event of a downturn.

Gains and losses on financial instruments used for hedging purposes are recognised in the income statement symmetrically with gains and losses arising on the hedged item.

2.9 Retirement benefit obligations

Methods and assumptions used in calculating the obligation:

- projected unit credit method based on final salary;
- benefits as defined in agreements or established by custom within the company, taking into account applicable collective agreements for managerial, administrative, clerical, technical and supervisory grade staff;
- obligation measured in accordance with opinions and recommendations issued by the ANC (the French national accounting standard-setter);
- vested rights as of 31 December 2010;
- employees classified in groups with similar characteristics in terms of grade, age and length of service;
- average monthly salary for each employee group, uplifted by a percentage to reflect the applicable rate of employer's social security charges;
- salary increase rate and discount rate: rates revised annually to reflect actual trends;
- average employee turnover rate calculated on the basis of average number of leavers over the last five years;
- mortality by reference to 1993 mortality tables.

2.10 Consolidation

Bouygues SA is the ultimate parent company in the consolidation.

NOTE 3 • NON-CURRENT ASSETS

	Balance at 01/01/2010	Increases	Decreases	Balance at 31/12/2010
Intangible assets				
Software	2	1		3
Other		1		1
Gross value	**2**	**2**		**4**
Accumulated amortisation	(1)	(1)		(2)
Net value	**1**	**1**		**2**
Property, plant and equipment				
Land and buildings				
Other				
Gross value				
Accumulated depreciation				
Net value				
Long-term investments				
Holdings in subsidiaries and affiliates	11,086	222	15	11,293
Loans and advances to subsidiaries and affiliates[a]	11	2	3	10
Other	166	155	151	170
Gross value	**11,263**	**379**	**169**	**11,473**
Impairment	(7)	(13)	(1)	(19)
Net value	**11,256**	**366**	**168**	**11,454**
Total net value	**11,257**	**367**	**168**	**11,456**

(a) Of which amounts falling due after more than one year *Gross*
Loans and advances to subsidiaries and affiliates *10*

NOTE 4 • CURRENT ASSETS BY MATURITY

	Gross value	< 1 year	> 1 year
Advances and down-payments made	1	1	
Operating receivables	27	21	6
Other receivables	162	159	3
Total	**190**	**181**	**9**

NOTE 5 • CASH

	2010	2009
Term deposits with maturities of less than 3 months	1,054	554
Other items	2	2
Total	**1,056**	**556**

NOTE 6 • OTHER ASSETS AND LIABILITIES

	Balance at 01/01/2010	Increases	Decreases	Balance at 31/12/2010	Amount due in < 1 year
Other assets					
Bond issue costs	11		2	9	2
Bond redemption premium	24	2	4	22	3
Bond repurchase premium		51	1	50	6
Other	2	6	2	6	6
Total	**37**	**59**	**9**	**87**	**17**
Other liabilities					
Deferred income (cash payment received on interest rate swap)	41	7	9	39	9
Other					
Total	**41**	**7**	**9**	**39**	**9**

NOTE 7 • CHANGES IN SHAREHOLDERS' EQUITY

Shareholders' equity at 31 December 2009 (before appropriation of profits)	**5,267**
Dividends paid	(566)
Shareholders' equity after appropriation of profits	**4,701**
Changes in share capital	12
Changes in share premium and reserves	276
Net profit for the period	894
Restricted provisions	1
Shareholders' equity at 31 December 2010	**5,884**

NOTE 8 • COMPOSITION OF SHARE CAPITAL

	Number of voting rights	Number of shares
Start of period	474,126,027	354,267,911
Movement during the period	8,870,769	11,594,612[a]
End of period	482,996,796	365,862,523
Par value		€1

Maximum number of potentially dilutive shares: 6,192,274

(a) Movements in number of shares during the period:
Increases: 11,594,612 by exercise of stock options and implementation of the Bouygues Confiance 5 employee share ownership plan
Decreases: none

NOTE 9 • PROVISIONS

	Balance at 01/01/2010	Charge for the year	Reversals during the year		Balance at 31/12/2010
			Used	Unused	
Provisions for subsidiaries	2			1	1
Provisions for income taxes (tax risks)	11	19		3	27
Other provisions	25	22		7	40
Provisions for risks	**38**	**41**		**11**	**68**
Provisions for charges	**45**	**7**	**5**	**27**	**20**
Total	**83**	**48**	**5**	**38**	**88**
			43		
Operating items		7	5		
Financial items		15	1		
Exceptional items (including taxes)		26	37		
		48	**43**		

NOTE 10 • LIABILITIES BY MATURITY AT THE BALANCE SHEET DATE

Liabilities	Gross value	< 1 year	1 to 5 years	> 5 years
Debt				
Bond issues (including accrued interest)				
November 2003 bond issue[a]	779	779		
October 2004 bond issue[b]	764	6	758	
July 2005 bond issue[c]	764	14		750
February 2006 bond issue[d]	255	5		250
May 2006 bond issue[e]	617	17		600
May 2006 bond issue[f]	729	20	709	
October 2006 bond issue[g]	602	7		595
July 2008 bond issue[h]	1,031	31	1,000	
February 2010 bond issue[i]	518	18		500
October 2010 bond issue[j]	1,007	7		1,000
Bank borrowings				
Total debt	**7,066**	**904**	**2,467**	**3,695**
Trade payables	**21**	**21**		
Other payables	**48**	**48**		
Overdrafts and short-term bank borrowings	**3,123**	**3,123**		
Deferred income	**40**	**9**	**27**	**4**
Total	**10,298**	**4,105**	**2,494**	**3,699**

Original amounts, excluding accrued interest:

(a) November 2003 bond issue:
Amount: €750 million - rate: 4.625%
Redemption terms: redeemable in full at par on 25 February 2011

(b) October 2004 bond issue:
Amount: €758.09 million, after exchange and early repayment of €241.91 million on 29 October 2010
rate: 4.375%
Redemption terms: redeemable in full at par on 29 October 2014

(c) July 2005 bond issue:
Amount: €750 million - rate: 4.25%
Redemption terms: redeemable in full at par on 22 July 2020

(d) Supplementary issue to July 2005 bond issue:
Amount: €250 million - rate: 4.25%
Redemption terms: redeemable in full at par on 22 July 2020

(e) May 2006 bond issue:
Amount: €600 million - rate: 4.75%
Redemption terms: redeemable in full at par on 24 May 2016

(f) May 2006 bond issue:
Amount: €709.35 million, after exchange and early repayment of €440.65 million on 29 October 2010
rate: 4.5%
Redemption terms: redeemable in full at par on 24 May 2013

(g) October 2006 bond issue:
Amount: £400 million (€595.33 million) - rate: 5.5%
Redemption terms: redeemable in full at par on 6 October 2026

(h) July 2008 bond issue:
Amount: €1 billion - rate 6.125%
Redemption terms: redeemable in full at par on 3 July 2015

(i) February 2010 bond issue:
Amount: €500 million - rate 4%
Redemption terms: redeemable in full at par on 12 February 2018

(j) October 2010 bond issue:
Amount: €1 billion - rate 3.641%
Redemption terms: redeemable in full at par on 29 October 2019

NOTE 11 • DETAILS OF AMOUNTS INVOLVING RELATED COMPANIES

	Amount		Amount
Assets		**Liabilities**	
Long-term investments	11,303	Debt	
Operating receivables	19	Trade payables	6
Other receivables	28	Other payables	41
Cash and current accounts		Bank overdrafts and current accounts	3,123
Total	**11,350**	**Total**	**3,170**
Expenses		**Income**	
Operating expenses	11	Operating income	66
Financial expenses	23	Financial income	977
Income tax expense		Income tax credits	180
Total	**34**	**Total**	**1,223**

NOTE 12 • FINANCIAL INSTRUMENTS

12.1 Interest rate hedges

Amount outstanding at 31/12/2010 by maturity	2011	2012 to 2015	After 2015	Total
Interest rate swaps				
On financial assets	1,610			**1,610**
On financial liabilities				

12.2 Currency hedges

Amount outstanding at 31/12/2010 by currency	CHF	GBP	USD	Other	Total
Forward currency contracts					
Forward purchases			NONE		
Forward sales					
Currency swaps					

As of 31 December 2010, the market value of the hedging instruments portfolio was -€0.13 million.

12.3 Options

Call options:

As of 31 December 2010, Bouygues held the following call options:

- 3,056,000 call options on Bouygues shares
- 135,130 call options in connection with the "Bouygues Partage" employee share ownership plan
- 287,821 call options in connection with the "Bouygues Confiance 4" employee share ownership plan
- 58,948 call options in connection with the "Bouygues Partage 2" 5-year employee share ownership plan
- 590,633 call options in connection with the "Bouygues Partage 2" 10-year employee share ownership plan

Impairment losses or provisions have been recognised for call options where the estimated realisable value is less than book value.

NOTE 13 • OFF BALANCE SHEET COMMITMENTS GIVEN AND RECEIVED

	Amount of guarantee	of which related companies
Commitments given (contingent liabilities)		
Retirement benefit obligations	2	
Other commitments given[a]	144	
Total	**146**	
Commitments received (contingent assets)		
Other commitments received		
Total		

(a) On 9 September 2010, Bouygues entered into a commitment to buy 4,383,117 of its own shares from BNP Paribas

NOTE 14 • SALES

Sales recorded by Bouygues SA mainly comprise costs of shared support functions recharged to subsidiaries.

NOTE 15 • FINANCIAL INCOME AND EXPENSES

	2010	2009
Dividend income and shares of partnership profits	974	1,151
Interest income	39	36
Interest expense	(331)	(333)
Other financial income/(expenses), net: proceeds from disposals, impairment losses and provisions	(23)	35
TOTAL	**659**	**889**

NOTE 16 • GROUP TAX ELECTION AND INCOME TAX EXPENSE

Bouygues made a group tax election in 1997 under article 223 A-U of the French General Tax Code; this election still applies.

In addition to Bouygues SA, the Group tax election included 78 subsidiaries in 2010.

Each company in the tax Group recognises its own income tax expense as though the Group election is not in place; the parent company recognises any tax savings.

At the end of the period, Bouygues SA recognised a net income tax credit, comprising:

	Short-term	Long-term	Total
Net income tax expense on:			
Profit before tax and exceptional items			
Exceptional items			
Tax credits from Group tax election			
(income tax received from profit-making subsidiaries in the tax Group)	187		**187**
Total	**187**		**187**

NOTE 17 • CONTINGENT TAX POSITION

	1 January 2010		Movements in the year		31 December 2010	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Non-deductible expenses						
Provisions for income taxes	39		19	30	28	
Other non-deductible expenses	42		23	10	55	
Total	**81**		**42**	**40**	**83**	
Expenses deductible for tax purposes/income liable to tax but not recognised for accounting purposes						
Unrealised foreign exchange losses		1	1	5		5
Unrealised foreign exchange gains						
Unrealised foreign exchange gains/losses, net		**1**	**1**	**5**		**5**
Deferred income	41		7	9	39	
Capitalisation bonds			13		13	
Call options						
Bond repurchase premium			1	51		50
Other income and expenses	**41**		**21**	**60**	**52**	**50**
Total	**41**	**1**	**22**	**65**	**52**	**55**

NOTE 18 • AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR

	2010	2009
Managerial staff	141	139
Administrative, clerical, technical and supervisory staff	41	40
Total	**182**	**179**

NOTE 19 • ADVANCES, LOANS AND REMUNERATION PAID TO DIRECTORS AND SENIOR EXECUTIVES

Remuneration of directors and senior executives:

- The total amount of direct and indirect remuneration of all kinds received from French and foreign companies by senior executives (Chairman and Chief Executive Officer, and Deputy Chief Executive Officer) was as follows: €1.5 million of basic remuneration, €2.1 million of variable remuneration paid in March 2011 based on 2010 performance, and €0.14 million of directors' fees.
- Directors' fees paid to members of the Board of Directors (including non-voting directors): €0.51 million.

NOTE 20 • LIST OF INVESTMENTS

	Number of shares	% interest	Estimated realisable value	
Alstom	90,543,867	30.769	3,697	a
Bouygues Construction	1,705,128	99.935	741	c
Bouygues Immobilier	90,923	99.992	540	c
Bouygues Telecom	36,086,799	89.184	4,600	a
Colas	31,522,344	96.621	2,266	c
TF1	91,946,297	43.084	1,195	b
Other holdings			227	
Total holdings in subsidiaries and affiliates			**13,266**	
Negotiable debt instruments and money-market mutual funds			3,371	a
Capitalisation bonds			119	b
Other investments			6	b
Total short-term investments			**3,496**	
Total investments			**16,762**	

The estimated realisable value shown is:
(a) Carrying amount in the balance sheet (net book value)
(b) Stock market value (closing price for equities)
(c) Share of consolidated net assets

NOTE 21 • LIST OF SUBSIDIARIES AND AFFILIATES

	Share capital[a]	Other shareholders' equity[(a)(b)]	%	Carrying amount[c]		Loans & advances	Guarantees[c]	Sales[c]	Net profit/ (loss)[c]	Dividends received[c]	Comments
				Gross	Net						
A - Detailed information											
1. Subsidiaries (interest > 50%)											
France											
Bouygues Construction	128	613	99.94	59	59			9,235	201	170	d
Bouygues Immobilier	139	401	99.99	315	315			2,418	108	77	d
Bouygues Telecom	617	1,794	89.18	4,599	4,599			5,637	444	361	d
Colas	49	2,296	96.62	1,710	1,710			11,661	224	213	d
Total				**6,683**	**6,683**			**28,951**	**977**	**821**	
Other countries											
Uniservice	51	21	99.99	32	32				3	1	
Total				**32**	**32**				**3**	**1**	
2. Affiliates (interest >10%, ≤ 50%)											
France											
Alstom	2,060	4,058	30.77	3,697	3,697			19,650	1,205	112	e
TF1	43	(521)	43.08	732	732			2,622	228	40	d
Total				**4,429**	**4,429**			**22,272**	**1,433**	**152**	
Other countries											
Total											
B - Aggregate information											
3. Other subsidiaries											
France				131	130			23	1		
Other countries				4				22			
4. Other affiliates											
France				14	3	10		420	1	3	
Other countries											
Overall total				**11,293**	**11,277**	**10**		**51,688**	**2,415**	**977**	

(a) In the local functional currency (b) Including net profit/loss for the year (c) In euros (d) Parent company of a business segment: consolidated reserves, sales and net profit/loss (excluding minority interests) for the segment, for the year ended 31 December 2010 (e) Year ended 31 March

200 Colas employees spent 24 months on the project to renovate and widen the RN1 in Djibouti. A strategic artery, it is used by 600 heavy goods vehicles every day bringing supplies to Ethiopia from the port of Djibouti. The group has also built wells and other structures to improve living conditions for local people. *Photo: Emmanuel Martin*

COMBINED ANNUAL GENERAL MEETING

of 21 April 2011

A glossary is available at the end of this Registration Document.

AGENDA

1. ORDINARY GENERAL MEETING

- Board of Directors' reports;
- Report of the Chairman of the Board of Directors;
- Auditors' reports;
- Approval of the parent company financial statements and transactions for the year ended 31 December 2010;
- Approval of the consolidated financial statements and transactions for the year ended 31 December 2010;
- Appropriation of earnings, setting of dividend;
- Approval of regulated agreements and commitments;
- Renewal of the term of office of Patricia Barbizet as a director;
- Renewal of the term of office of Hervé Le Bouc as a director;
- Renewal of the term of office of Helman le Pas de Sécheval as a director;
- Renewal of the term of office of Nonce Paolini as a director;
- Authorisation to the Board of Directors with a view to enabling the company to deal in its own shares.

2. EXTRAORDINARY GENERAL MEETING

- Board of Directors' reports and auditors' reports;
- Authorisation to the Board of Directors to reduce share capital by cancelling shares held by the company;
- Delegation of powers to the Board of Directors to increase share capital with pre-emptive rights for existing shareholders, by issuing shares or securities giving access to shares in the company or one of its subsidiaries;
- Delegation of powers to the Board of Directors to increase share capital by incorporating share premiums, reserves or earnings into capital;
- Delegation of powers to the Board of Directors to increase share capital, by way of public offering, without pre-emptive rights for existing shareholders, by issuing shares or securities giving access to shares in the company or one of its subsidiaries;
- Delegation of powers to the Board of Directors to issue shares or securities giving access to shares in the company falling within the scope of paragraph 2, Article L. 411-2 of the Monetary and Financial Code without pre-emptive rights for existing shareholders;
- Authorisation to the Board of Directors to set the price, in accordance with the terms decided by the Annual General Meeting, for immediate or future public issues of equity securities or issues falling within the scope of paragraph 2, Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders;
- Authorisation to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights for existing shareholders;
- Delegation of powers to the Board of Directors to carry out a capital increase as consideration for contributions in kind consisting of a company's shares or securities giving access to capital of another company outside of a public exchange offer;
- Delegation of powers to the Board of Directors to increase share capital, without pre-emptive rights for existing shareholders, as consideration for securities tendered to a public exchange offer initiated by the company;
- Delegation of powers to the Board of Directors to issue shares following the issue by a Bouygues subsidiary of securities giving access to shares in the company;
- Delegation of powers to the Board of Directors to issue securities giving the right to the allotment of debt securities;
- Delegation of powers to the Board of Directors to increase share capital for the benefit of employees or corporate officers of the company or related companies who are members of a company savings scheme;
- Authorisation given to the Board of Directors to grant options to acquire new or existing shares;
- Delegation of powers to the Board of Directors to issue equity warrants during the period of a public offer for the company's shares;
- Authorisation to the Board of Directors to increase share capital during the period of a public offer for the company's shares;
- Powers to carry out formalities.

BOARD OF DIRECTORS' reports

BOARD OF DIRECTORS' REPORT AND STATEMENT OF THE REASONS FOR THE RESOLUTIONS INTRODUCED AT THE COMBINED ANNUAL GENERAL MEETING

This report is the part of the Board of Directors' management report concerning the resolutions to be presented to the Combined Annual General Meeting of 21 April 2011.

Ordinary general meeting

Approval of the parent company and consolidated financial statements for the year ended 31 December 2010

The purpose of the **first resolution** is to approve the parent company financial statements and transactions for the 2010 financial year; the purpose of the **second resolution** is to approve the consolidated financial statements and transactions for the 2010 financial year.

Appropriation of earnings and determination of dividend (€1.60 per share)

The purpose of the **third resolution** is to appropriate the earnings for the year ended 31 December 2010 and determine the dividend.

Distributable earnings for the 2010 financial year amounted to €2,361,093,784.74, comprising net profit of €894,374,946.51 and retained earnings of €1,466,718,838.23.

We propose to allocate distributable earnings as follows:

- €1,159,461.20 to the legal reserve, thereby raising it to 10% of share capital,
- €585,380,036.80 to dividends,
- €1,774,554,286.74 to retained earnings.

The dividend, which is the same as in 2009, amounts to a payout of €1.60 for each of the 365,862,523 existing shares. In accordance with the law, shares held by the company when the dividends are paid out are not eligible for dividends.

The dividend will be paid in cash and will be payable as from 4 May 2011. The ex-rights date on the Euronext Paris market (ie the first trading day when the shares trade without dividends) will be 29 April 2010. The cut-off date for positions qualifying for payment after settlement will be the evening of 3 May 2011.

This dividend entitles natural persons resident in France for income tax purposes to 40% tax relief as provided for by Article 158.3-2 of the General Tax Code. Unless otherwise provided for, such persons may also opt for the 19% flat-rate withholding (excluding social charges).

As required by law, we hereby remind you of the dividends paid in respect of the 2007, 2008 and 2009 financial years:

	2007	2008	2009
Number of shares	347,502,578	342,818,079	354,267,911
Dividend per share	€1.50	€1.60	€1.60
Total dividend paid[(a)(b)]	€509,751,964.50	€545,090,553.60	€566,147,057.60

(a) The amounts shown represent the actual dividends paid out. Note that no dividends are due on shares bought back by the company
(b) Amounts eligible for 40% tax relief in accordance with paragraph 2, Article 158-3 of the General Tax Code

Approval of regulated agreements and commitments

The purpose of the **fourth resolution** is to approve agreements and commitments entered into by Bouygues in 2010 and governed by Articles L. 225-38 *et seq.* of the Commercial Code.

These agreements and commitments, which have been previously approved by the Board of Directors, and the amounts billed under these agreements, are detailed in the special auditors' report on regulated agreements and commitments. They chiefly concern:

- the sale by Bouygues to Bouygues Construction of interests in SNC Challenger, which owns the Challenger building in Saint-Quentin-en-Yvelines;
- services provided by Bouygues to its main subsidiaries; in addition to its senior management role within the Group, Bouygues SA provides services and expertise to its businesses in a range of areas, including finance, communication, sustainable development, sponsorship, new technologies, insurance, legal counsel and human resources. As part of this, Bouygues SA and its main subsidiaries sign annual agreements relating to these services, so that each business can request relevant services and expertise if need be. The subsidiaries are billed for the real costs of these shared services according to different scales depending on the nature of the service: the costs of HR services are billed according to the ratio of the subsidiary's headcount to that of the Group; the permanent capital ratio is used to calculate billing for financial services; while the costs of other services are billed based on the subsidiary's revenues relative to Group revenues;
- reciprocal provision of services between Bouygues and SCDM, a company owned by Martin Bouygues and Olivier Bouygues. The amount billed by SCDM to Bouygues under this agreement (€5,400,362) consists mainly of the salaries of Martin and Olivier Bouygues (85.29% of the total). The remaining 14.71% is for the services provided by the small group that supports Martin and Olivier Bouygues in their deliberations and activities on behalf of the Group, mainly by conducting studies and analyses on strategic developments and growth of the Bouygues group;
- the terms and conditions for use by Group companies of aircraft owned by Bouygues or Actifly, a company owned by Bouygues and SCDM;
- the supplementary pension plan for members of the Group management committee, which includes Bouygues executive directors and a number of salaried directors of Bouygues SA. The supplementary provision is equivalent to 0.92% of the reference salary per year of service under the plan, and the supplementary benefits may not exceed eight times the annual maximum amount under the social security regime, ie approximately €277,000 in 2010.

The plan has been outsourced to an insurance company;

- brand licences granted by Bouygues to certain subsidiaries, with a view to allowing these subsidiaries, including Bouygues Construction, Bouygues Immobilier and Bouygues Telecom, to use the Bouygues brand and associated names.

Renewal of the term of office of directors (fifth to eighth resolutions)

The directorships of Patricia Barbizet, Hervé Le Bouc, Helman le Pas de Sécheval and Nonce Paolini expire after this Annual General Meeting. In the **fifth to eighth resolutions,** we ask you to renew these terms of office for a period of three years, expiring after the 2014 Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2013.

Patricia Barbizet was born on 17 April 1955. She is CEO and director of Artémis. She has been a director of Bouygues in a personal capacity since 13 December 2005, after representing Artémis on the Bouygues Board from December 1998. Patricia Barbizet is an independent director and sits on the Remuneration Committee and the Accounts Committee of Bouygues.

Patricia Barbizet graduated from École Supérieure de Commerce de Paris (ESCP) in 1976. She began her career with the Renault group as treasurer at Renault Véhicules Industriels, then finance director at Renault Crédit International before joining the Pinault group in 1989 as finance director. She was appointed CEO of Artémis in 1992 and became CEO of Financière Pinault in 2004. She was Chairman of the supervisory board of the PPR group until May 2005 when she was appointed Vice-Chairman of the Board of Directors of PPR. Patricia Barbizet is also director of Total, TF1, Air France-KLM, and Fonds Stratégique d'Investissement.

Hervé Le Bouc was born on 7 January 1952. He is the Chairman and CEO of Colas. He was appointed a director of Bouygues on 24 April 2008.

Hervé Le Bouc holds a degree in engineering from École Spéciale des Travaux Publics (ESTP). He joined the Bouygues group in 1977 and began his career at Screg Île-de-France (now a Colas subsidiary) as a site engineer, subsequently working as an area supervisor and then a regional manager until 1989. In 1985, he was appointed Director reporting to the Chairman and Chief Executive Officer. In 1989, he was named director in charge of commercial development of Bouygues Offshore for Europe, French overseas departments and territories (Dom-Tom) and Australia, and subsequently South East Asia and Mexico. He became COO of Bouygues Offshore in 1994, then CEO in 1996 and Chairman and CEO in 1999. From November 2001 to September 2002, he served concurrently as COO of Bouygues Construction, Chairman of the Board of Bouygues Offshore and Chairman of the Board of ETDE. From September 2002 to February 2005, Hervé Le Bouc was CEO of Saur, then Chairman and CEO from February 2005 to April 2007. In February 2007, Hervé Le Bouc became a director of Colas and was named Deputy CEO in August of the same year. On 30 October 2007, he was appointed Chairman and CEO of Colas.

Helman le Pas de Sécheval was born on 21 January 1966. He is the Managing Director of Groupama Centre-Atlantique. Helman le Pas de Sécheval is an independent Board member and chairs the Accounts Committee at Bouygues. He has sat on the Bouygues Board since 24 April 2008.

Helman le Pas de Sécheval is a graduate of École Normale Supérieure, with a PhD in Physical Sciences, and holds an engineering degree from École des Mines. He began his career in 1991 as a project manager in the financial engineering department of Banexi. From 1993 to 1997, he was deputy inspector-general of the underground quarries of Paris. In July 1997, he was appointed deputy to the head of the Department of Financial Operations and Information of the COB (former name of the French securities regulator), becoming head of this department in 1998. From November 2001 to December 2009, Helman le Pas de Sécheval was Group Chief Financial Officer of Groupama, with responsibility for the group's financing, investing, reinsurance and accounting divisions and oversight of the group's financial subsidiaries: Groupama Banque, Banque Finama (which merged with Groupama Banque on 1 October 2009), Groupama Asset Management, Groupama Immobilier, Groupama Private Equity and GIE Groupama Systèmes d'Information. He was appointed Managing Director of Groupama Centre-Atlantique on 1 January 2010.

Nonce Paolini was born on 1 April 1949. He is Chairman and CEO of TF1 and became a Bouygues director on 24 April 2008.

Nonce Paolini holds a Master of Arts degree and graduated from Institut d'Études Politiques de Paris (IEP) in 1972. He started his career at the French power and gas utility EDF-GDF, where he worked first in operational positions (customer service/sales and marketing), and then in senior management (organisation, training, human resources, corporate communications). He joined the Bouygues group in 1988 as human resources development director, then became the Group corporate communications director in 1990. He joined TF1 in 1993 as human resources director and became Deputy CEO of the TF1 group in 1999. In January 2002, he was appointed Senior Vice-President of Bouygues Telecom to head up sales and marketing, customer relations and human resources. Nonce Paolini became Deputy CEO in April 2004 and a director in April 2005. Nonce Paolini has been CEO of TF1 since 22 May 2007, and Chairman and CEO since 31 July 2008.

If you adopt the above resolutions, the Board will, as before, comprise eighteen directors, including seven independent directors within the meaning of the Afep/Medef Corporate Governance Code published in December 2008 (Pierre Barberis, Patricia Barbizet, Lucien Douroux, Helman le Pas de Sécheval, Colette Lewiner, Jean Peyrelevade and François-Henri Pinault). Detailed information about the directors is provided in the Chairman's report on corporate governance. One noteworthy point is that the Board conducted a review of each of the directors who had served on the Board for over 12 years. After examining those directors' contribution to the work of the Board, it found that their long track-record and experience did not interfere with their independence, but rather gave them added expertise and authority and did not prevent them from expressing views and exercising their judgement with respect to the different issues falling within the remit of the Board.

Authorisation to deal in the company's shares

The purpose of the **ninth resolution** is to give the Board the authorisations required to deal in Bouygues shares on the company's behalf, in accordance with legal requirements.

This authorisation is given for a period of eighteen months beginning on the day of the Annual General Meeting. It will replace and cancel with immediate effect the unused portion of the authorisation granted by the Combined Annual General Meeting of 29 April 2010 under the seventeenth resolution.

In 2010, under authorisations granted by the Annual General Meeting, your company acquired 4,820,194 shares with a view to cancelling them. A further 96,250 treasury shares were bought and 2,274,750 shares were sold through a service provider acting within the scope of a liquidity agreement that complies with a code of conduct approved by the Autorité des Marchés Financiers (AMF). Detailed information on these transactions is provided in the description of the buyback programme included in the Registration Document.

The objectives of the new buyback programme are the same as those of the previous one. They are detailed in the ninth resolution and in the description of the buyback programme provided in the Legal and Financial Information section of the Registration Document. Buybacks can be used, *inter alia,* to cancel shares, pursuant to the authorisation granted in the tenth resolution. Shares may be cancelled to offset the dilutive impact on existing shareholders of the exercise of stock options granted to employees and corporate officers. In compliance with the market practice approved by the AMF, buybacks may also be used to ensure the liquidity of and organise the market for the company's shares through an independent investment service provider. Shares acquired under buybacks may also be delivered as a medium of payment or exchange in an acquisition, merger, spin-off or contribution, provided they do not exceed 5% of the share capital.

The shares purchased may be sold under the conditions set by the AMF in its instruction announced on 19 November 2009 regarding new share buyback programmes.

The maximum purchase price shall be €60 per share and the minimum sale price shall be €25 per share.

The transactions may be carried out at any time, including during the period of a public offer for the company's shares, in accordance with applicable regulations. It is important that the company should be able, where necessary, and even during a public offer, to buy back its own shares in order to honour its obligations towards holders of securities giving access to capital or to cover stock option plans.

By law, share buyback authorisations must respect the following limits:

- the company may not own, either directly or indirectly via a person or entity acting in its own name but on behalf of the company, more than 10% of its own shares;
- the buybacks must not reduce shareholders' equity to a level below that of capital plus those reserves not available for distribution;
- the number of shares bought back to be retained and subsequently delivered as a medium of payment or exchange in a merger, spin-off or contribution, may not exceed 5% of the share capital;
- throughout the holding period, the company's reserves (excluding the legal reserve) must be at least equal to the value of the securities owned.

We remind you that treasury stock does not carry any voting rights and that the corresponding dividends are allocated to retained earnings.

Extraordinary general meeting

Option to reduce share capital by cancelling shares

In the **tenth resolution** we ask you, in accordance with the provisions of Article L. 225-209 of the Commercial Code, to grant the Board of Directors an authorisation to reduce the share capital, on one or more occasions, up to a limit of 10% of the share capital in any twenty-four month period, by cancelling some or all of the shares that the company holds or may hold as a result of using the various share buyback authorisations given by the Annual General Meeting to the Board of Directors, particularly under the ninth resolution submitted to this Annual General Meeting for approval. Cancelling shares makes it possible, if the Board deems it appropriate, to offset the dilution for shareholders resulting from the creation of new shares in connection, for example, with employee savings schemes and the exercise of stock options.

This authorisation shall be given for a period of eighteen months beginning on the day of the Annual General Meeting. It will replace and cancel with immediate effect the authorisation granted by the Combined Annual General Meeting on 29 April 2010 in the eighteenth resolution, which was not used.

The following resolutions are intended to delegate to the Board the powers and authorisations required under the law to issue securities so that the company can raise the capital needed to achieve its objectives without first having to convene a General Meeting.

Option to increase share capital with pre-emptive rights

In the event of a capital increase in cash, shareholders in principle have pre-emptive rights to subscribe for new shares in proportion to the number of their shares. In the **eleventh resolution,** we ask you to delegate to the Board of Directors the power to increase the capital by issuing, with pre-emptive rights for existing shareholders, ordinary shares in the company and securities of any kind whatsoever, issued free of charge or for consideration, giving access in whatever manner, now and/or in the future, to ordinary shares, whether in existence or to be issued in the future, in Bouygues or in any company in which it owns directly or indirectly more than half the share capital. Shareholders will thus have pre-emptive rights, in proportion to the number of shares that they hold, to subscribe as of right and, if the Board so decides, on an excess right basis, for ordinary shares and securities issued on the basis of this resolution.

The total nominal amount of capital increases may not exceed one hundred and fifty million euros (€150,000,000), or approximately 41% of the current share capital, and the nominal amount of the debt securities issued and giving access now or in the future to capital shall not exceed five billion euros (€5,000,000,000). These two ceilings apply to all capital increases conducted under the eleventh, thirteenth, fourteenth, sixteenth, seventeenth, eighteenth and nineteenth resolutions submitted to the Annual General Meeting.

This delegation shall be granted for a period of twenty-six months beginning on the day of the Annual General Meeting. It shall replace and cancel with immediate effect the previous delegation given by the Combined Annual General Meeting of 23 April 2009 under the fourteenth resolution, which was not used.

Option to increase share capital by incorporating reserves

The reserves are the result of the savings policy followed by the company, which has not paid out all its profits. In the **twelfth resolution,** we ask you to delegate to the Board of Directors the power to increase the capital by incorporating premiums, reserves, earnings or other amounts which may be incorporated into capital in accordance with applicable law and the by-laws, by allotting bonus shares or by increasing the nominal value of the existing shares, or through a combination of the two procedures. The total nominal amount of capital increases that may be implemented pursuant to this resolution may not exceed six billion euros (€6,000,000,000). The limit set in this delegation is independent of and separate from the overall limit set in the eleventh resolution.

This delegation shall be granted for a period of twenty-six months beginning on the day of the Annual General Meeting. It shall replace and cancel with immediate effect the previous delegation given by the Combined Annual General Meeting of 23 April 2009 under the fifteenth resolution, which was not used.

Capital increases without pre-emptive rights

The law allows the Extraordinary General Meeting to cancel pre-emptive rights. Indeed, certain financial transactions may be carried out only if shareholders agree to waive these rights. The general meeting may cancel pre-emptive rights either in favour of certain named beneficiaries or categories of beneficiaries, or without named beneficiaries in the event that the company offers its securities to the public or to qualified investors or to a small group of investors under a private placement.

Capital increase by way of public offering

In the **thirteenth resolution,** we ask you to delegate to the Board of Directors the power to increase the capital by way of public offering by issuing, without pre-emptive rights, ordinary shares in the company and any securities of any kind whatsoever, issued free of charge or for consideration, giving access in whatever manner, now and/or in the future, to ordinary shares, whether in existence or to be issued in the future, in Bouygues or in any company in which it directly or indirectly owns more than half the capital.

Transactions carried out pursuant to this delegation shall count towards the overall limits of one hundred and fifty million euros (€150,000,000) (capital increase) and five billion euros (€5,000,000,000) (debt securities) set in the eleventh resolution.

Capital increase by way of private placement

The purpose of the **fourteenth resolution** is to allow the Board of Directors to conduct capital increases by way of private placement, up to 20% of the share capital over a twelve-month period.

The aim is to allow the company to optimise its access to capital markets and thus obtain the best market conditions. Unlike public offerings, capital increases by way of private placement are intended for persons and entities providing asset management investment services to third parties, or for qualified investors or for a small group of investors, provided that these investors are acting on their own account.

The issue price of the ordinary shares and the securities shall be such that the sum received immediately by the company, plus any amount likely to be received subsequently by the company, is equal to or greater than the minimum amount required by law for each ordinary share, unless the provisions of the fifteenth resolution are applied, which allow the Board of Directors to use other pricing options under certain conditions, up to the limit of 10% of the capital for a period of twelve months.

Transactions carried out pursuant to this delegation shall count towards the overall limits of one hundred and fifty million euros (€150,000,000) (capital increase) and five billion euros (€5,000,000,000) (debt securities) set in the eleventh resolution.

The authorisations provided for under the thirteenth and fourteenth resolutions shall be granted for a period of twenty-six months beginning on the day of the Annual General Meeting. They shall replace and cancel with immediate effect the previous delegation given by the Combined Annual General Meeting of 23 April 2009 under the sixteenth resolution, which was not used.

Setting the issue price in the event of a capital increase without pre-emptive rights

In accordance with Article L. 225-136-1 of the Commercial Code, the purpose of the **fifteenth resolution** is to authorise the Board of Directors to derogate, for issues carried out by way of public offering or private placement, from the pricing terms provided for under the current regulations (Article R. 225-119 of the Commercial Code), and to set, in accordance with the terms determined by the general meeting, the price of the equity securities to be issued immediately or at a later date up to the limit of 10% of the share capital and for a period of twelve months.

The issue price shall be set as follows:

a. for equity securities to be issued immediately, the Board may opt for one of two alternatives:
   - either the average price observed over a maximum period of six months prior to the issue date, or
   - the volume-weighted average price on the market on the day preceding the issue (1-day VWAP) with a maximum discount of 20%.

b. for equity securities to be issued at a later date, the issue price shall be such that the sum

received immediately by the company, plus the amount it is likely to receive subsequently, will be equal to or greater than the amount referred to in (a) above in respect of each ordinary share.

This delegation shall be granted for a period of twenty-six months beginning on the day of the Annual General Meeting. It shall replace and cancel with immediate effect the previous delegation given by the Combined Annual General Meeting of 23 April 2009 under the eighteenth resolution, which was not used.

Option to increase the number of securities to be issued in the event of a capital increase

In the **sixteenth resolution,** we ask you to authorise the Board of Directors to decide, in the case of a capital increase with or without pre-emptive rights, to increase the number of securities to be issued, during a period of thirty days from closing of subscriptions, up to a limit of 15% of the initial issue, for the same price as the initial issue, subject to compliance with the upper limits set forth in the resolution pursuant to which the capital increase is decided.

This delegation shall be granted for a period of twenty-six months beginning on the day of the Annual General Meeting. It shall replace and cancel with immediate effect the previous delegation given by the Combined Annual General Meeting of 23 April 2009 under the seventeenth resolution, which was not used.

Option to carry out a capital increase as consideration for contributions in kind consisting of securities giving access to the capital of another company outside of a public offering

The purpose of the **seventeenth resolution** is to delegate to the Board of Directors the necessary powers to carry out, based on the report of the expert appraisers, one or more capital increases, which shall not exceed 10% of the share capital, as consideration for contributions in kind consisting of equity securities or securities giving access to the capital of another company, outside of a public offering.

Transactions carried out pursuant to this delegation shall count towards the overall limits of one hundred and fifty million euros (€150,000,000) (capital increase) and five billion euros (€5,000,000,000) (debt securities) set in the eleventh resolution.

This delegation shall be granted for a period of twenty-six months beginning on the day of the Annual General Meeting. It shall replace and cancel with immediate effect the previous delegation given by the Combined Annual General Meeting of 23 April 2009 under the nineteenth resolution, which was not used.

Option to carry out a capital increase as consideration for securities tendered to a public exchange offer made by Bouygues

In the **eighteenth resolution,** we ask you to delegate to the Board of Directors the power to decide, taking into account the opinion of the statutory auditors on the conditions and consequences of the issue, one or more capital increases as consideration for securities tendered to a public exchange offer made by the company with respect to securities of a company whose shares are admitted to trading on a regulated market.

Transactions carried out pursuant to this delegation shall count towards the overall limits of one hundred and fifty million euros (€150,000,000) (capital increase) and five billion euros (€5,000,000,000) (debt securities) set in the eleventh resolution.

This delegation shall be granted for a period of twenty-six months beginning on the day of the Annual General Meeting. It shall replace and cancel with immediate effect the previous delegation given by the Combined Annual General Meeting of 23 April 2009 under the twentieth resolution, which was not used.

Option to authorise the issue by a Bouygues subsidiary of securities giving access to the capital of Bouygues

In the **nineteenth resolution,** we ask you to delegate to the Board of Directors the power to authorise the issue, by any company in which Bouygues directly or indirectly holds more than half the capital, of securities giving access to shares in Bouygues.

According to Article L. 228-93 of the Commercial Code, a joint-stock company may issue securities giving access to the capital of the company that directly or indirectly holds more than half its capital. The issue must be authorised by the Extraordinary General Meeting of the company that is to issue the securities and by the Extraordinary General Meeting of the company in which the rights are to be exercised, pursuant to the requirements of Article L. 228-92 of the Commercial Code; the meeting must rule on the Board of Directors' report and the auditors' special report.

The amount of capital increases carried out pursuant to this resolution shall count towards the maximum total amount of one hundred and fifty million euros (€150,000,000) set in the eleventh resolution.

The Extraordinary General Meeting of shareholders of the subsidiary in question shall authorise the issue of securities; at the same time, your Board of Directors will decide, based on this authorisation, on the issue of the shares in Bouygues to which these securities offer access.

This delegation shall be granted for a period of twenty-six months beginning on the day of the Annual General Meeting. It shall replace and cancel with immediate effect the previous delegation given by the Combined Annual General Meeting of 23 April 2009 under the twenty-second resolution, which was not used.

Option to issue securities giving the right to the allotment of debt securities

In the **twentieth resolution,** we ask you to delegate to the Board of Directors the power to create or issue securities giving rights to the immediate and/or future allotment of debt securities, such as bonds or their equivalent, perpetual or redeemable subordinated securities, or any other securities granting rights of claim against the company.

The maximum amount allowed under this delegation shall be five billion euros (€5,000,000,000). Under this delegation, the Board shall have full

discretion to determine the terms and conditions and all characteristics of the securities and debt securities.

This delegation shall be granted for a period of twenty-six months beginning on the day of the Annual General Meeting. It shall replace and cancel with immediate effect the previous delegation given by the Combined Annual General Meeting of 23 April 2009 under the twenty-third resolution, which was not used.

Option to increase share capital for the benefit of employees or corporate officers who are members of a company savings scheme

The purpose of the **twenty-first resolution** is to allow the Board of Directors to increase share capital for the benefit of employees or corporate officers who are members of a company savings scheme.

As at 31 December 2010, employees of Group companies were Bouygues' second-largest shareholder, holding 18.99% of the capital and 22.59% of the voting rights through various employee share ownership funds (FCPEs). With over 60,000 employee shareholders, Bouygues is the CAC 40 company with the highest level of employee share ownership.

Bouygues firmly believes that it is important for employees to share in the successes of the Group, of which they are an essential part. Employee savings schemes and reserved capital increases enable employees to build up their savings and give them a direct stake and role in the orderly running of the Group, which helps to increase their commitment and motivation. For this reason, the company has implemented a dynamic employee share ownership policy.

Under the last delegation of this type, in 2009 and 2010 the Board carried out two capital increases reserved for employees and corporate officers of French companies that are members of the Bouygues group company savings scheme. These leveraged increases, called Bouygues Partage 2 and Bouygues Confiance 5 respectively, were highly successful. Over 55,000 employees (72.5% of those eligible) subscribed to Bouygues Partage 2. As a result, the Bouygues Partage 2 FCPE subscribed for 9,881,360 shares on 30 November 2009, or 2.87% of the capital at that date. Over 30,000 employees (40% of those eligible) subscribed to Bouygues Confiance 5, with the result that the Bouygues Confiance 5 FCPE subscribed for 9,838,593 shares on 30 December 2010, or 2.77% of the capital at that date.

We now ask you once again to delegate to the Board of Directors, for a twenty-six month period, the power to carry out one or more capital increases for the benefit of employees and corporate officers of the company and of related companies within the meaning of Article L. 225-180 of the Commercial Code, on its own initiative, in such amounts and at such times as it deems fit, on condition that they do not exceed 10% of the company's capital at the date of the Board decision. The capital increases may be carried out by issuing new shares for payment in cash and, if applicable, by incorporating reserves, earnings or premiums into the capital and by allotting bonus shares or other securities giving access to capital.

In accordance with the provisions of Article L. 3332-19 of the Labour Code, the subscription price for the new shares will equal the average of the quoted prices for the share on the Euronext Paris Eurolist market during the twenty trading days preceding the date of the decision of the Board of Directors setting the opening date for subscriptions, with a maximum discount of 20% (30% if the tie-up period provided for under the plan is ten years or more).

Option to grant options to subscribe for or buy shares

In the **twenty-second resolution,** we ask you once again to authorise the Board of Directors to grant to persons it shall designate among the salaried employees and the corporate officers of the company and companies or groupings related to it, in the meaning of Article L. 225-180 of the Commercial Code, stock options giving the beneficiaries the right either to subscribe for or to buy shares in the company.

Information about option allocations and the company's general policy on granting options is provided in the Board of Directors' special report.

Stock options are granted to attract senior executives and employees of the company and of Group entities, reward them, secure their loyalty and give them an interest in the company's development, in the light of their contribution to value creation. More than 1,000 senior executives and employees are beneficiaries under each plan. The beneficiaries are selected and individual allotments are decided by reference to each beneficiary's responsibility and performance, with particular attention being paid to executives with potential. No discount is applied when options are granted.

In accordance with the provisions of the Afep/Medef Code, the general policy for the grant of stock options is debated within the Remuneration Committee, and, on the basis of a recommendation from that committee, approved by the Board of Directors. The grant of options to the company's executive directors (Chairman and CEO, Deputy CEOs) and the exercise of options by those executive directors are subject to performance criteria determined by the Board of Directors.

The total number of stock options that may be granted during the period of this authorisation (thirty-eight months) shall not give the right to subscribe for or acquire a total number of shares representing more than 5% of the share capital of the company on the day of the Board of Directors' decision, with the stipulation that bonus shares allotted free during the period of this authorisation pursuant to an authorisation granted by the Annual General Meeting shall count towards this total number of shares.

The price paid to subscribe for or purchase shares may not be less than the average share price quoted on the market for the twenty trading days preceding the day when the options are granted. In other words, no discount will be authorised. Furthermore, the purchase price of existing shares may not be less than the average purchase price of shares held by the company.

This delegation cancels and replaces with immediate effect the authorisation granted by the Combined General Meeting of 24 April 2008 for a similar purpose.

Protecting the company in the event of a public tender or exchange offer for the company's shares

The following two resolutions are designed to enable the Board of Directors to take defensive measures, as allowed by law, to frustrate a tender offer that it believes goes against the interests of the company and its shareholders.

In the **twenty-third resolution,** we ask you, in accordance with the provisions of Articles L. 233-32 II and L. 233-33 of the Commercial Code, to delegate to the Board of Directors the power to issue equity warrants to shareholders on preferential terms during the period of a public offer for the company's shares, and to allot such warrants free of charge to all shareholders holding shares in the company prior to expiry of the offer period. These warrants shall lapse automatically as soon as the offer or any other competing offer has failed, lapsed or been withdrawn. The maximum number of equity warrants that may be issued shall not exceed the number of shares forming the capital at the time the warrants are issued, and the maximum nominal amount of any capital increase resulting from the exercise of such equity warrants may not exceed four hundred million euros (€400,000,000).

The purpose of this delegation is to allow the Board to increase the value of the company if it considers the offer price to be too low, and thereby encourage the offeror to raise its offer price.

The Board of Directors considers that it should be able to issue such warrants under the terms and conditions provided for by law, when faced with a tender offer that it believes goes against the interests of the company and its shareholders.

The Board's ability to take such measures is subject to the reciprocity principle set forth by Article L. 233-33 of the Commercial Code, which allows your company to implement measures to frustrate the bid without being required to obtain authorisation from the Annual General Meeting during the offer period, if the offeror (or the entity controlling the offeror or an entity acting in concert with the controlling entity) is not itself subject to identical provisions or equivalent measures.

This delegation shall be granted for a period of eighteen months beginning on the day of the Annual General Meeting. It shall replace and cancel with immediate effect the previous delegation given by the Combined Annual General Meeting of 29 April 2010 under the twenty-fourth resolution, which was not used.

In the **twenty-fourth resolution,** we ask you to authorise the Board to utilise, during the period of a public offer for the company's shares, the various delegations of power and authorisations granted by the Annual General Meeting to increase the share capital, provided that such utilisation is permitted during the period of a public offer by applicable laws and regulations. As in the twenty-third resolution, this entails the application of the reciprocity principle provided for in Article L. 233-33 of the Commercial Code.

This delegation shall be granted for a period of eighteen months beginning on the day of the Annual General Meeting. It shall replace and cancel with immediate effect the previous delegation given by the Combined Annual General Meeting of 29 April 2010 under the twenty-fifth resolution, which was not used.

The purpose of the **twenty-fifth resolution** is to carry out all legal or administrative formalities and to make all filings and publications under and in accordance with applicable law.

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The statutory information concerning employee affairs is contained in the management report that was provided to you.

We kindly ask you to vote on the resolutions submitted for your approval.

The Board of Directors

BOARD OF DIRECTORS' MANAGEMENT REPORT

This report is on pages 7-171, 193-215 and 289-295 of this Registration Document.

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

This report is on pages 172 to 192 of the Legal and Financial Information section of this Registration Document.

BOARD OF DIRECTORS' SPECIAL REPORT ON STOCK OPTIONS

This report is on pages 197 to 201 of the Legal and Financial Information section of this Registration Document.

BOARD OF DIRECTORS' SUPPLEMENTARY REPORT ON THE CAPITAL INCREASE FOR THE BENEFIT OF EMPLOYEES AND CORPORATE OFFICERS OF FRENCH COMPANIES THAT ARE MEMBERS OF THE BOUYGUES GROUP SAVINGS SCHEME (ARTICLE R. 225-116 OF THE COMMERCIAL CODE)

To the Shareholders,

At the Combined Annual General Meeting of 23 April 2009 you granted the Board of Directors a twenty-six month authorisation to decide, on its own initiative, to increase share capital, on one or more occasions, by issuing new shares payable in cash representing up to 10% of the share capital, for the benefit of employees and corporate officers of Bouygues and companies related to it that are members of a company, Group or inter-company savings scheme.

For this purpose, you delegated to the Board of Directors, with the power to sub-delegate to the Chief Executive Officer or, with the Chief Executive Officer's consent, to one or more Deputy Chief Executive Officers, full powers to carry out said capital increases and to set the final terms and conditions thereof.

At its meeting on 1 June 2010, the Board of Directors resolved to use this authorisation to carry out a capital increase for the benefit of employees in response to the strong interest

expressed by the Group's employees and to help to preserve a common spirit among the employees of the Group's companies.

This transaction, carried out through an employee share ownership fund (FCPE) specially created for this purpose and whose rules and regulations must be approved by the AMF, consists of a capital increase of up to €250 million, including the issue premium.

This is a leveraged transaction that will increase the beneficiaries' investment, since the exchange transaction between the FCPE and the bank will mean that each employee's personal contribution will be matched by a bank contribution equal to nine times the amount of the beneficiary's personal contribution.

When the beneficiaries withdraw from the FCPE, they will receive a percentage of the capital gain on the full amount of the shares acquired with their personal contribution and the bank's contribution representing the difference between the share's value when they withdraw from the scheme and the reference share price before the 20% discount, multiplied by the number of shares acquired.

This transaction involves only moderate risk because regardless of the change in the Bouygues share price, employees are guaranteed to recover their personal contribution.

The subscription price is set at 80% of the average opening share price over the 20 trading days preceding 1 June 2010, ie a subscription price of €27.35.

The shares subscribed through the FCPE will carry dividend rights as from 1 January 2010, and they will be treated as existing shares.

The subscription period shall begin no earlier than 1 October 2010 and end no later than 15 December 2010. The Chairman and Chief Executive Officer shall determine the terms and conditions governing the payment of subscriptions.

In accordance with the decision of the Combined Annual General Meeting of 23 April 2009, the number of shares created shall not represent more than 10% of the share capital. The maximum number of shares that may be created based on the authorised share capital increase and the reference price would be 9,140,768, or 2.57% of the share capital at 31 May 2010.

The impact of the issue of up to 9,140,768 new shares on shareholders with a 1% interest in Bouygues who do not subscribe to the capital increase would be the following:

	Shareholding in %
Before the issue	1%
After the issue of up to 9,140,768 new shares	0.97%

The impact of this issue on the consolidated equity attributable to equity holders of the parent at 31 March 2010 for shareholders owning one Bouygues share who do not subscribe to the capital increase would be the following:

	Equity (per share) attributable to equity holders of the parent at 31 March 2010
Before the issue	€24.95
After the issue of up to 9,140,768 new shares	€25.01

In light of the issue price and number of shares issued, the transaction should not have a material impact on the market price of the share.

Furthermore, your Board of Directors has decided that this capital increase will be combined with a share buyback programme so as to reduce the diluting impact of the capital increase.

In accordance with the requirements of Article R. 225-116 of the Commercial Code, this report will be available to shareholders at the company's registered office within 15 days of the Board of Directors' meeting, and will be disclosed to shareholders at the next Annual General Meeting.

1 June 2010

The Chairman of the Board of Directors

BOARD OF DIRECTORS' SUPPLEMENTARY REPORT ON THE CAPITAL INCREASE FOR THE BENEFIT OF EMPLOYEES AND CORPORATE OFFICERS OF FRENCH COMPANIES THAT ARE MEMBERS OF THE BOUYGUES GROUP SAVINGS SCHEME (ARTICLE R. 225-116 OF THE COMMERCIAL CODE)

To the Shareholders,

At the Combined Annual General Meeting of 23 April 2009 you granted the Board of Directors a twenty-six month authorisation to decide, on its own initiative, to increase share capital, on one or more occasions, by issuing new shares payable in cash representing up to 10% of the share capital, for the benefit of employees and corporate officers of Bouygues and companies related to it that are members of a company, Group or intercompany savings scheme.

For this purpose you delegated to the Board of Directors, with the power to sub-delegate to the Chief Executive Officer or, with the Chief Executive Officer's consent, to one or more Deputy Chief Executive Officers, full powers to carry out said capital increases and to set the final terms and conditions thereof.

At its meeting on 27 July 2010, the Board of Directors resolved to use this authorisation to carry out a capital increase for the benefit of employees and corporate officers in response

to the strong interest expressed by the Group's employees and to help to preserve a common spirit among the employees and corporate officers of the Group's companies.

This transaction is being carried out in place of the capital increase that was decided on by the Board of Directors at its meeting on 1 June 2010 and that was dealt with in a previous supplementary report issued at the same date.

In light of the significant decline of the Bouygues share price since 1 June 2010 and the consequent decrease in the share offering's attractiveness to its intended beneficiaries, the Chairman and Chief Executive Officer, using the powers granted him by the Board of Directors, decided not to proceed with the capital increase on the initially planned terms and conditions and to call another meeting of the Board of Directors to decide on a new capital increase for the benefit of the employees and corporate officers of French companies that are members of the Bouygues group employee savings scheme (hereinafter referred to as beneficiaries).

This new transaction, carried out through an employee share ownership fund (FCPE) specially created for this purpose and whose rules and regulations must be approved by the AMF, consists of a capital increase of up to €250 million, including the issue premium.

This is a leveraged transaction that will increase the beneficiaries' investment, since the exchange transaction between the FCPE and the bank will mean that each beneficiary's personal contribution will be matched by a bank contribution equal to nine times the beneficiary's personal contribution.

When the beneficiaries withdraw from the FCPE, they will receive a percentage of the capital gain on the full amount of the shares acquired with their personal contribution and the bank's contribution representing the difference between the share's value when they withdraw from the scheme and the reference share price before the 20% discount, multiplied by the number of shares acquired.

This transaction involves only moderate risk because regardless of the change in the Bouygues share price, employees are guaranteed to recover their personal contribution.

At its meeting on 27 July 2010, the Board of Directors set the subscription price at 80% of the average opening share price over the 20 trading days preceding 27 July 2010, ie a subscription price of €25.41.

The shares subscribed through the FCPE will carry dividend rights as of 1 January 2010, and they will be treated as existing shares.

The subscription period for the beneficiaries shall begin no earlier than 1 October 2010 and end no later than 15 December 2010. The Chairman and Chief Executive Officer shall determine the exact subscription period for the beneficiaries. The subscription date for the FCPE is 30 December 2010. The payment of the subscription to the FCPE will be made in two parts. The first, on 30 December 2010, will be equal to the payments made in December by the employees, with the balance paid on 3 January 2011.

In accordance with the decision of the Combined Annual General Meeting of 23 April 2009, the number of shares created shall not represent more than 10% of the share capital. The maximum number of shares that may be created based on the authorised share capital increase and the reference price would be 9,838,646, or 2.77% of the share capital at 27 July 2010.

The impact of the issue of up to 9,838,646 new shares on shareholders with a 1% interest in Bouygues who do not subscribe to the capital increase is the following:

	Shareholding in %
Before the issue	1%
After the issue of up to 9,838,646 new shares	0.97%

The impact of this issue on the consolidated equity attributable to equity holders of the parent at 31 March 2010 for shareholders owning one Bouygues share who do not subscribe to the capital increase would be the following:

	Equity (per share) attributable to equity holders of the parent at 31 March 2010
Before the issue	€24.92
After the issue of up to 9,838,646 new shares	€24.93

In light of the issue price and number of shares issued, the transaction should not have a material impact on the market price of the share.

Furthermore, the Board of Directors has decided that this capital increase will be combined with a share buyback programme so as to reduce the diluting impact of the capital increase.

In accordance with the requirements of Article R. 225-116 of the Commercial Code, this report will be available to shareholders at the company's registered office within 15 days of the Board of Directors' meeting, and will be disclosed to shareholders at the next Annual General Meeting.

27 July 2010

The Chairman of the Board of Directors

AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

To the shareholders,

In accordance with the terms of our appointment at the Annual General Meeting, we present below our report for the year ended 31 December 2010 on:

- the audit of the accompanying financial statements of Bouygues;
- the basis of our opinion;
- the specific procedures and information required by law.

These 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.

I - Opinion on the financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform our audit to obtain reasonable assurance that 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 in the preparation of the financial statements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2010, and of the results of its operations for the year then ended, in accordance with French generally accepted accounting principles.

II – Basis of our opinion

Pursuant to the provisions of Article L. 823-9 of the Commercial Code requiring auditors to explain the basis of their opinion, we draw your attention to the following matters:

Holdings in subsidiaries and affiliates recognised as assets on the company's balance sheet are valued in accordance with the methods described in Note 2.3.1 to the financial statements. We reviewed the data used to estimate the carrying amounts of these investments and checked the calculations of impairment provisions where appropriate. We have no matters to report regarding the methods used, the reasonableness of the estimates made or the relevance of the information disclosed in the notes to the financial statements.

These assessments are an integral part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion expressed in the first part of this report.

III - Specific procedures and information

We also carried out the specific procedures required by law, in accordance with the auditing standards applicable in France.

We have no matters to report regarding the fairness of the information given in the management report prepared by the Board of Directors and the documents sent to shareholders on the company's financial position and financial statements, or its consistency with those financial statements.

We also verified that the disclosures provided in accordance with Article L. 225-102-1 of the Commercial Code on compensation and benefits accruing to corporate officers and on commitments granted to those corporate officers were consistent with the financial statements or with the data used in preparing the financial statements and, where appropriate, with the information collected by Bouygues from companies controlling it or controlled by it. Based on our work, we certify that this information is accurate and fair.

As required by law, we verified that the identity of shareholders (or holders of voting rights) is disclosed in the management report.

Paris-La Défense and Courbevoie, 1 March 2011
The Auditors

Ernst & Young Audit
Jean Bouquot

Mazars
Gilles Rainaut

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders,

In accordance with the terms of our appointment at the Annual General Meeting, we present below our report for the year ended 31 December 2010 on:

- the audit of the accompanying consolidated financial statements of the Bouygues group;
- the basis of our opinion;
- the specific procedures and information required by law.

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.

I - Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities and financial position of the consolidated group at 31 December 2010, and of the results of its operations for the year then ended, in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union.

Without qualifying our opinion, we draw your attention to Note 2.2 to the consolidated financial statements, which describes the impacts of the new standards and interpretations effective as of 1 January 2010.

II – Basis of our opinion

Pursuant to the provisions of Article L. 823-9 of the Commercial Code requiring auditors to explain the basis of their opinion, we draw your attention to the following matters:

- The company performs annual impairment tests on goodwill and other assets with an indefinite useful life, and also assesses whether there is any evidence that non-current assets may be impaired, in accordance with the methods described in Note 2.7.4 to the consolidated financial statements. We reviewed the methods used to carry out the tests and the underlying assumptions.
- Current and non-current provisions carried on the balance sheet were measured as described in Notes 2.12.2 and 2.11.2 to the consolidated financial statements. In light of available information, our assessment of these provisions was based primarily on an analysis of the processes implemented by management to identify and evaluate risks.

These assessments are an integral part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion expressed in the first part of this report.

III – Specific procedures

We also reviewed the information given in the Group's management report in accordance with auditing standards applicable in France.

We have no matters to report on its fairness or consistency with the consolidated financial statements.

Paris-La Défense and Courbevoie, 1 March 2011
The Auditors

Ernst & Young Audit
Jean Bouquot

Mazars
Gilles Rainaut

AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE COMMERCIAL CODE, ON THE REPORT OF THE CHAIRMAN OF BOUYGUES

To the shareholders,

In our capacity as auditors of Bouygues and in accordance with the requirements of Article L. 225-235 of the Commercial Code, we present below our report on the report compiled by the Chairman of Bouygues in accordance with Article L. 225-37 of the Commercial Code for the year ended 31 December 2010.

The Chairman is responsible for compiling and submitting a report to the Board of Directors for approval regarding the internal control and risk management procedures put in place within the company, and for providing the other information required by Article L. 225-37 of the Commercial Code, particularly in the area of corporate governance.

Our responsibility is to:

- report our comments on the information contained in the Chairman's report regarding risk management and internal control procedures relating to the preparation and treatment of accounting and financial information; and
- certify that the Chairman's report contains the other information required by Article L. 225-37 of the Commercial Code, it being specified that that we are not responsible for verifying the fairness of that information.

We conducted our work in accordance with the professional practices applicable in France.

Information regarding risk management and internal control procedures relating to the preparation and treatment of accounting and financial information

Professional practices require that we perform procedures to assess the fairness of the information provided in the Chairman's report on risk management and internal control procedures relating to the preparation and treatment of accounting and financial information.

These procedures included:

- obtaining an understanding of the risk management and internal control procedures relating to the preparation and treatment of accounting and financial information described in the Chairman's report, and of other existing documentation;
- obtaining an understanding of the work underlying the information contained in the Chairman's report, and of other existing documentation;
- determining whether the Chairman's report contains the appropriate disclosures regarding any material weaknesses we might have identified in internal control procedures relating to the preparation and treatment of accounting and financial information.

Based on our work, we have no matters to report on the information contained in the Chairman's report prepared in accordance with Article L. 225-37 of the Commercial Code on risk management and internal control procedures relating to the preparation and treatment of accounting and financial information.

Other information

We certify that the report of the Chairman of the Board of Directors contains all of the other information required by Article L. 225-37 of the Commercial Code.

Paris-La Défense and Courbevoie, 18 March 2011
The Auditors

Ernst & Young Audit
Jean Bouquot

Mazars
Gilles Rainaut

AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

To the shareholders,

In our capacity as auditors of your company, we present below our report on regulated agreements and commitments.

We are required to report to shareholders, based on the information provided, about the main terms and conditions of the agreements and commitments that have been disclosed to us or which were brought to light as a result of our assignment, without commenting on their relevance or substance and without determining whether other such agreements or commitments exist. Under the provisions of Article R. 225-31 of the Commercial Code, it is the responsibility of shareholders to determine whether the agreements and commitments are appropriate and should be approved.

We are also required to report to you the information set out in Article R. 225-31 of the Commercial Code regarding operations carried out during the year under agreements and commitments approved by shareholders in previous years.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved ensuring that the information disclosed to us was consistent with the source documents from which it was taken.

Agreements and commitments submitted to the Annual General Meeting for approval

Agreements and commitments authorised during the year

Pursuant to Article L. 225-40 of the Commercial Code, we were informed of the following agreements and commitments that were authorised by your Board of Directors.

a. Sale of SNC Challenger to Bouygues Construction

Up to December 2010, Bouygues owned all of the capital of SNC Challenger, the owner of the Challenger building in Guyancourt (greater Paris region).

As this building is now only occupied by Bouygues Construction and its subsidiaries, and SNC Challenger had undertaken renovation and rehabilitation works to improve the building's energy performance and obtain HQE® certification, it was decided that Bouygues Construction should replace Bouygues in the capital of SNC Challenger, and thus indirectly in the ownership of the building.

The Board of Directors approved the following transactions in this respect:

- the entire capital of SNC Challenger would be sold to Bouygues Construction for €15,000,000;
- amounts owed by SNC Challenger to Bouygues Relais would be taken over by Bouygues Construction Relais (Bouygues Construction's cash pooling unit), and would be repaid in full to Bouygues Relais on the sale of the capital of SNC Challenger;
- the outstanding tax owed (€27,000,000) would be transferred to Bouygues Construction.

These transactions were carried out on 3 December 2010.

Directors concerned
Olivier Bouygues and Yves Gabriel.

b. Service agreements between Bouygues and Actifly

Following Actifly's sale of its Hawker HS 800 aircraft in December 2010, the agreements pursuant to which (i) Actifly made available the HS 800 to Bouygues, and (ii) Bouygues provided mechanical maintenance and administrative management services for the aircraft to Actifly, were terminated ahead of their actual expiry date.

The agreements regarding piloting services remain in force.

Directors indirectly concerned
Martin Bouygues and Olivier Bouygues.

c. Supplementary pension benefits granted to management

The Board of Directors approved changes to the supplementary pension agreement: the annual supplementary pension benefit accruing to members of the Group's Management Committee is now capped at eight times the annual maximum Social Security pension.

Directors concerned
François Bertière, Martin Bouygues, Olivier Bouygues, Yves Gabriel, Hervé Le Bouc and Nonce Paolini.

d. Trademark licence agreement with Bouygues Immobilier

A new licence agreement concerning the Bouygues Immobilier, Bouygues Immobilien, Bouygues Inmobiliaria, Bouygues Imobiliaria and Bouygues Imobiliare trademarks came into force on 3 December 2010 for a period of 15 years, ie until 2 December 2025. This agreement replaces the previous agreements which expired on 15 October 2010.

As consideration for the rights granted, Bouygues Immobilier will pay Bouygues fixed royalties of €250,000 per annum excluding VAT.

In 2010, Bouygues invoiced Bouygues Immobilier an amount of €19,863 excluding VAT under this agreement.

Director concerned
François Bertière.

e. Amendment to the trademark licence agreement with Bouygues Construction

A fourth amendment was signed to the trademark licence agreement dated 16 October 2000 between Bouygues and Bouygues Construction. This amendment extended the licence agreement until 31 March 2011 in order to allow the companies concerned and the appointed expert to complete their analyses as to the actual amount of trademark royalties payable.

Directors concerned
Olivier Bouygues and Yves Gabriel.

f. Amendment to the trademark licence agreement with Bouygues Bâtiment International

A sixth amendment was signed to the trademark licence agreement dated 21 December 2000 between Bouygues and Bouygues Bâtiment (now Bouygues Bâtiment International). This amendment extended the licence agreement until 31 March 2011 in order to allow the companies concerned and the appointed expert to complete their analyses as to the actual amount of trademark royalties payable.

Director concerned
Yves Gabriel.

g. Amendment to the trademark licence agreement with Bouygues Travaux Publics

A third amendment was signed to the trademark licence agreement dated 15 December 2000 between Bouygues and Bouygues Travaux Publics. This amendment extended the licence agreement until 31 March 2011 in order to allow the companies concerned and the expert appointed to complete their analyses as to the amount of trademark royalties payable.

Director concerned
Yves Gabriel.

Agreements and commitments authorised in previous years which were not previously submitted to the Annual General Meeting for approval

We were informed of the following agreements and commitments authorised in 2009 which were not submitted for approval to the Combined Annual General Meeting of 29 April 2010 called to approve the 2009 financial statements.

a. Shared service agreements

Bouygues has entered into shared service agreements with its main subsidiaries, under which it provides principally management, HR, IT and financial services to its various sub-groups.

These shared service agreements were approved for a one-year term, starting 1 January 2010.

Bouygues invoiced the following amounts in respect of this agreement in 2010:

	Amount excluding VAT
Bouygues Construction	€12,493,598
Bouygues Immobilier	€2,906,412
Colas	€15,144,506
Bouygues Telecom	€7,483,187
TF1	€3,500,973

Directors concerned

- **Bouygues Construction,** Olivier Bouygues and Yves Gabriel.
- **Bouygues Immobilier,** François Bertière.
- **Colas,** François Bertière, Olivier Bouygues and Hervé Le Bouc.
- **Bouygues Telecom,** Olivier Bouygues and Nonce Paolini.
- **TF1,** Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Nonce Paolini.

b. Service agreements: use of Bouygues aircraft

Bouygues operates two aircraft (Hawker HS 900 and Global 5000) belonging to one of its sub-affiliates, Challenger Luxembourg. These aircraft are made available to several group companies as well as SCDM and Alstom Holdings.

The service agreements setting the prices for the use of these aircraft were approved for a one-year term starting 1 January 2010. The service agreements also concerned the use of a Hawker HS 800 aircraft owned by Actifly, until the aircraft was sold by Actifly with effect from 3 December 2010.

Bouygues invoiced the following amounts in respect of this agreement in 2010:

	Amount excluding VAT
Bouygues Construction	€259,175
Bouygues Bâtiment International	€219,450
Bouygues Bâtiment Ile-de-France	€0
Bouygues Travaux Publics	€156,625
ETDE	€115,675
Bouygues Immobilier	€9,800
Colas	€792,050
TF1	€0
Eurosport	€0
Bouygues Telecom	€187,600
SCDM	€777,525
Alstom Holdings	€312,060

Directors concerned

- **Bouygues Construction,** Olivier Bouygues and Yves Gabriel.
- **Bouygues Bâtiment International,** Yves Gabriel.
- **Bouygues Bâtiment Ile-de-France,** Yves Gabriel.
- **Bouygues Travaux Publics,** Yves Gabriel.
- **ETDE,** Yves Gabriel.
- **Bouygues Immobilier,** François Bertière.
- **Colas,** François Bertière, Olivier Bouygues and Hervé Le Bouc.
- **TF1,** Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Nonce Paolini.
- **Eurosport,** Olivier Bouygues.
- **Bouygues Telecom,** Olivier Bouygues and Nonce Paolini.
- **SCDM,** Olivier Bouygues and Martin Bouygues.
- **Alstom Holdings,** Patrick Kron.

c. Service agreements between Bouygues and Actifly

Bouygues and Actifly entered into agreements regarding the provision, mechanical maintenance and administrative management of the Hawker HS 800 aircraft owned by Actifly, as well as agreements concerning piloting services.

These agreements were extended until 31 December 2010 by your Board of Directors.

Bouygues invoiced Actifly the following amounts in respect of these agreements in 2010:

- €86,166 excluding VAT for administrative services;
- €137,500 excluding VAT for maintenance services;
- €194,632 excluding VAT for piloting services.

Actifly invoiced Bouygues €384,743 excluding VAT under the agreement for making available the Hawker HS 800 aircraft and providing piloting services.

Directors indirectly concerned
Martin Bouygues and Olivier Bouygues.

d. Agreement between Bouygues and SCDM

SCDM, a company owned by Martin Bouygues and Olivier Bouygues, contributes to initiatives in favour of Bouygues on an ongoing basis.

The Board of Directors authorised the renewal of the agreement between Bouygues and SCDM concerning this contribution for a period of one year starting 1 January 2010.

Under the terms of this agreement, SCDM invoices Bouygues up to €8 million a year for costs incurred in relation to:

- salaries, mainly for Martin Bouygues and Olivier Bouygues who are paid exclusively by SCDM;
- research and analysis relating to strategic developments and the expansion of the Bouygues group;
- miscellaneous services.

Under this agreement, Bouygues may invoice SCDM at arm's length for specific services provided.

During the year, SCDM invoiced Bouygues €5,400,362 excluding VAT in respect of the agreement, while Bouygues invoiced SCDM €1,140,454 excluding VAT.

Directors concerned
Martin Bouygues and Olivier Bouygues.

e. Supplementary pension benefits granted to management

Members of the Group's Management Committee, including corporate officers and salaried directors of Bouygues, are eligible for supplementary pension benefits equal to 0.92% of their reference salary for each year they have belonged to the plan. This supplementary plan has been transferred to an insurance company. Contributions paid into the plan set up by the insurance company totalled €1,100,000 in 2010.

Since this agreement concerns commitments granted to the company's Chairman and Chief Executive Officer and Deputy Chief Executive Officer, the Board was asked to approve its renewal in 2010, pursuant to Article L. 225-42-1 of the Commercial Code.

Directors concerned
François Bertière, Martin Bouygues, Olivier Bouygues, Yves Gabriel, Hervé Le Bouc and Nonce Paolini.

Agreements and commitments approved by a previous Annual General Meeting

Agreements and commitments approved in previous years

- Agreements and commitments approved in previous years under which transactions took place during the year
In application of Article R.225-30 of the Commercial Code, we were informed of the following agreements and commitments approved by shareholders in previous years under which transactions took place during the year.

a. Trademark licence agreements

Bouygues has entered into trademark licence agreements with several subsidiaries, entitling them to use various trademarks, company names and trade names under specific conditions.

Bouygues invoiced the following amounts in respect of this agreement in 2010:

	Amount excluding VAT
Bouygues Construction	€49,699[1]
Bouygues Travaux Publics	€19,513
Bouygues Immobilier	€16,464
Bouygues Bâtiment International	€14,025[2]
Bouygues Bâtiment Ile-de-France	€15,550

(1) Including under the second and third amendments to the agreement
(2) Including under the fifth amendment to the agreement

b. Bouygues corporate advertising campaign

In autumn 2008, Bouygues launched a corporate advertising campaign reporting on the sustainable development approach adopted within each of the Group's businesses. The 2008-2009 campaign was partially funded by the Group's businesses, in proportion to their contribution to Bouygues' sales.

Bouygues invoiced the following amounts in respect of this agreement in 2010:

	Amount excluding VAT
Bouygues Construction	€328,563
Bouygues Immobilier	€137,312
TF1	€75,304
Colas	€265,922
Bouygues Telecom	€198,975

c. Sub-lease agreement concerning the Challenger building

Bouygues entered into a nine-year sub-lease agreement with Bouygues Construction, starting 1 January 2000 (with three-year and six-year cancellation options for the lessee) for part of the Challenger building in Saint-Quentin-en-Yvelines (France).

Bouygues Construction invoiced Bouygues €269,388 excluding VAT in respect of this agreement in 2010.

- Agreements and commitments approved in previous years but under which no transactions took place during the year
We were also informed of the following agreements and commitments approved by shareholders in previous years but under which no transactions took place in 2010.

a. Liability for defence costs

On 16 December 2003, Bouygues agreed to assume any defence costs incurred by executives or employees in connection with criminal proceedings resulting in discharge or acquittal, where such proceedings are brought against them for acts committed in performance of their duties or for merely holding office as director,

Chairman, Chief Executive Officer, Deputy Chief Executive Officer or any equivalent office in a Group company.

No amounts were paid in respect of this agreement in 2010.

Agreements and commitments approved during the year

We were informed of the following agreements and commitments approved by the Combined Annual General Meeting on 29 April 2010 based on the special report of the auditors dated 2 March 2010, under which transactions took place during the year.

a. Trademark licence agreement with Bouygues Telecom

A new licence agreement concerning the Bouygues Telecom, Bouygtel and Bouygnet trademarks came into force on 9 December 2009 for a period of 15 years, ie until 9 December 2024. This agreement replaces the previous agreements which expired on 8 December 2009.

As consideration for the rights granted, Bouygues Telecom will pay Bouygues fixed royalties of €700,000 per annum excluding VAT.

In 2010, Bouygues invoiced Bouygues Telecom an amount of €700,000 under this agreement excluding VAT.

b. Amendment to the trademark licence agreement with Bouygues Bâtiment International

A fifth amendment was signed to the trademark licence agreement dated 21 December 2000 between Bouygues and Bouygues Bâtiment (now Bouygues Bâtiment International). The amendment provides Bouygues Bâtiment International with the right to use its exclusive licence to the Bouygues Bâtiment trademark in Bahrain and Malaysia and to use its non-exclusive right to the Minorange ellipse logo in South Africa, Bahrain, UAE and Malaysia.

This amendment also authorises Bouygues Bâtiment International, under the control of Bouygues, to sub-license the Bouygues Bâtiment trademark and/or the Minorange ellipse logo to third parties on a temporary, limited and provisional basis.

c. Amendments to the trademark licence agreement with Bouygues Construction

A second and third amendment to the 16 October 2000 trademark licence agreement between Bouygues and Bouygues Construction was signed in 2009.

The second amendment extends the non-exclusive right to use the Minorange ellipse logo to more countries and allows Bouygues Construction to alter, separate or add to the Bouygues Construction trademark under certain conditions.

The third amendment allows Bouygues Construction, under the control of Bouygues, to sub-license the Bouygues Construction trademark and/or the Minorange ellipse logo to third parties on a temporary, limited and provisional basis in connection with its communication initiatives in terms of corporate sponsorship, patronage, endorsements and partnerships.

d. Alstom Hydro Holding

At its meeting of 30 October 2009, the Board of Directors approved:

- Bouygues' exercise of its put option on its 50% stake in the Alstom Hydro Holding joint venture in return for Alstom shares;
- Bouygues' contribution of its 50% interest in the joint venture to Alstom, in return for 4,400,000 new Alstom shares to be created and granted to Bouygues by Alstom;
- the signature of an amendment to the agreement incorporating Alstom as a party to the existing agreements, for the purposes of carrying out this contribution.

At its 1 December 2009 meeting, the Board of Directors approved the draft contribution agreement.

On 12 March 2010 after the final authorisations were given, Bouygues completed this transaction, exchanging shares in Alstom Hydro Holding for 4,400,000 Alstom shares, pursuant to the afore-mentioned agreement.

Agreements and commitments authorised during the year which are not to be submitted to the forthcoming Annual General Meeting for approval

In application of Article L. 225-40 of the Commercial Code, we were informed of the following agreements and commitments that were authorised by your Board of Directors during the year.

These agreements, authorised for a period of one year starting 1 January 2011, did not result in any transactions in 2010, and will be submitted for approval to the Annual General Meeting called to approve the 2011 financial statements.

a. Shared service agreements

b. Service agreements: use of Bouygues aircraft

c. Agreement between Bouygues and SCDM

d. Service agreements between Bouygues and Actifly (piloting services)

e. Supplementary pension benefits granted to management

Paris-La Défense and Courbevoie, 1 March 2011
The Auditors

Ernst & Young Audit
Jean Bouquot

Mazars
Gilles Rainaut

AUDITORS' REPORTS TO THE COMBINED ANNUAL GENERAL MEETING

To the shareholders,

Auditors' report on the reduction of share capital (tenth resolution)

In our capacity as auditors of Bouygues, and as required under Article L. 225-209 of the Commercial Code in the event of a capital reduction by cancelling shares repurchased by the issuer, we present below our report on our assessment of the reasons for the proposed capital reduction and the terms and conditions thereof.

The Board of Directors is asking shareholders to grant it full powers, for an eighteenth-month period as from the date of the Annual General meeting, to cancel on one or more occasions, up to a limit of 10% of the capital in any twenty-four month period, the shares bought back by the company pursuant to an authorisation given to the company to buy back its own shares within the scope of the Article mentioned above.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved assessing whether the decision to reduce the capital and the terms and conditions thereof, which respect the equal rights of all shareholders, are appropriate.

We have no matters to report concerning the reasons for and terms and conditions of the proposed capital reduction.

Auditors' report on the issue of shares or securities giving access to shares in the company with or without pre-emptive rights for existing shareholders (eleventh, thirteenth, fourteenth, fifteenth, seventeenth, eighteenth and nineteenth resolutions)

In our capacity as auditors of Bouygues, and as required under Articles L. 225-135, L. 225-136 and L. 228-92 of the Commercial Code, we present below our report on the proposal to grant the Board of Directors powers to issue ordinary shares and securities, which shareholders are asked to approve.

The Board of Directors is asking shareholders, on the basis of its report, to:

- grant it the power, with the power to subdelegate under and in accordance with applicable law, for a period of twenty-six months, to approve the following transactions and set the final terms and conditions thereof, and waive your pre-emptive subscription rights:
  - to issue ordinary shares and securities giving access to ordinary shares in the company or, pursuant to Article L. 228-93 of the Commercial Code, any company in which it owns directly or indirectly more than half of the capital, with pre-emptive rights for existing shareholders (eleventh resolution);
  - to issue ordinary shares and securities giving access to ordinary shares in the company or, pursuant to Article L. 228-93 of the Commercial Code, any company in which it owns directly or indirectly more than half of the capital, without pre-emptive rights for existing shareholders, through a public offer (thirteenth resolution);
  - to issue ordinary shares and securities giving access to ordinary shares in the company, without pre-emptive rights for existing shareholders, through an offer falling within the scope of paragraph 2, Article L. 411-2 of the Monetary and Financial Code, for up to 20% of the capital over a twelve-month period (fourteenth resolution);
  - to issue ordinary shares in the company and securities giving access to ordinary shares, as consideration for securities tendered to a public exchange offer initiated by the company (eighteenth resolution);
  - to issue ordinary shares as a result of the issuance, by any company in which Bouygues directly or indirectly holds more than half of the capital, of securities giving access to ordinary shares in Bouygues (nineteenth resolution);
- authorise it, in the fifteenth resolution, and for each of the issues decided under the thirteenth and fourteenth resolutions, to set the issue price up to the limit of 10% of the capital over a twelve-month period;
- grant it the power, with the power to subdelegate under and in accordance with applicable law, for a period of twenty-six months, to set the terms and conditions for any issue of ordinary shares and securities giving access to ordinary shares, as consideration for contributions in kind consisting of equity securities or securities giving access to the capital (seventeenth resolution), up to a limit of 10% of the capital.

The Board of Directors is also asking shareholders, in the twenty-fourth resolution, to utilise the various delegations of power during the period of a public offer for the company's shares, if paragraph 1, Article L. 233-33 of the Commercial Code is applicable.

The total nominal amount of capital increases that may be implemented now or in the future by virtue of the eleventh, thirteenth, fourteenth, sixteenth, seventeenth, eighteenth and nineteenth resolutions, may not exceed €150,000,000. The nominal amount of all of the debt securities that may be issued under the eleventh, thirteenth, fourteenth, sixteenth, seventeenth and eighteenth resolutions may not exceed €5,000,000,000.

These limits take into account the additional number of securities that may be created pursuant to the authorisations granted in the eleventh, thirteenth and fourteenth resolutions, under the conditions set out in Article L. 225-135-1 of the Commercial Code, if you adopt the sixteenth resolution.

The Board of Directors is responsible for drawing up a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements on the proposal to cancel pre-emptive rights for existing shareholders and on other specific information regarding these transactions contained in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved verifying the information provided in the Board of Directors' report on these transactions and on the terms and conditions for calculating the price of the equity instruments to be issued.

Pending a subsequent review of the terms and conditions applicable to any issues that may be decided, we have no matters to report concerning the terms and conditions for calculating the price of the equity instruments to be issued as set out in the Board of Directors' report on the thirteenth, fourteenth, fifteenth and nineteenth resolutions.

As this report does not specify the terms and conditions for calculating the price for the equity instruments to be issued pursuant to the authorisations granted under the eleventh, seventeenth and eighteenth resolutions, we are unable to express an opinion on the basis for calculating this price.

As the price of the equity instruments to be issued has not yet been set, we do not express an opinion on the final conditions under which the issues will be carried out and consequently, on the proposed waiver of pre-emptive rights for existing shareholders set out in the thirteenth, fourteenth, fifteenth, seventeenth, eighteenth and nineteenth resolutions.

In accordance with Article R. 225-116 of the Commercial Code, we will draw up a supplementary report if the Board of Directors decides to use the authorisations granted to issue ordinary shares without pre-emptive rights for existing shareholders, and securities giving access to the capital.

Auditors' report on the issue of securities giving the right to the allotment of debt securities (twentieth resolution)

In our capacity as auditors of Bouygues and as required under Article L. 228-92 of the Commercial Code, we present below our report on the proposal to grant the Board of Directors the power to issue securities giving rights to the allotment of debt securities, for a maximum amount of €5,000,000,000, which shareholders are asked to approve.

Based on its report, the Board of Directors is asking shareholders to grant it the power, with the power to sub-delegate under and in accordance with applicable law, for a period of twenty-six months, to decide to carry out such transactions. Where appropriate, the Board will be responsible for setting the final terms and conditions of the issue.

The Board of Directors is responsible for preparing a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements and other specific information concerning the issue provided in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved assessing the contents of the Board of Directors' report as regards this transaction.

As the final terms and conditions for the issue have not yet been set, we do not express an opinion on the final terms and conditions under which the issue will be carried out.

In accordance with Article R. 225-116 of the Commercial Code, we will draw up a supplementary report, where applicable, if this authorisation is used by your Board of Directors.

Auditors' report on the increase in share capital without pre-emptive rights for existing shareholders, for the benefit of employees or corporate officers of the company or a related company who are members of a company savings scheme (twenty-first resolution)

In our capacity as auditors of Bouygues and as required under Articles L. 225-135 *et seq*. of the Commercial Code, we present below our report on the proposal to grant the Board of Directors the power to increase the share capital by issuing ordinary shares without pre-emptive rights for existing shareholders, for up to 10% of the company's capital at the date of the Board decision, for the benefit of employees or corporate officers of Bouygues or any related French and foreign companies within the meaning of applicable legislation, who are members of a company or Group savings plan or any inter-company savings scheme, which shareholders are asked to approve.

This capital increase is submitted for shareholders' approval in accordance with Article L. 225-129-6 of the Commercial Code and Articles L. 3332-18 to L. 3332-24 of the Labour Code.

Based on its report, the Board of Directors is asking shareholders to grant it the power, for a period of twenty-six months, to carry out one or more capital increases, and to waive their pre-emptive rights. Where appropriate, the Board will be responsible for setting the final terms and conditions of the issue.

The Board of Directors is responsible for drawing up a supplementary report in accordance with Articles R. 225-113 and R. 225-114 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements on the proposal to cancel pre-emptive rights for existing shareholders and on other specific information regarding the issue contained in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved verifying the information provided in the Board of Directors' report on this transaction and

on the terms and conditions for calculating the issue price.

Pending a subsequent analysis of the conditions of any such share capital increase(s), we have no matters to report concerning the terms and conditions for calculating the issue price set out in the Board of Directors' report.

As the issue price has not yet been set, we do not express an opinion on the final terms and conditions under which the share capital increase(s) may be carried out, or consequently, on the proposal made to shareholders to waive their preemptive rights.

In accordance with Article R. 225-116 of the Commercial Code, we will draw up a supplementary report, where applicable, if this authorisation is used by your Board of Directors.

Auditors' report on the grant of options to acquire new or existing shares to corporate officers and salaried employees (twenty-second resolution)

In our capacity as auditors of Bouygues and as required under Articles L. 225-177 and R. 225-144 of the Commercial Code, we present below our report on the grant of stock subscription or purchase options to corporate officers and salaried employees of the company and/or groupings related to it directly or indirectly in the meaning of Article L. 225-180 of the Commercial Code.

The Board is responsible for drawing up a report on the reasons for these option grants, and on the proposed terms and conditions for setting the price for said options. Our responsibility is to express an opinion on the proposed terms and conditions for setting the subscription or purchase price.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved assessing whether the proposed terms and conditions for setting the price of the stock subscription or purchase options as set out in the Board of Directors' report comply with applicable law and regulations, provide relevant information to shareholders, and do not appear manifestly inappropriate.

We have no matters to report on the proposed terms and conditions.

Auditors' report on the issue of equity warrants free of charge during the period of a public offer for the company's shares (twenty-third resolution)

In our capacity as auditors of Bouygues and as required under Article L. 228-92 of the Commercial Code, we present below our report on the proposed issue of equity warrants free of charge in the event of a public offer for the company's shares, which shareholders are asked to approve.

Based on its report, the Board of Directors is asking shareholders to grant it the power, for a period of eighteen months and pursuant to Article L. 233-32 II of the Commercial Code, to:

- resolve to issue equity warrants giving the holders preferential subscription rights to one or more shares in the company pursuant to Article L. 233-32 II of the Commercial Code, and to allot such warrants free of charge to all eligible shareholders prior to the expiry of the offer period;
- set the terms and conditions of exercise and any other characteristics of the equity warrants.

The nominal amount of shares that may be issued upon exercise of the warrants may not exceed €400,000,000, and the number of warrants issued may not exceed the number of shares forming the capital at the time the warrants are issued.

The Board of Directors is responsible for preparing a report in accordance with Articles R. 225-113, R. 225-114, R. 225-115 and R. 225-117 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements and other specific information concerning the issue provided in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved assessing the information provided in the Board of Directors' report on this transaction.

We have no matters to report concerning the information provided in the Board of Directors' report on the proposed issue of equity warrants in the event of a public offer for the company's shares.

We will draw up a supplementary report if the Board of Directors decides to use this authorisation in accordance with Article R. 225-116 of the Commercial Code, with a view to approval by an Annual General Meeting, as provided for in Article L. 233-32 III of the Commercial Code.

Paris-La Défense and Courbevoie, 18 March 2011
The Auditors

Ernst & Young Audit
Jean Bouquot

Mazars
Gilles Rainaut

AUDITORS' SUPPLEMENTARY REPORT ON THE CAPITAL INCREASE FOR THE BENEFIT OF EMPLOYEES AND CORPORATE OFFICERS THAT ARE MEMBERS OF A COMPANY SAVINGS SCHEME

To the shareholders,

In our capacity as statutory auditors of your company and as required under Article R. 225-116 of the Commercial Code, we present below our supplementary report to our special report of 9 March 2009 on the capital increase for the benefit of employees and corporate officers of Bouygues or a related company that are members of a company savings scheme, as approved by the Extraordinary Annual General Meeting of 23 April 2009.

That meeting had granted the Board of Directors powers, including powers of sub-delegation, to carry out a capital increase within a period of twenty-six months and for up to 10% of the share capital as of the date of the Board's decision.

At its meeting of 1 June 2010, the Board decided to use this authorisation to increase the capital by up to €250 million by issuing up to 9,140,768 shares at a price of €27.35 per share.

The Board of Directors is responsible for drawing up a supplementary report in accordance with Articles R. 225-115 and R. 225-116 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements on the proposal to cancel pre-emptive rights for existing shareholders and on other specific information regarding the issue contained in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. These procedures involved verifying:

- the fairness of financial information taken from the condensed consolidated interim financial statements prepared under the responsibility of the Board of Directors at 31 March 2010 in accordance with IAS 34, the International Financial Reporting Standard dealing with interim financial reporting, adopted by the European Union. We performed a limited review of these interim financial statements in accordance with the professional standards applicable in France;
- the compliance of the terms and conditions of the transaction with the authorisation given by the Annual General Meeting, and the fairness of the information provided in the Board's supplementary report on the inputs used to calculate the issue price and amount.

We have no matters to report regarding:

- the fairness of financial information taken from the company's financial statements and provided in the Board's supplementary report;
- the compliance of the terms and conditions of the transaction with the authorisation given by the Extraordinary Annual General Meeting of 23 April 2009, and with the indications provided to that meeting;
- the proposal to cancel pre-emptive rights for existing shareholders which you have previously been asked to approve, along with the basis for establishing the issue price and final issue amount;
- the presentation of the impact of the issue on the position of holders of shares and securities giving access to capital in relation to shareholders' equity and the share price.

Paris-La Défense and Courbevoie, 14 June 2011
The Auditors

Ernst & Young Audit
Jean Bouquot

Mazars
Gilles Rainaut

AUDITORS' SUPPLEMENTARY REPORT ON THE CAPITAL INCREASE FOR THE BENEFIT OF EMPLOYEES AND CORPORATE OFFICERS THAT ARE MEMBERS OF A COMPANY SAVINGS SCHEME

To the shareholders,

In our capacity as statutory auditors of your company and in accordance with the requirements of Article R. 225-116 of the Commercial Code, we present below our supplementary report to our special report of 9 March 2009 on the capital increase for the benefit of employees and corporate officers of Bouygues or a related company that are members of a company savings scheme, as approved by the Extraordinary Annual General Meeting of 23 April 2009.

This capital increase was submitted for your approval in accordance with the requirements of Articles L. 225-129-6 of the Commercial Code and L. 3332-18 *et seq.* of the Labour Code.

That meeting had granted the Board of Directors powers, including powers of sub-delegation, to carry out a capital increase within a period of twenty-six months and for up to 10% of the share capital as of the date of the Board's decision.

At its meeting of 1 June 2010, the Board decided to use this authorisation to carry out a capital increase for the benefit of employees and corporate officers of Bouygues and related companies that are members of the Bouygues group savings scheme (PEG) by up to €250 million (issue premium included) and to sub-delegate to the Chairman and Chief Executive Officer full powers to postpone or cancel this transaction, if need be. We accordingly issued a supplementary report on 14 June 2010 concerning this decision of the Board of Directors. As authorised under the powers granted him by the Board of Directors on 1 June 2010, the Chairman and Chief Executive Officer decided not to carry out the capital increase according to the terms and conditions of the subscription defined at this meeting.

The Board of Directors decided at its meeting on 27 July 2010 to use this authorisation once again to carry out a capital increase with new conditions concerning the subscription price. The Board of Directors thus decided to carry out a capital increase for the benefit of employees and corporate officers for an amount up to €250 million (issue premium included), by issuing up to 9,838,646 shares with a subscription price of €25.41.

The Board of Directors is responsible for drawing up a supplementary report in accordance with Articles R. 225-115 and R. 225-116 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements on the proposal to cancel pre-emptive rights for existing shareholders and on other specific information regarding the issue contained in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. These procedures involved verifying:

- the fairness of financial information taken from the condensed consolidated interim financial statements prepared under the responsibility of the Board of Directors at 31 March 2010 in accordance with IAS 34, the IFRS standard dealing with interim financial reporting adopted by the European Union. We performed a limited review of these interim financial statements in accordance with the professional standards applicable in France;
- the compliance of the terms and conditions of the transaction with the authorisation given by the Annual General Meeting, and the fairness of the information provided in the Board's supplementary report on the inputs used to calculate the issue price and amount.

We have no matters to report regarding:

- the fairness of financial information taken from the company's financial statements and provided in the Board of Directors' supplementary report;
- the compliance of the terms and conditions of the transaction with the authorisation given by the Extraordinary Annual General Meeting of 23 April 2009, and with the indications provided to that meeting;
- the proposal to cancel pre-emptive rights for existing shareholders which you have previously been asked to approve, along with the basis for establishing the issue price and final issue amount;
- the presentation of the impact of the issue on the position of holders of shares and securities giving access to capital in relation to shareholders' equity and the share price.

Paris-La Défense and Courbevoie, 28 July 2011
The Auditors

Ernst & Young Audit
Jean Bouquot

Mazars
Gilles Rainaut

Draft **RESOLUTIONS**

1. ORDINARY GENERAL MEETING

First resolution

(Approval of the parent company financial statements and transactions for the year ended 31 December 2010)

The Annual General Meeting, having satisfied the conditions for quorum and majority required for ordinary general meetings, having acquainted itself with the Board of Directors' reports and the auditors' reports, hereby approves the parent company financial statements for the year ended 31 December 2010, as presented, showing a net profit of €894,374,946.51.

It also approves the transactions recorded in the financial statements and/or disclosed in these reports.

Second resolution

(Approval of the consolidated financial statements and transactions for the year ended 31 December 2010)

The Annual General Meeting, having satisfied the conditions for quorum and majority required for ordinary general meetings, having acquainted itself with the Board of Directors' reports, the report of the Chairman of the Board of Directors and the auditors' reports, hereby approves the consolidated financial statements for the year ended 31 December 2010, as presented, showing a net profit attributable to the Group of €1,071 million.

It also approves the transactions recorded in the financial statements and/or disclosed in these reports.

Third resolution

(Appropriation of earnings, setting of dividend)

The Annual General Meeting, having satisfied the conditions for quorum and majority required for ordinary general meetings, notes that as net profit amounts to €894,374,946.51 and retained earnings to €1,466,718,838.23, distributable earnings total €2,361,093,784.74.

On the Board of Directors' recommendation, the Annual General Meeting hereby resolves to:

- allocate €1,159,461.20 to the legal reserve, thereby raising it to 10% of share capital;
- distribute a dividend of €1.60 per share, making a total of €585,380,036.80;
- carry over the remainder in the amount of €1,774,554,286.74.

Accordingly, the dividend for the year ended 31 December 2010 is hereby set at €1.60 per share carrying dividend rights.

In accordance with Article 158-3-2 of the General Tax Code, natural persons resident in France for income tax purposes will be eligible for 40% tax relief on the dividend, unless they have opted for the 19% flat-rate withholding (excluding social charges) as permitted by Article 117 *quater* of the General Tax Code.

The dividend detachment date (ex-rights date) for the Euronext Paris market shall be 29 April 2011. The dividend shall be paid in cash on 4 May 2011 and the cut-off date for positions qualifying for payment shall be the evening of 3 May 2011.

If the company holds some of its own stock at the dividend payment date, the dividends not paid on these shares shall be allocated to retained earnings.

In accordance with law, the Annual General Meeting notes that the following dividends were paid for financial years 2007, 2008 and 2009:

	2007	2008	2009
Number of shares	347,502,578	342,818,079	354,267,911
Dividend	€1.50	€1.60	€1.60
Total dividend[(a)(b)]	€509,751,964.50	€545,090,553.60	€566,147,057.60

(a) The amounts shown represent the actual dividends paid out, as no dividends are due on shares bought back by the company
(b) Amounts eligible for 40% tax relief in accordance with paragraph 2, Article 158-3 of the General Tax Code

Fourth resolution

(Approval of regulated agreements and commitments)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings and having acquainted itself with the auditors' special report on regulated agreements and commitments and in accordance with the provisions of Articles L. 225-38 *et seq.* of the Commercial Code, hereby approves the agreements and commitments referred to therein.

Fifth resolution

(Renewal of the term of office of Patricia Barbizet as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Patricia Barbizet as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2013.

Sixth resolution

(Renewal of the term of office of Hervé Le Bouc as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Hervé Le Bouc as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2013.

Seventh resolution

(Renewal of the term of office of Helman le Pas de Sécheval as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Helman le Pas de Sécheval as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2013.

Eighth resolution

(Renewal of the term of office of Nonce Paolini as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Nonce Paolini as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2013.

Ninth resolution

(Authorisation to the Board of Directors with a view to enabling the company to deal in its own shares)

The Annual General Meeting, having satisfied the conditions for quorum and majority required for ordinary general meetings, and having acquainted itself with the Board of Directors' report including its description of the share buy-back programme, and in accordance with the provisions of Articles L. 225-209 *et seq.* of the Commercial Code:

1. hereby authorises the Board of Directors to buy back, under the conditions set out below, shares representing up to 10% of the company's share capital at the date of the buy-back, in compliance with the prevailing legal and regulatory conditions applicable at that date, particularly the conditions laid down by Articles L. 225-209 *et seq.* of the Commercial Code, by European Commission Regulation No. 2273/2003 of 22 December 2003, and by the AMF (Autorité des Marchés Financiers) General Regulation.

2. resolves that the purpose of this authorisation is to enable the company to:

- cancel shares under the conditions provided for by law, subject to authorisation by the extraordinary general meeting;
- ensure the liquidity of and organise the market for the company's shares, through an investment service provider acting under the terms of a liquidity agreement that complies with a code of conduct recognised by the AMF;
- retain shares with a view to using them subsequently as a medium of payment or exchange in an acquisition, merger, spin-off or contribution, where applicable, in accordance with market practice recognised by the AMF and applicable regulations. The shares retained must not represent more than 5% of the share capital, as required by paragraph 6, Article L. 225-209 of the Commercial Code;
- retain shares with a view to delivering them subsequently upon exercise of rights attached to securities that are redeemable, convertible, exchangeable or otherwise exercisable for the company's shares;
- grant or sell shares to employees or corporate officers of the company or related companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option schemes, corporate savings plans and inter-company savings schemes or through an allotment of bonus shares;
- implement any market practice accepted by the AMF and generally to carry out any other transaction in compliance with prevailing regulations.

3. resolves that the acquisition, sale, transfer or exchange of these shares may be carried out, in compliance with rules issued by the market authorities, in any manner, notably on or off-market (including the over-the-counter market) by using, in particular, derivative financial instruments, and at any time, especially during a public tender or exchange offer. The entire programme may be carried out through block trades. Shares acquired may be sold under the conditions laid down by the AMF in its instruction dated 19 November 2009 regarding the introduction of a new regime governing the buy-back of a company's own shares.

4. resolves that the purchase price cannot exceed €60 per share and the sale price cannot be less than €25 per share, subject to any adjustments relating to share capital transactions. If share capital is increased by incorporating premiums, earnings, reserves or bonus shares into capital, or in the event of a stock split or reverse stock split, the price indicated above shall be adjusted by a multiplication factor equal to the ratio of the number of shares making up the share capital before the transaction to the number of shares after the transaction.

5. sets at €1,500,000,000 (one billion five hundred million euros) the maximum amount of funds that can be used for the share buy-back programme.

6. notes that, in accordance with law, the total shares held at any given date may not exceed 10% of the share capital outstanding at that date.

7. gives full powers to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to implement this authorisation, place all stock orders, conclude all agreements, in particular with a view to the registration of purchases and sale of shares, completing all declarations and formalities with the AMF or any other body, and in general taking all necessary measures to execute the decisions taken within the scope of this authorisation.

8. resolves that the Board of Directors shall inform the Annual General Meeting of the transactions carried out, in accordance with applicable regulations.

9. grants this authorisation for a period of eighteen months as from the date of this meeting and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

2. EXTRADORDINARY GENERAL MEETING

Tenth resolution

(Authorisation to the Board of Directors to reduce share capital by cancelling shares held by the company)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Article L. 225-209 of the Commercial Code:

1. authorises the Board of Directors to cancel, on its own initiative, on one or more occasions, some or all of the shares that the company holds or may hold as a result of utilising the various share buy-back authorisations given by the Annual General Meeting to the Board of Directors, up to a limit of 10% in any twenty-four-month period of the total number of shares making up the company's capital at the date of the transaction.
2. authorises the Board of Directors to charge the difference between the purchase value of the cancelled shares and their nominal value to all available premium and reserve funds.
3. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to carry out the capital reduction(s) resulting from cancellations of shares authorised by this resolution, to have the relevant entries made in the financial statements, to amend the by-laws accordingly, and generally to attend to all necessary formalities.
4. grants this authorisation for a period of eighteen months from the date of this Annual General Meeting and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

Eleventh resolution

(Delegation of powers to the Board of Directors to increase share capital with pre-emptive rights for existing shareholders, by issuing shares or securities giving access to shares in the company or one of its subsidiaries)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Articles L. 225-129-2, L. 225-129-4, L. 228-92 and L. 228-93 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to carry out one or more capital increases, by such amounts, at such times and under such terms as it deems fit, by issuing, with pre-emptive rights for existing shareholders, both in France and abroad, in euros, in a foreign currency or in any other monetary unit based on a basket of currencies, (i) ordinary shares in the company, and (ii) securities of any kind whatsoever, issued free of charge or for consideration, giving access in whatever manner, now and/or in the future, at any time or on a set date, to ordinary shares, whether in existence or to be issued in the future, in the company or in any company in which it owns directly or indirectly more than half the share capital (a "Subsidiary"). Such shares and securities may be subscribed for in cash or by set-off of mutual debts.
2. resolves that the total amount of capital increases in cash that may be implemented now and/or in the future pursuant to this delegation may not exceed €150,000,000 (one hundred and fifty million euros) in nominal value, plus, where applicable, the nominal amount of the additional shares to be issued in order to protect, in accordance with law, the rights of holders of securities giving access to ordinary shares in the company; the nominal amount of ordinary shares that may be issued by virtue of the thirteenth, fourteenth, sixteenth, seventeenth, eighteenth and nineteenth resolutions of the Annual General Meeting counts toward this overall limit.
3. resolves that the securities giving access to ordinary shares in the company or a Subsidiary so issued may consist of debt securities, be linked to the issue of such securities, or allow them to be issued as intermediary securities. In particular, they may be subordinated or unsubordinated, dated or undated, and issued in euros or a foreign currency or any other monetary unit established with reference to a basket of currencies.
4. resolves that the nominal amount of all of the debt securities that may be issued hereunder shall not exceed €5,000,000,000 (five billion euros) or the equivalent on the date the issue is decided, on condition that such amount does not include above-par redemption premium(s), if provided for. The nominal amount of the debt securities issued under the thirteenth, fourteenth, sixteenth, seventeenth, eighteenth and nineteenth resolutions will count towards this maximum amount; it is independent of and separate from the amount of the securities giving rights to allotment of debt securities issued under the twentieth resolution and from the amount of the debt securities which the Board of Directors may decide to issue or authorise to be issued in accordance with Article L. 228-40 of the Commercial Code. Debt securities (giving access to ordinary shares in the company or a Subsidiary) may be issued at a fixed and/or floating rate of interest, with or without capitalisation, and may be subject to redemption, with or without premium, or repayment; they may also be repurchased on the market or be the subject of an offer by the company to purchase or exchange them.
5. resolves, in the event that this delegation is used by the Board of Directors, that:
   a. shareholders will have pre-emptive rights to subscribe as of right to ordinary shares and securities issued under this resolution;
   b. the Board of Directors shall also have the option to grant shareholders the right to subscribe for excess shares, which will be exercised in proportion to their rights and up to the limit of the amounts they request;
   c. if exact rights subscriptions and, if applicable, excess rights subscriptions, do not account for the entire issue of ordinary shares or securities made pursuant to this delegation, the Board may, in such order as it shall determine, use one or more of the following options:
      - limit the issue to the amount of subscriptions received provided that this amount

reaches at least three quarters of the amount of the issue decided;

- distribute as it sees fit all or part of the securities which have not been subscribed for;
- offer to the public some or all of the securities which have not been subscribed for on the French and/or international market and/or abroad.

d. resolves that the Board of Directors shall determine the characteristics, amount and terms of any issue and the securities to be issued. It shall, in particular, determine the category of the securities to be issued and, taking account of the indications given in its report, set their subscription price, with or without premium, the terms for payment of subscriptions, the date of first entitlement to dividends, which may be retroactive, or the terms on which the securities issued pursuant to this resolution shall give access to ordinary shares in the company or a Subsidiary, and the conditions under which, in accordance with applicable law, the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended.

e. The Board of Directors shall have full powers to implement this delegation, with the power to sub-delegate under and in accordance with applicable law, in particular by entering into any agreements for this purpose, with a view notably to the successful completion of all issues; to proceed with the above-mentioned issues on one or more occasions, in such amounts and at such times as it deems fit, in France and/or, if applicable, abroad and/or on the international market – (or, where appropriate, to postpone any such issue); to confirm such issue has taken place and amend the by-laws accordingly; and to carry out all formalities and declarations and request all authorisations as may be necessary for the implementation and successful completion of such issues.

6. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to subscribe for ordinary shares in the company to which any securities issued under this delegation may give entitlement.

7. grants this delegation for a period of twenty-six months, and notes that it cancels and replaces the unused portion of any previous delegation given for the same purpose.

Twelfth resolution

(Delegation of powers to the Board of Directors to increase share capital by incorporating share premiums, reserves or earnings into capital)

The Annual General Meeting, having satisfied the conditions for quorum and majority requirements by Article L.225-98 of the Commercial Code and in accordance with the provisions of Articles L. 225-129-2, L. 225-129-4 and L. 225-130 of the Commercial Code, having acquainted itself with the Board of Directors' report:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to carry out, in such amounts and at such times as it deems fit, one or more capital increases by incorporating into the capital premiums, reserves, earnings or other amounts which may be incorporated into capital successively or simultaneously in accordance with applicable law and the by-laws, by allotting bonus shares or by increasing the nominal value of the existing shares, or through a combination of the two procedures;

2. resolves that the total amount of capital increases that may be implemented pursuant to this resolution may not exceed €6,000,000,000 (six billion euros), in nominal value, plus, as applicable, the nominal amount of the additional shares to be issued to protect, in accordance with law, the rights of holders of securities giving access to ordinary shares in the company. The limit set in this delegation is independent of and separate from the overall limit set in the eleventh resolution.

3. resolves, in the event that this delegation is used by the Board of Directors, and in accordance with the provisions of Article L. 225-130 of the Commercial Code, that in the case of a capital increase by allotment of bonus shares, fractional shares may not be traded or transferred and that the relevant equity securities shall be sold; the proceeds of sale shall be paid to the rights holders within the legal time limit.

4. resolves that the Board of Directors shall have full powers to implement this delegation, with the power to sub-delegate to any authorised person, and generally to take all steps and carry out all formalities as may be necessary for the successful completion of each such capital increase, confirm such increase has taken place and amend the by-laws accordingly.

5. grants this delegation for a period of twenty-six months as from the date of this meeting and notes that it cancels and replaces the unused portion of any previous delegation given for the same purpose.

Thirteenth resolution

(Delegation of powers to the Board of Directors to increase share capital by way of public offering without pre-emptive rights for existing shareholders, by issuing shares or securities giving access to shares in the company or one of its subsidiaries)

The Annual General Meeting, having satisfied the conditions for quorum and majority required for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report and, in accordance with the provisions of Articles L. 225-129-2, L. 225-129-4, L. 225-135, L. 225-136, L. 228-92 and L. 228-93 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to carry out one or more capital increases, by way of public offering, in such amounts and at such times as it deems fit, by issuing, without pre-emptive rights for existing shareholders, both in France and abroad, in euros, in a foreign currency or in any other monetary unit based on a basket of currencies, (i) ordinary shares in the company, and (ii) any securities giving access in whatever manner, now and/or in the future, to existing or new ordinary shares in the company or in any company in which it directly or indirectly owns more than half of the capital (a "Subsidiary"). Such shares and

securities may be subscribed for in cash or by set-off of mutual debts.

2. resolves that the total amount of capital increases that may be implemented now or in the future pursuant to this resolution may not exceed €150,000,000 (one hundred and fifty million euros) in nominal value, plus, as applicable, the nominal amount of the additional shares to be issued to protect, in accordance with law, the rights of holders of securities giving access to ordinary shares in the company. This amount shall count towards the overall limit set in the eleventh resolution.

3. resolves that the securities giving access to ordinary shares in the company or a Subsidiary issued under this delegation may take the form of debt securities, be linked to the issue of such securities, or enable them to be issued as intermediary securities. In particular, they may be subordinated or unsubordinated, dated or undated, and be issued in euros or a foreign currency or any other monetary unit established with reference to a basket of currencies.

4. resolves that the nominal amount of the debt securities issued under this delegation shall not exceed €5,000,000,000 (five billion euros) or the equivalent on the date the issue is decided. This amount counts towards the limit set in the eleventh resolution and does not include above-par redemption premium(s), if provided for. The amount is independent of and separate both from the amount of the securities giving rights to allotment of debt securities which may be issued pursuant to the twentieth resolution and from the amount of the debt securities which the Board of Directors may decide to issue or authorise to be issued in accordance with Article L. 228-40 of the Commercial Code. Debt securities giving access to ordinary shares in the company or a Subsidiary may be issued at fixed and/or floating rates of interest, with or without capitalisation, and may be subject to redemption, with or without premium, or repayment; they may also be repurchased on the market or be the subject of an offer by the company to purchase or exchange them.

5. resolves to cancel shareholders' pre-emptive rights to the securities that may be issued in accordance with law and give the Board of Directors power to grant shareholders a priority right to subscribe to the securities as of right and/or for any excess, pursuant to Article L. 225-135 of the Commercial Code. If subscriptions, including those of shareholders where applicable, do not account for the entire issue, the Board may limit the amount of the issue in accordance with applicable law.

6. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to ordinary shares in the company to which any securities issued under this delegation may give entitlement.

7. resolves that the Board of Directors shall determine the characteristics, amount and terms of any issue and of the securities to be issued. In particular, it shall determine the category of the securities to be issued and, taking account of the indications given in its report, set their subscription price, with or without premium, the date of first entitlement to dividends, which may be retroactive, and, if applicable, the period during which or the terms on which the securities issued pursuant to this resolution shall give access to ordinary shares in the company or a Subsidiary, in accordance with applicable law, and the conditions under which, in accordance with applicable law, the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended. Save for the provisions of the fifteenth resolution, the issue price of the ordinary shares and the securities is such that the sum received immediately by the company (or by a Subsidiary that issues securities giving access to its ordinary shares), plus any amount likely to be received subsequently by the company or the Subsidiary, as the case may be, is equal to or greater than the minimum amount required by regulations for each ordinary share, ie on this day, in accordance with the provisions of Article R. 225-119 of the Commercial Code, at the weighted average for the last three trading sessions before the price is set, with a possible maximum discount of 5%.

8. resolves that the Board of Directors shall have full powers to implement this delegation, with the power to sub-delegate under and in accordance with applicable law, in particular by entering into any agreements for this purpose, with a view notably to the successful completion of all issues; to make the above-mentioned issues on one or more occasions, in such amounts and at such times as it deems fit, in France and/or, if applicable, abroad and/or on the international market (or, where appropriate, to postpone any such issue); to confirm such issue has taken place and amend the by-laws accordingly; and to carry out all formalities and declarations and request all authorisations as may be necessary for the implementation and successful completion of such issues.

9. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels and replaces the unused portion of any previous delegation given for the same purpose.

Fourteenth resolution

(Delegation of powers to the Board of Directors to issue shares or securities giving access to shares as stipulated in paragraph 2, Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Articles L. 225-129-2, L. 225-129-4, L. 225-135, L. 225-136, L. 228-92 and L. 228-93 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to carry out one or more capital increases, in such amounts and at such times as it deems fit, through one or more offers falling within the scope of paragraph 2, Article L. 411-2 of the Monetary and Financial Code, by issuing without pre-emptive rights for existing shareholders, in France and abroad, in euros, in foreign currencies, or in any other monetary unit based on a basket of currencies, (i) ordinary shares in the company, and (ii) securities giving access in whatever manner, now and/or in the future, to existing or new shares in the company, which may be subscribed for in cash or by set-off of mutual debts.

2. resolves that the nominal amount of the capital increases that may be implemented now or in the future pursuant to this resolution may not exceed 20% of the share capital over a twelve-month period or €150,000,000 (one hundred and fifty million euros). The nominal amount counts towards the limit set in the eleventh resolution, plus, where applicable, the nominal amount of the additional shares to be issued in order to protect, in accordance with law, the rights of holders of securities giving access to ordinary shares in the company.

3. resolves that the securities giving access to ordinary shares in the company or a Subsidiary issued under this resolution may consist of debt securities, be linked to the issue of such securities, or allow them to be issued as intermediate securities. In particular, they may be subordinated or unsubordinated, dated or undated, and issued in euros or a foreign currency or any other monetary unit established with reference to a basket of currencies.

4. resolves that the nominal amount of all the debt securities that may be issued hereunder shall not exceed €5,000,000,000 (five billion euros) or the equivalent on the date the issue is decided. This amount counts towards the limit set in the eleventh resolution and does not include above-par redemption premium(s), if provided for. The amount is independent of and separate both from the amount of the securities giving rights to the allotment of debt securities which may be issued pursuant to the twentieth resolution and from the amount of the debt securities which the Board of Directors may decide to issue or authorise in accordance with Article L. 228-40 of the Commercial Code. Debt securities giving access to ordinary shares in the company may be issued at fixed and/or floating rates of interest, with or without capitalisation, and may be subject to redemption, with or without premium, or repayment; they may also be repurchased on the market or be the subject of an offer by the company to purchase or exchange them.

5. resolves to cancel the pre-emptive rights of shareholders to ordinary shares and/or securities issued under this delegation.

6. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to ordinary shares in the company to which the securities issued under this delegation would entitle them.

7. resolves that the Board of Directors shall determine the characteristics, amount and terms of any issue and of the securities to be issued. In particular, it shall determine the category of the securities to be issued and, taking account of the indications given in its report, set their subscription price, with or without premium, the date of first entitlement to dividends, which may be retroactive, and, if applicable, the period during which or the terms on which the securities issued pursuant to this resolution shall give access to ordinary shares in the company, in accordance with applicable law, and the conditions under which, in accordance with applicable law, the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended. Save for the provisions of the fifteenth resolution, the issue price of the ordinary shares and the securities is such that the sum received immediately by the company, plus any amount likely to be received subsequently by the company, is equal to or greater than the minimum amount required by regulations or for each ordinary share at the time this delegation is used, ie on this day, in accordance with the provisions of Article R. 225-119 of the Commercial Code, at the weighted average of the share prices for the last three trading sessions before the price is set, with a possible maximum discount of 5%.

8. resolves that the Board of Directors shall have full powers to implement this delegation, with the power to sub-delegate under and in accordance with applicable law, in particular by entering into any agreements for this purpose, with a view notably to the successful completion of all issues; to make the above-mentioned issues on one or more occasions, in such amounts and at such times as it deems fit, in France and/or, if applicable, abroad and/or on the international market (or, where appropriate, to postpone any such issue); to confirm such issue has taken place and amend the by-laws accordingly; and to carry out all formalities and declarations and request all authorisations as may be necessary for the implementation and successful completion of such issues.

9. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels and replaces the unused portion of any previous delegation given for the same purpose.

Fifteenth resolution

(Authorisation to the Board of Directors to set the price, in accordance with the terms decided by the Annual General Meeting, for immediate or future public issues of equity securities or issues falling within the scope of paragraph 2, Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders)

The Annual General Meeting, having satisfied the conditions for quorum and majority required for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report and in accordance with the provisions of Article L. 225-136-1 of the Commercial Code, and to the extent that the securities to be issued immediately or at a later date are equivalent to equity securities admitted to trading on a regulated market:

1. authorises the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to derogate, for each of the issues decided under the thirteenth and fourteenth resolutions and up to the limit of 10% of the capital (based on capital as at the date of this meeting) for a period of twelve months, from the pricing terms set forth in the applicable regulations at the time this authorisation is used, ie on this day by Article R. 225-119 of the Commercial Code, and to set the price of the shares to be issued immediately or at a later date in a public issue or other issue falling within the scope of paragraph 2 of Article L. 411-2 of the Monetary and Financial Code, in accordance with the following provisions:

   a. for equity securities to be issued immediately, the Board may opt for one of two alternatives:

      - either the average price observed over a maximum period of six months prior to the issue date, or

- the volume-weighted average price on the market on the day preceding the issue (1-day VWAP) with a maximum discount of 20%.

b. for equity securities to be issued at a later date, the issue price shall be such that the sum received immediately by the company, plus the amount it is likely to receive subsequently, will be equal to or greater than the amount referred to in sub-paragraph (a) above in respect of each ordinary share.

2. resolves that the Board of Directors shall have full powers to implement this resolution in accordance with the resolution by which the share issue is decided.

3. grants this authorisation for a period of twenty-six months as from the date of this meeting, and notes that it cancels the unused portion of any previous authorisation given for the same purpose.

Sixteenth resolution

(Authorisation to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights for existing shareholders)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Article L. 225-135-1 of the Commercial Code:

1. authorises the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to decide, in the case of a capital increase with or without pre-emptive rights for existing shareholders, to increase the number of securities to be issued, during a period of thirty days from closing of subscriptions, up to a limit of 15% of the initial issue for the same price as the initial issue, subject to compliance with the upper limits set forth in the resolution pursuant to which such issue is decided.

2. grants this authorisation for a period of twenty-six months as from the date of this meeting, and notes that it cancels the unused portion of any previous authorisation given for the same purpose.

Seventeenth resolution

(Delegation of powers to the Board of Directors to carry out a capital increase as consideration for contributions in kind consisting of a company's shares or securities giving access to capital of another company outside of a public exchange offer)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Article L. 225-147 of the Commercial Code:

1. authorises the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to issue, based on the report of the expert appraisers referred to in paragraphs 1 and 2 of Article L. 225-147 of the Commercial Code, ordinary shares of the company or securities giving access in whatever manner, now or in the future, to existing or new ordinary shares in the company, as consideration for contributions in kind consisting of equity securities or securities giving access to the capital of another company, in cases where Article L. 225-148 of the Commercial Code is not applicable.

2. resolves to set the maximum nominal amount of capital increases, now or in the future, as a result of issues made pursuant to this delegation, at 10% of the capital (based on the capital at the date of this meeting), with the maximum amount being €150,000,000 (one hundred and fifty million euros). This nominal amount shall count towards the overall limit set forth in the eleventh resolution.

3. resolves that the nominal amount of all debt securities issued under this resolution may not exceed €5,000,000,000 (five billion euros) or the equivalent on the date the issue is decided, on condition that such amount does not include above-par redemption premium(s), if provided for. This nominal amount shall count towards the maximum total amount set in the eleventh resolution.

4. resolves to cancel insofar as is needed, for the benefit of the holders of shares or securities that are the subject of the contributions in kind, the pre-emptive rights of shareholders to the shares and/or securities issued under this delegation.

5. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to ordinary shares in the company to which the securities issued under this delegation would entitle them.

6. resolves that the Board of Directors shall have full powers to implement this resolution, with the power to sub-delegate under and in accordance with applicable law, in particular to take its decision, based on the report of the expert appraisers, and to approve the granting of particular benefits, to record the completion of the capital increases made pursuant to this delegation, amend the by-laws accordingly, carry out all formalities and filings, make all declarations and request all such authorisations as may be necessary for such contributions to be made, and determine the conditions under which the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended in accordance with applicable law.

7. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels the unused portion of any previous delegation given for the same purpose.

Eighteenth resolution

(Delegation of powers to the Board of Directors to increase share capital, without pre-emptive rights for existing shareholders, as consideration for securities tendered to a public exchange offer initiated by the company)

The Annual General Meeting, having satisfied the conditions for quorum and majority required for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Articles L. 225-129-2, L. 225-148 and L. 228-92 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to issue ordinary shares of the company or securities giving access in whatever manner, now or in the future, to existing or new ordinary shares in the company, as consideration for securities tendered to a public exchange offer made by the company, in France or abroad, in accordance with local regulations, with respect to securities of a company whose shares are admitted to trading on a regulated market as referred to in Article L. 225-148 of the Commercial Code.

2. resolves that the total nominal amount of all capital increases that may be implemented now and/or in the future under this resolution may not exceed €150,000,000 (one hundred and fifty million euros), the nominal amount of the additional shares to be issued in order to protect, in accordance with law, the rights of holders of securities giving access to ordinary shares in the company. This amount shall count towards the overall limit set in the eleventh resolution.

3. resolves that the nominal amount of all debt securities issued under this resolution may not exceed €5,000,000,000 (five billion euros) or the equivalent on the date the issue is decided, on condition that such amount does not include above-par redemption premium(s), if provided for. This nominal amount shall count towards the maximum total amount set in the eleventh resolution.

4. resolves to cancel the pre-emptive rights of existing shareholders to ordinary shares and/or securities issued under this delegation.

5. notes that this delegation entails the waiver by shareholders of the pre-emptive rights to ordinary shares in the company to which the securities issued under this delegation would entitle them.

6. resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law, to implement this resolution, in particular:

   - to set the exchange ratio and, if applicable, the cash portion of the consideration;
   - to confirm the number of shares tendered for exchange;
   - to determine the dates, terms and conditions of the issue – in particular the price and date of first entitlement to dividends – of the new ordinary shares or, if applicable, of the securities giving immediate or future access to ordinary shares in the company;
   - to determine the conditions under which, in accordance with applicable law, the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended;
   - to enter on the liabilities side of the balance sheet in a "share premium" account, to which all shareholders shall have rights, the difference between the issue price of the new ordinary shares and their nominal value;
   - if applicable, to charge all expenses, taxes and duties incurred in relation to the transaction authorised hereunder to the share premium account;
   - generally to take all useful steps and enter into all agreements to bring the transaction authorised hereunder to successful completion, confirm the capital increase(s) and amend the by-laws accordingly.

7. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels the unused portion of any previous delegation given for the same purpose.

Nineteenth resolution

(Delegation of powers to the Board of Directors to issue shares following the issue by a Bouygues subsidiary of securities giving access to shares in the company)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Articles L. 225-129-2, L. 228-92 and L. 228-93 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to issue ordinary shares in Bouygues as a result of the issuance of securities by any company in which Bouygues directly or indirectly holds more than half of the capital (the "Subsidiaries"); and expressly authorises the resulting capital increase.

   These securities shall be issued by the Subsidiaries with the agreement of the Board of Directors of Bouygues and may, in accordance with the provisions of Article L. 228-93 of the Commercial Code, give immediate and/or future access in any manner to ordinary shares in the company; such securities may be issued on one or more occasions, in France, on foreign markets and/or on the international market.

2. notes that the company's shareholders have no pre-emptive rights over the aforementioned securities issued by the Subsidiaries.

3. notes that this resolution entails, for the benefit of the holders of securities that may be issued by the Subsidiaries, the waiver by shareholders of the pre-emptive rights to ordinary shares to which the aforementioned securities issued by the Subsidiaries would entitle them.

4. resolves that the nominal amount of the increase in the company's capital resulting from all issues that may be carried out under this delegation may not exceed €150,000,000 (one hundred and fifty million euros). This amount shall count towards the maximum total amount set in the eleventh resolution.

5. resolves that the amount payable to the company at the time of the issue or thereafter shall, in any event, with respect for each ordinary share issued as a result of the issue of such securities, be equal to or greater than the minimum amount provided for by applicable law and regulations in force at the time this delegation is used, after such amount has been adjusted, if necessary, to take account of the different dates of first entitlement.

6. resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law, to implement this resolution in agreement with the boards of directors, executive boards or

other corporate governance or management bodies of the issuing Subsidiaries, in particular to set the amounts to be issued, decide the terms and conditions of the issue and category of the securities to be issued, set the date of first entitlement to dividends, which may be retroactive, of the securities to be created, and generally take all useful measures and enter into any contracts and agreements to bring the proposed issues to completion, under and in accordance with all applicable French and, if appropriate, foreign laws and regulations. The Board of Directors shall have full powers to amend the by-laws to reflect the utilisation of this delegation, in accordance with the terms of its report to this meeting.

7. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels and replaces the unused portion of any previous delegation given for the same purpose.

Twentieth resolution

(Delegation of powers to the Board of Directors to issue all securities giving the right to the allotment of debt securities)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Articles L. 225-129-2 to L. 225-129-6, L. 228-91 and L. 228-92 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to decide, on its own initiative, to create and issue securities giving immediate or future rights to the allotment of debt securities, such as bonds, debt securities or their equivalent, perpetual or redeemable subordinated securities, or any other securities granting, in respect of any single issue, the same rights of claim against the company. The securities can be issued on one or more occasions in France and abroad, provided the maximum nominal amount does not exceed €5,000,000,000 (five billion euros) or the equivalent in a foreign currency or in any other monetary unit based on a basket of currencies. The securities may be secured by mortgage or other collateral or be unsecured, in the proportions, in the form and at such times, interest rates and terms of issue and redemption that the Board deems appropriate.

2. grants full powers to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to carry out such issues and stipulates that it shall have total discretion to determine the terms and conditions and all characteristics of the securities and debt securities. Any such securities may pay interest at fixed or floating rates and may be redeemed at a fixed or variable premium over par, in which case the premium will be in addition to the above ceiling of €5,000,000,000 (five billion euros), which shall apply to all securities issued pursuant to this delegation. The Board is empowered to set, depending on market conditions, the terms for redeeming or calling the securities to be issued and the debt securities to which such securities will give a right of allotment, with a fixed or variable premium where applicable, or for their repurchase by the company, where such is the case. The Board may also decide to secure or collateralise the securities to be issued and the debt securities to which such securities will give a right of allotment and to determine the nature and characteristics of such guarantees.

3. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels and replaces the unused portion of any previous delegation given for the same purpose.

Twenty-first resolution

(Delegation of powers to the Board of Directors to increase share capital for the benefit of employees or corporate officers of the company or a related company who are members of a company savings scheme)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions, first, of the Commercial Code and in particular Articles L. 225-129-6 (paragraph 1) and L. 225-138-1, and second, Articles L. 3332-1 *et seq.* of the Labour Code:

1. delegates to the Board of Directors the power to carry out one or more capital increases, on its own initiative, in such amounts and at such times as it deems fit, on condition that they do not exceed 10% of the company's capital at the date of the Board decision. The capital increases may be carried out by issuing new shares for payment in cash and, if applicable, by incorporating reserves, earnings or premiums into the capital and by allotment of bonus shares or other securities giving access to capital, subject to applicable law. The meeting also resolves that the limit applicable to this delegation is independent and separate and that the amount of the capital increases made under this delegation shall not count towards the other maximum amounts set by this meeting.

2. reserves subscriptions for all the shares to be issued for employees and corporate officers of Bouygues and employees and corporate officers of all related French and foreign companies within the meaning of applicable legislation, who are members of a company or Group savings plan or any inter-company savings scheme.

3. resolves that the subscription price for the new shares, set by the Board of Directors in accordance with the provisions of Article L. 3332-19 of the Labour Code at the time of each issue, may not be more than 20% below, or 30% below in the cases provided by law, the average of the initial quoted prices for the share on the Euronext Paris market during the twenty trading days preceding the date of the decision of the Board of Directors setting the opening date for subscriptions.

4. resolves that this resolution implies cancellation of the shareholders' pre-emptive rights for the benefit of the employees and corporate officers for whom the capital increase is reserved and the waiver of any right to the shares or other securities giving access to capital allotted free of charge on the basis of this resolution.

5. delegates full powers to the Board of Directors to:

- decide the date and terms and conditions of the issues to be made pursuant to this resolution; in particular, to decide whether the shares shall be subscribed directly or through a mutual fund or through another entity in accordance with applicable law; deciding and fixing the terms for allotting bonus shares or other securities giving access to capital, pursuant to the authorisation given above. The Board is also empowered to set the issue price of the new shares to be issued in compliance with the above rules, to set opening and closing dates for subscriptions and the dates of first entitlement to dividends, to set the payment period, subject to a maximum period of three years, and to fix if appropriate the maximum number of shares that can be subscribed per employee and per issue;
- record the capital increases that have taken place for an amount equal to the amount of shares that will actually be subscribed for;
- carry out all operations and formalities, either itself or through an agent;
- amend the by-laws to reflect the capital increases;
- charge the expenses of the capital increases against the premium applicable to each increase and take from such amount the sums required to bring the legal reserve fund to one-tenth of the new capital following each increase;
- generally take all necessary measures.

The Board of Directors may, within the limits provided by law and any that shall be set beforehand, delegate to the Chief Executive Officer or, with his agreement, to one or more Deputy Chief Executive Officers, the powers granted to it under this resolution.

6. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels and replaces the unused portion of any previous delegation given for the same purpose.

Twenty-second resolution

(Authorisation given to the Board of Directors to grant options to acquire new or existing shares)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Articles L. 225-177 to L. 225-186 of the Commercial Code:

1. authorises the Board of Directors to grant on one or more occasions to persons it shall designate among the salaried employees and the corporate officers of the company and/or companies and/or groupings linked to it directly or indirectly in the meaning of Article L. 225-180 of the Commercial Code, stock options giving the beneficiaries the right either to subscribe for new shares in the company to be issued through a capital increase or to buy existing shares in the company coming from buy-backs carried out by the company.

2. notes that in accordance with Article L. 225-177 of the Commercial Code, subscription or purchase options may not be granted (i) less than twenty trading days after a dividend right or a pre-emptive subscription right to a capital increase has been detached from the shares; (ii) during the ten trading days preceding and following the date on which the consolidated financial statements, or failing which the parent company financial statements, are made public; and (iii) in the period between the date at which the company's labour bodies are provided information that, if it were made public, could have a significant impact on the price of the company's shares, and the date ten trading days after the date that this information is made public.

3. resolves that the total number of stock options that may be granted under this authorisation shall not give the right to subscribe for or acquire a total number of shares representing at the allotment date and taking into account stock options already granted under this authorisation more than 5% of the share capital of the company on the day of the Board of Directors' decision, with the stipulation that the bonus shares allotted under the nineteenth resolution of the Combined Annual General Meeting of 29 April 2010 or any prior authorisation for the same purpose, shall count towards this total number of shares.

4. resolves that if share subscription options are granted, the price that the beneficiaries shall pay to subscribe for shares shall be determined on the day the options are granted by the Board of Directors and that the price shall not be less than the average share price quoted on the Eurolist of Euronext Paris – or on any other market that would replace it – for the twenty trading days preceding the day when the share subscription options are granted.

5. resolves that if share purchase options are granted, the price that the beneficiaries shall pay to purchase shares shall be determined by the Board of Directors on the day the options are granted and that it shall not be less than the average share price quoted on the Eurolist of Euronext Paris – or on any other market that would replace it – for the twenty trading days preceding the day when the share subscription options are granted or the average purchase price of shares that shall be held by the company in accordance with Articles L. 225-208 and L. 225-209 of the Commercial Code.

6. resolves that the exercise period for the stock options granted, as determined by the Board of Directors, shall not exceed seven years and six months, as from their allotment date, unless a later Annual General Meeting should decide to set a longer exercise period.

7. notes that in application of Article L. 225-178 of the Commercial Code, this authorisation expressly entails, for the benefit of the beneficiaries of stock options, the waiver by shareholders of the pre-emptive rights to the ordinary shares in the company that are issued as the stock options are exercised.

8. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to determine the other terms and conditions for allotting and exercising stock options, and in particular to:

- determine the terms conditions for granting and exercising the stock options and for

drawing up the list of the beneficiaries of the options;

- determine, if need be, the length of service, performance and other criteria that employees and corporate officers in particular must fulfil to receive stock options;
- determine the exercise period(s) and extensions of the period(s), if any, and to draw up the clauses prohibiting the immediate resale of all or part of the shares;
- set the date of first entitlement, which may be retroactive, of new shares coming from the exercise of stock options;
- decide the conditions under which the price and the number of shares to be subscribed for or purchased must be adjusted, notably in the cases provided for by applicable laws and regulations;
- in the case of stock options granted to corporate officers, provide that the stock options may not be exercised before the corporate officers cease their functions or determine the quantity of registered shares that must be kept until they so cease;
- provide for the right to temporarily suspend the exercise of stock options in the event of corporate finance transactions or transactions on shares;
- limit, restrict or prohibit the exercise of stock options during certain periods or as from certain events, with such action being applied to all or part of the stock options and concerning all or part of the beneficiaries;
- conclude all agreements, take all steps, and carry out or have carried out all acts and formalities to finalise the capital increase(s) carried out under this authorisation; amend the by-laws accordingly, and generally take all necessary measures;
- if deemed advisable, charge the expenses of the capital increases against the premium applicable to each increase and take from such amount the sums required to bring the legal reserve fund to one-tenth of the new capital following each increase.

9. grants this authorisation for a period of thirty-eight months as from the date of this meeting, and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

Twenty-third resolution

(Delegation of powers to the Board of Directors to issue equity warrants during the period of a public offer for the company's shares)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Articles L. 233-32-II and L. 233-33 of the Commercial Code:

1. delegates to the Board of Directors the power, in compliance with applicable law and regulations, to issue warrants on one or more occasions, during the period of a public offer for the company's shares, giving rights to subscribe on preferential terms for one or more shares in the company, and to allot such warrants free of charge to all shareholders holding shares in the company prior to expiry of the offer period. These warrants shall lapse automatically as soon as the offer or any other competing offer has failed, lapsed or been withdrawn.

2. resolves that the maximum nominal amount of any capital increase resulting from the exercise of such equity warrants may not exceed €400,000,000 (four hundred million euros), and that the maximum number of equity warrants that may be issued shall not exceed the number of shares forming the capital at the time the warrants are issued.

3. resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law, to determine the conditions of exercise of the equity warrants, which must relate to the terms of the offer or any other competing offer, and the other characteristics of the warrants, such as the exercise price or the terms for determining the exercise price, and more generally the characteristics and terms of any issue decided on the basis of this authorisation.

4. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to ordinary shares in the company to which any warrants issued pursuant to this delegation may give entitlement.

5. grants this delegation for a period of eighteen months as from the date of this meeting, and notes that it cancels and replaces the unused portion of any previous delegation given for the same purpose.

Twenty-fourth resolution

(Authorisation to the Board of Directors to increase share capital during the period of a public offer for the company's shares)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Article L. 233-33 of the Commercial Code:

1. expressly authorises the Board of Directors to utilise during the period of a public offer for the company's shares, and in compliance with applicable laws and regulations in force at such time, the various delegations of power and authorisations granted to the Board of Directors, by the eleventh to nineteenth resolutions and by the twenty-second resolution submitted to this meeting, on condition of their approval, as well as by the nineteenth resolution of the Combined Annual General Meeting of 29 April 2010 concerning the allotment of bonus shares, to increase the share capital according to the conditions and limits specified by the said delegations and authorisations.

2. grants this authorisation for a period of eighteen months as from the date of this meeting, and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

Twenty-fifth resolution

(Powers to carry out formalities)

The Annual General Meeting, having satisfied the conditions for quorum and majority required for extraordinary general meetings, gives full powers to the holder of an original, a copy or extract of the minutes of this meeting to carry out all legal or administrative formalities and to make all filings and publications under and in accordance with applicable law.

ADDITIONAL information

GLOSSARY (at 31 December 2010)

To help readers better understand the Registration Document, Bouygues has compiled a glossary in cooperation with experts from the Group's five business areas, based on existing published information. The glossary also draws on documents made available online by the official public- and private-sector bodies concerned (Ademe, Afnor, Certivéa, Médiamétrie, etc.).

CONSTRUCTION - PROPERTY - ROADS

3E®	Range of warm asphalt mixes designed by Colas for road surfacing. Because they are manufactured and applied at temperatures between 40 and 50°C lower than traditional mixes (160°C), these Environmental, Energy-Efficient asphalt mixes save energy and generate lower greenhouse-gas emissions during both production and application. See also Asphalt mixes.
Aggregate	Small stones used for building roads, produced by screening and/or crushing materials extracted from rock quarries or gravel pits.
Anru zone	Neighbourhood covered by a multiyear agreement with Anru, the French national urban renovation agency. Low-income households in Anru zones may, under certain conditions, acquire a principal residence at a 5.5% reduced rate of VAT.
Asphalt	Composite material (natural or otherwise) consisting of calcareous or siliceous materials impregnated with bitumen, applied to roads, footways, or as a sealant for bridges or buildings. Manufactured and applied at lower temperatures (150°C) than conventional asphalt (250°C), warm asphalt allows for energy savings during both production and application.
Asphalt mixes	Paving material made of aggregate mixed into a bituminous, synthetic, or plant-derived binder in a coating plant. Warm asphalt, which is manufactured and applied at temperatures between 40 and 50°C lower than traditional mixes (160°C), allows for energy savings and generates lower greenhouse-gas emissions. See also 3E®. Recycled mixes include Reclaimed Asphalt Pavement (RAP) removed from existing pavements.
Backlog (order book)	At Bouygues Immobilier, the backlog corresponds at each accounts closing date to the book sales that remain to be recognised on aggregate business activity by value. It is expressed in euros or months' sales (on the basis of the previous 12 months' sales).
BBC-Effinergie®	Low-energy building label. Based on regulatory requirements contained in a ministerial order of 3 May 2007 and awarded by an accredited body (Cerqual, Promotelec), the label applies to buildings whose maximum primary energy consumption, for new residential properties, is on average 50 kWh/sq m/year. This is ten times less than a building from the 1990s and three times less than a recent building. For further information: www.effinergie.org
Bepos	Positive-energy building, designed to consume very little energy (thermal, electricity), offset by systems that produce energy from renewable sources (wind, photovoltaic, etc.). A positive-energy building must produce at least the same amount of energy as it consumes for operational purposes. Bouygues Immobilier's Green Office® buildings are positive-energy buildings. For further information: www.green-office.fr
Binder	Bituminous, hydraulic (water-based), synthetic, or plant-derived component used for binding aggregate together to form a road-building material. In 2010, Colas was again the world leader in binders and emulsions.
Bitumen	Heavy fraction of petroleum used in road building to bind aggregate together to form bituminous concrete for pavements. Bitumen should not be confused with tar which is derived from coal and, having been classified as a carcinogen by the European Union, is no longer used in road building.
Call for tenders	In the construction industry, a bidding procedure that allows the client to choose between several bidders for a contract for works, services or supplies.
Carbon balance	Method that uses lifecycle analysis to calculate the greenhouse gas emissions of an activity. Ademe, the French environment and energy management agency, has developed a proprietary method, Bilan Carbone®, which it now licenses.
Civil works	Road, railway, waterway, port and airport infrastructure, including directly related structures such as bridges, wharves, etc.
Concession	Contract whereby the management of a public service is entrusted to private-sector partners responsible for constructing and maintaining buildings and/or infrastructure made available to the public sector. In return they receive a fee that depends on the use made of the building or infrastructure concerned.
Contracting authority/ Client	Individual or legal entity who has concluded a contract and on whose behalf the work is performed. The client chooses the engineering consultant responsible for coordinating and monitoring the work of the various trades involved in a construction project. In a Public-Private Partnership (PPP), unlike a public procurement project, the contract-holder acts as contracting authority on the public entity's behalf.
Eco-community	Also called sustainable neighbourhood, an urban area conceived from the standpoint of its environmental, economic and social impacts. Bouygues Immobilier's Ginko and Fort d'Issy projects are flagship examples of eco-communities.
Eco-design	An approach based on the use of environment-friendly techniques to design a building, for example, that is more energy efficient.
Emulsion (bitumen emulsion)	A dispersion of bitumen — in the form of fine droplets — in water, making the bitumen more fluid. It has many applications in road building. In 2010, Colas was again the world leader in binders and emulsions.
Energy management	A way of optimising a building's energy efficiency by reducing energy consumption while preserving the same level of comfort, thus reducing the environmental, economic and social costs of energy production and consumption. The development of energy management tools is one of the keys to constructing low-energy or positive-energy buildings.
Enhanced zero-interest loan	A non-means tested zero interest loan for the acquisition of a principal residence. Introduced on 1 January 2011, the scheme is open to all first-time buyers who have not owned their principal residence in the previous two years. See Zero-interest loan.
Facilities Management (FM)	A service that involves providing a firm's support functions, especially building maintenance and operation. Services include, for example, security, reception, switchboard, office transfers, removals, mailroom, cleaning and gardening. They may also include space and infrastructure services (hard FM) such as heating maintenance and telecom and radio network maintenance.
Granulates	Coated materials derived from old pavements that have been planed or torn up and intended for re-use in new paving after treatment (recycling) in a coating plant or *in situ*.
Green IT	Responsible and sustainable information and communication technologies whose design or usage helps to reduce the negative impacts of human activities on the environment, helps to improve living conditions for the general public and working conditions for employees and helps firms to cope with environment-related regulatory developments and to contribute to green economic growth.

Green Office®	A trade mark created and marketed by Bouygues Immobilier for positive-energy office buildings. Green Office® Meudon is the first large-scale positive-energy office building in France. See also Bepos.
Guild worker	Specific term used by Bouygues to recognise the value contributed by building workers. An in-house guild, the Minorange Guild, was created in 1963 to promote the company spirit, pride in work well done and the transmission of knowledge to younger workers. The Minorange Guild has inspired similar initiatives in other Group businesses, in particular at Colas.
H&E	Certification awarded by Cerqual and developed in conjunction with the work of the HQE association. Applicable to new apartment buildings and clusters of detached houses, it is based on seven environmental criteria (environmental management of the project, clean site, energy/greenhouse gas emissions, construction/choice of materials, water, comfort and health, green behaviour). For further information: www.cerqual.fr
HQE®	High Environmental Quality label awarded by Afnor Certification. The certification of office buildings (NF Bâtiments Tertiaires - Démarche HQE®) is delegated to Certivéa (CSTB), of collective housing (NF Logement - Démarche HQE®) to Cerqual and of detached houses (NF Maison Individuelle - Démarche HQE®) to Céquami. The aim is to limit the environmental impacts of a construction, rehabilitation or renovation project in terms of consumption of natural resources, waste management, noise, etc. THQE (very high environmental quality) is neither a label nor a standard, but merely a reference to HQE certification. It is sometimes used in place of THPE. In October 2006, Bouygues' headquarters became the first office building in Paris with HQE® certification. For further information: www.assohqe.org
***In situ* recycling**	Hot or cold *in situ* recycling of material planed from an existing pavement and mixed with binder and/or aggregate to create new pavement (see also Aggregate, Binder, Planing).
Low-carbon eco-variant	An alternative in terms of product design, production and/or operation that uses innovative technological or organisational options to reduce or neutralise greenhouse gas emissions.
Order book	At Bouygues Construction and Colas, the order book represents the amount of work that remains to be done on projects for which a firm order has been taken, ie for which a contract has been concluded and has entered into effect.
Order intake	The total amount of sales represented by firm orders. A contract is deemed to be firm when it has been signed and has come into effect (ie the service order has been issued and all the conditions precedent have been lifted) and the financing is in place.
Pass-foncier®	Means-tested scheme to promote first-time home ownership set up by the government and the social partners for the acquisition of a new home (house or apartment).
PFI (Private Finance Initiative)	Scheme introduced in the UK in 1992 to raise private financing for public infrastructure which has inspired Public-Private Partnerships (PPP) in France.
Placed demand	All transactions involving the rental or sale of premises for use as offices carried out by end-users. Placed demand is expressed in terms of the area of office space rented or sold. For rentals, it is based on the gross leasable area and takes account only of newly signed leases. It does not therefore include renegotiated leases or sales to sitting tenants.
Planing (or milling)	Removal of the top part of an existing road pavement, thereby breaking up the material, potentially for recycling it for construction of a new pavement.

Positive Energy Consortium	An economic interest grouping created on the initiative of Bouygues Immobilier in October 2008 to pool the R&D efforts of various players involved in the operation of new-generation positive-energy office buildings. The consortium's aim is to reduce the energy consumption of future buildings and increase their capacity to produce energy from renewable sources. Optimising the carbon balance is another goal.
Property development	The assumption of responsibility, for a price determined with the client, for the completion of a building programme, including the legal, administrative and financial aspects connected with the project.
Public service delegation	Contract whereby a public-law entity entrusts the management of a public service for which it is responsible to a public- or private-sector delegatee whose remuneration is substantively linked to the results of operating the service. The delegatee may be asked to build structures or acquire assets necessary for the service.
Public-Private Partnership (PPP)	An alternative to traditional public procurement methods. In return for a set rent, private firms construct and maintain buildings and/or infrastructure which is then made available to the public sector.
QSE	A management system that incorporates Quality, Safety and Environment features. The requirements of Afaq QSE certification awarded by Afnor can be met through standards such as ISO 9001, ISO 14000, OHSAS 18001 and ILO OSH 2001.
Quarry	Site for extraction of rock and production of aggregate suitable for use in road building.
Rehagreen®	A full range of rehabilitation services created by Bouygues Immobilier, focusing on energy and insulation, incorporating a comprehensive approach to the definition of buildings and how to enhance their value.
Reservations by value	The value in euros of properties reserved in a given period. For residential property, Bouygues Immobilier counts the total value of reservation contracts (signed by customers and validated in-house), net of withdrawals and weighted for the consolidation rate in Bouygues Immobilier's books of the structure carrying the transaction. Block residential property reservations are announced when the sale is notarised. For commercial property, reservations are announced when the sale is notarised.
Residential property reservations by volume	Reservations by volume are announced when the reservation contract is signed, for unit reservations, or when the sale is notarised, for block reservations. Net of withdrawals, the figures are weighted for the consolidation rate in Bouygues Immobilier's books of the structure carrying the transaction.
Road signage	Horizontal road markings (white lines, etc.) and vertical signs, traffic lights, overhead gantry signs, etc.
Roads and utility services	Roads, utility networks and other amenities (pavements, drinking water, sewage, etc.) needed for a residential or industrial zone to be viable.
Scellier scheme	A reference to the so-called Scellier Act that came into force on 1 January 2009. Customers who invest in a residential property built before 31 December 2010 receive a tax break equal to 25% of the acquisition price of the new property (whose thermal characteristics and energy performance must comply with the RT 2005 construction standard), with a ceiling of €300,000, giving a maximum tax break of €75,000. The reduction is spread over nine tax years on a straight-line basis. From 2011, a "green" version of the scheme encourages investment in low-energy (BBC-Effinergie®) buildings.
Service order	Instruction given by the contracting authority or client to the contractor to start a phase of works.

Smart City	Concept initiated by the European Commission. At the cutting edge of new usages and technological progress, its aim is to transform cities by integrating networks (transport, energy, fluids, etc.).
Smart Grid	Power distribution network that uses IT to optimise production and distribution, match supply to demand and ensure the security of network operation, taking account of new energy sources (solar, wind, etc.).
Smart Office	A version of the smart city and smart grid concepts applied to office buildings. The aim is to implement best business and environmental practice in line with commitments in various areas of sustainable development, such as energy saving, etc.
Subcontracting	Delegation of work by a firm that has won a contract.
Sustainable construction	A term used to refer to any construction that limits environmental impacts as far as possible while ensuring the comfort, health and safety of users and that blends as well as possible into surroundings whose natural and local resources it uses to the greatest possible extent.
Zero-interest loan	Loan on which no interest is due, used to finance the construction of housing, the purchase of a new residential property, the purchase of an existing residential property whatever its date of construction, the purchase and/or redevelopment of business premises transformed for residential use or the purchase of a residential property let under a rent-to-buy contract. Borrowers must not have owned their principal residence in the two years before the date of the loan application. See also Enhanced zero-interest loan.

MEDIA - TELECOMMUNICATIONS

16/9	Aspect ratio with a width of 16 units and a height of 9 units. A widescreen format similar to cinema formats, it is systematically offered on HD Ready and HD TV television screens.
2G (GSM)	Global System for Mobile Communication. Second-generation mobile phone network offering voice, text messaging (SMS) and image messaging (MMS) services.
2.5G (GPRS)	General Packet Radio Service. System for carrying data on GSM networks that paves the way for mobile multimedia services. Speed: 40 kbit/s.
3G (UMTS)	Universal Mobile Telecommunication System. First version of the third-generation mobile phone network (voice and data). Speed: 380 kbit/s. Since UMTS was created, speeds have been optimised with HSPA (3G+). See also UMTS fee/licence.
3G key	USB memory stick with a SIM card. It gives subscribers internet access from a laptop via the 3G network. See also SIM card.
3G+ (HSPA)	High Speed Packet Access. System for carrying data in packet mode, used in mobile telephony. The second generation of UMTS (also called 3G+), it offers improved speeds for both data reception (HSDPA) and transmission (HSUPA and paves the way for enhanced interactive applications (internet, TV, messaging, etc.), including video. Bouygues Telecom is using HSPA to develop its 3G+ network and had covered all cities and towns with more than 5,000 inhabitants by the end of 2010, representing almost 86% of the French population. Speed: 7.2 Mbit/s.
4G	See LTE.
ADSL	Asymmetric Digital Subscriber Line. Network technology that uses a traditional telephone line and a decoder (the Bouygues Telecom Bbox, for example) to offer simultaneous access to internet and telephone services. Television provided by an ADSL operator is called IPTV. See also Bbox.
Analogue	In television, a method for producing and transmitting pictures in which the intensity of the electric signals is continuous (analogue) with the sound or light source. In France, the analogue television signal will end on 30 November 2011, replaced by terrestrial broadcasting in digital mode only. See also DTT.
Android	Google operating system, open and free, taken up by many smartphone manufacturers.
Arcep	Autorité de Régulation des Communications Electroniques et des Postes, the French electronic communications and postal services regulator. Created in 1996 to regulate the telecommunications sector, its remit was extended to postal services in 2005.
ARPU	Average Revenue Per User, generally expressed as an annual figure.
Audience share	Percentage of audience for a particular medium (TV channel, radio station, etc.) calculated in relation to the total audience for the medium. In 2010, TF1 confirmed its position as France's leading TV channel with 24.5% of the audience of individuals aged four years and over (source: Médiamétrie).
Bbox	Bouygues Telecom's ADSL service, offered in triple play (fixed phone, internet and television) or quadruple play (fixed phone, mobile phone internet and television) with ideo. Bbox is also the name of the decoder that gives access to the services. A Bbox fibre service was introduced in 2010, using Numericable's FTTB network. In 2011, Bouygues Telecom will start marketing a very high speed service on its future FTTH network. See also Optical fibre and Triple play.
Blu-ray™ disk	High-definition audio and video disk with a storage capacity that improves picture definition by a factor of five in relation to the DVD and allows for the restitution of recorded sound without compression.
Call termination charges (voice/SMS)	Price paid (outgoing fee) by an operator for routing its customer's communications (voice and SMS) to another operator's customer (incoming fee).
Catalogue	Collection of films and dramas that form a corpus of audiovisual rights, either created in-house or acquired from production companies.
Catch-up TV	Television programming offered by television content providers on the internet so that viewers can watch programmes at their convenience, enabling them to catch up with programmes they have missed in the regular schedules. A free or pay service, it may also include supplements not shown with the original programme, such as summaries. TF1.fr, MyTF1 and iPhone/iPad offer catch-up services.
Contactless technology	Technology for short-distance data exchange between a terminal and a chip. Incorporated into a mobile phone, it paves the way for services like travel tickets and mobile payment. A first bundle of services was tried out in a pilot scheme in Nice in 2010.
CSA	Conseil Supérieur de l'Audiovisuel (French broadcasting authority). Independent administrative authority created in 1989 to guarantee the freedom of audiovisual communication in France under the conditions defined in Act 86-1067 of 30 September 1986 (the Freedom of Communications Act).
Customer mix	In mobile telephony, the proportion of contract customers in relation to prepaid customers. See also Service plan and Prepaid.
DSLAM	Digital Subscriber Line Access Multiplexer. Telephone exchange equipment that connects subscriber lines to ADSL networks. DSLAMs, which belong to ISPs, are hosted on France Telecom's subscriber connection nodes.

DTT (Digital Terrestrial Television)	Television broadcast in digital mode via the terrestrial network. A box (set-top or integrated into the TV set) decodes the signal, which is compressed at source. Programmes may be free or pay. For example, NT1 and TMC are free channels, while Eurosport is the benchmark DTT pay sports channel.
Edge (2G)	Enhanced Data Rates for GSM Evolution. Upgrade of the GSM/GPRS (2G) mobile services network designed to carry high speed data such as video. Speed: 200 kbits/s.
GPRS	See 2.5G.
Gross revenue	Catalogue prices given by sellers of advertising space in accordance with their general conditions of sale, excluding discounts and reductions, applied to a volume of advertising sold.
GSM	See 2G.
High Definition (HD)	Picture resolution with definition in excess of 720 lines. A full HD picture may have up to 1080 lines x 1920 pixels, ie nearly 2.1 million pixels, almost five times more than a standard image (576 x 720 pixels). At source, works may be filmed in HD (native HD) and broadcast by various means (satellite, optical fibre, DVD, etc.). See also Blu-ray™ disk.
HSPA	See 3G+.
Interactivity	TV programme or website that seeks audience participation (voting, taking part in a game, etc.).
Internet Service Provider (ISP)	Company that provides internet access via ADSL, cable or optical fibre. Equipment provided by the operator (modem, box, etc.) is essential.
Inventory (TV programmes)	Television programmes that can be kept and used again in the long term (dramas, documentaries, cartoons, arts, etc.), unlike flow programmes (entertainment, sporting events, etc.).
IP	Internet Protocol. Communication protocol for data exchange on networks (internet, ADSL, WiFi, 3G, etc.).
IPTV	Internet Protocol Television. Protocol for distributing television via an IP network like the internet.
LTE (4G)	Long Term Evolution. Fourth-generation mobile phone network offering speeds up to a theoretical 100 Mbit/s. Arcep will award frequency licences in 2011. This should be sufficient to cope with growing mobile internet usage and offer better quality video services.
Machine-to-machine (M2M)	Exchange of information without human intervention between devices equipped with a SIM card and a computer server. Examples: updates of municipal display panels, remote meter reading, bike hire schemes like Velib' in Paris. See also SIM card.
Market share (advertising)	Advertising spend attracted by a channel or a medium in a given media market (television, radio, etc.), expressed as a percentage. TF1's advertising market share in 2010 was 40.3% of the total television market (source: TNS Media Intelligence).
Mediamat' Thematik	Médiamétrie's benchmark theme channel audience survey which replaced MediaCabSat in March 2010 and covers the cable, satellite and ADSL television market in France.
MPT	Mobile personal television. A new digital way of receiving television on a mobile phone or reception device. Channels will be broadcast in point-to-multipoint mode via the terrestrial network in addition to the current point-to-point mode (Edge, 3G). For further information: www.forum-tv-mobile.com
MVNO	Mobile Virtual Network Operator. A company that has neither telecommunications infrastructure nor frequencies and buys communication time from traditional operators for resale to its own customers. Bouygues Telecom currently hosts several MVNOs on its network, including KPN and Numericable.
Net connections	In the telecommunications industry, the number of new customers minus the number of customers who have terminated their subscription.

Optical fibre	Silicon fibre used in telecommunications networks that may be installed by the operator to the curb (FTTC, Fibre To The Curb), to the building (FTTB, Fibre To The Building) or to the home (FTTH, Fibre To The Home). It enables the very high speed transmission of enhanced multimedia services such as internet, telephony, video on demand, high definition pictures, etc.
Prepaid	Mobile phone service without a subscription, based on buying top-ups (top-ups for Bouygues Telecom cards range from €5 to €60).
Prime time	Part of the schedule when the audience is largest. In France, television prime time is in the evening, generally from 8.45pm. "Access prime time" is between 6.00 and 8.00pm.
Programming costs	Cost of producing and acquiring the rights to programmes shown, including shorts (sponsored), the overheads of programme units and final rights payments.
Quadruple play (4P)	A broadband subscription package comprising four services (fixed and mobile phone, internet and television). Bouygues Telecom was the first French operator to launch a 4P service with ideo, combining a Bbox with a mobile phone service plan.
Recipients	For a given television channel, all the individuals or households that actually receive the channel, whatever the network (cable, satellite, etc.). A useful criterion for measuring a channel's audience. See also Mediamat' Thematik.
Roaming	Possibility for mobile phone or internet customers (roaming subscribers) travelling in a zone other than the one where they are subscribers to automatically use a different operator's network. Customers are billed by their home operator. Roaming agreements are concluded between countries.
Sales from network	Revenue generated from Bouygues Telecom customers minus handset sales.
SCN	Subscriber Connection Node. Owned by the legacy operator, they are telephone multiplexers that host ISP equipment (see also DSLAM). They are distributed nationwide according to population density.
Service plan	Mobile phone subscription (also called "postpaid"), comprising a monthly communications credit ranging, at Bouygues Telecom for example, from one hour to time slots including unlimited calls (Neo 3). When service plans are blocked, as with Universal Mobile, there is no possibility of overrun.
SIM card	A movable card with a microprocessor that includes a module (Subscriber Identity Module) containing client information. It identifies the customer and enables him or her to use the phone, especially the directory containing contact details. See also 3G key. In addition to SIM cards for mobile phones, Bouygues Telecom manages Machine-to-Machine (M2M) SIM cards and internet SIM cards, mostly USB keys. See also Machine-to-Machine.
Smartphone	Mobile phone with an operating system that offers office suite functionalities (e-mail, diary, calendar, internet access, etc.) in addition to conventional telephony. Customers can access free or pay applications from app stores.
Triple play	A broadband subscription package comprising three services (fixed phone, internet, television) received through a multi-services box such as the Bbox.
UMTS	See 3G.
UMTS fee/licence	Universal Mobile Telecommunications System or 3G licence: third-generation high speed mobile phone network, the licences for which are shared between four operators in France.

Unbundling	A process that allows Internet Service Providers (ISPs) to offer ADSL services by renting the legacy operator's fixed network. Unbundling may be partial (the subscriber gets an internet or internet + television service but keeps a legacy fixed line) or total (the line is entirely connected to the ISP, who can provide fixed phone services in addition to internet and television).
Unique visitors	The total number of individuals who have visited a website or used an application at least once during the period under consideration. Individuals who visit the same website or use the same application several times are counted only once. TF1 was the leading French TV media group on the internet in 2010.
Very high speed Internet access	Internet access with a speed of over 10 Mbit/s, in particular using optical fibre. High speed is generally between 2 and 10 Mbit/s.
VOD	Video On Demand. A pay service whereby viewers can see the programme of their choice by ordering it from their remote control or computer via a multi-services box such as the Bbox. Available for download on a PC or in streaming. VoD differs from pay-per-view, a pay service which gives the viewer a choice of programmes shown at set times. TF1 Vision is the most widely distributed VoD platform in France.

CORPORATE, LEGAL AND FINANCIAL

Afep/Medef Code	A set of recommendations on corporate governance and executive pay in listed companies issued in 2008 by two business organisations, the Association Française des Entreprises Privées (Afep) and the Mouvement des Entreprises de France (Medef). Listed companies may identify the Afep/Medef Code as their reference code.
AMF	*Autorité des Marchés Financiers.* An independent public authority whose remit is to safeguard investments in financial instruments, to ensure that investors receive material information and to maintain orderly financial markets in France.
Bearer share	A form of share ownership where the share account is held by a financial intermediary (custody account-keeper) to which the shareholder pays a management fee. Bearer form is preferred when shares are acquired or subscribed for a relatively short period (a few days or weeks) or when the shareholder has no particular interest in establishing a link with the company. The company is not able to communicate directly with the holders of bearer shares since it does not know their identity.
Bond	Interest-bearing debt security issued by a company or public-sector entity, redeemable for a set amount at a pre-set date. Unlike shares, bonds represent not an interest in the capital but a claim on the issuer. In return for the loan, bondholders receive interest, called a "coupon", and must be repaid the borrowed amount when the loan/bond matures.
CAC 40	Main French stock index published by Euronext. It is computed on a continual basis from the prices of 40 shares listed on the main market and selected from the 100 largest capitalisations. The CAC 40 is a free-float weighted index. Free-float is the portion of a company's shares held by the public.
Cap	An over-the-counter agreement between two counterparties that enables the buyer to hedge against a rise in interest rates beyond a predetermined level (ceiling or strike rate) in return for the immediate payment of premium.
Corporate officers	In a *Société Anonyme* (public limited company) with a board of directors, the corporate officers are the chairman of the board, the chief executive officer, the deputy CEOs (if any) and the directors. The chairman, the CEO and the deputy CEOs (if any) are executive directors.
Corporate savings plan	A legal and tax framework that enables employees who so wish to save through their employer. They may make voluntary payments into the scheme or pay in all or some of their profit-sharing bonus. The company may top up payments made by its employees. Savings are unavailable for five years except under certain conditions for early release.
CSR	Corporate Social Responsibility. The business community's response to the challenges of sustainable development, taking account of the social and environmental impacts of their activity and seeking to adopt best practices wherever possible. CSR is encouraged by the UN Global Compact, the International Labour Organisation (ILO) and the OECD. It was also a subject of discussion at the Grenelle Environment Forum round table on corporate governance. For further information: www.developpement-durable.gouv.fr
Directors' fees	Annual sum determined by the general meeting in order to remunerate directors for their work on the board and, where relevant, board committees. The board of directors is free to set the amount payable to each director. Directors' fees frequently include a variable component so that the amount paid to individual directors can be linked to attendance at board meetings.
Dividend	Portion of its profit that a company distributes to each of its shareholders. The amount of the dividend is proposed by the board of directors and approved by the general meeting called to consider and approve the financial statements for the year ended.
Earnings per share	Net profit attributable to the Group divided by the average number of shares during the year.
EBITDA	Current operating profit + net amortisation expense + net provisions and depreciation expense - reversals of provisions no longer required.
Exchange offer	An announcement made by a company or by individuals to the shareholders of another company, indicating their intention to acquire the shares of the target company in exchange for other shares. See Tender offer.
FCPE	*Fonds Commun de Placement d'Entreprise.* Investment fund reserved for the employees and corporate officers of a company or group of companies with a profit-sharing scheme or corporate savings plan. Payments into the savings plan may be topped up by a payment from the employer. The fund's by-laws must be approved by the AMF.
Floor	An over-the-counter interest rate agreement which enables the buyer, in return for a premium, to hedge against or take advantage of a fall in interest rates below a given level (floor or strike rate).
Free cash flow	Cash flow - cost of net debt - income tax expenses - net capital expenditure. It is calculated before changes in WCR.
Future	A forward agreement that constitutes a firm commitment to buy or sell an agreed quantity of an underlying asset at an agreed price and at an agreed future date. Futures are standardised and listed instruments, relating to reference assets for a standard amount and at set terms.
Gearing	The ratio of net debt to equity (including minority interests).
Global Compact	A United Nations initiative launched in 2000 that invites companies, labour organisations and civil society to adopt, support and apply in their sphere of influence a set of ten universally accepted principles relating to human rights, labour, the environment and anti-corruption. For further information: www.unglobalcompact.org
Grenelle Environment Forum	A series of meetings organised in autumn 2007 by the French government, trade unions, NGOs, business organisations and other environmental stakeholders with a view to preparing a body of environmental legislation. The Grenelle 1 Act was adopted in July 2009, the Grenelle 2 Act was published in the legal gazette on 12 July 2010.

GRI (Global Reporting Initiative)	A global initiative to develop principles applicable worldwide for rendering account of economic, environmental and social performance, initially for companies and subsequently for any governmental or non-governmental organisation. For further information: www.sommetjohannesburg.org
Internal control	Arrangements made by a company and implemented under its responsibility to ensure: a) compliance with laws and regulations; b) implementation of instructions and directions given by executive management; c) proper functioning of the company's internal processes, especially those relating to the protection of its assets. In order for processes to function correctly, standards or operating principles have to be established, along with monitoring indicators; d) reliability of financial information (...) (source: AMF reference framework, June 2010).
Leveraged scheme	An employee savings scheme that enables employees to make an investment corresponding, for example, to a single share and, on maturity, to obtain a guarantee or partial protection of their investment plus the benefit of all or some of any appreciation in the price of the share, to which a multiplier (six, for example) is applied. The leverage is obtained by issuing a larger number of shares at a discount (for example, nine times more than the employee's investment), the subscription price being financed by a bank (source: AMF).
Liquidity	The status of a market or stock in which transactions (buying and selling) take place in a fluid manner, without sudden fluctuations in price, due to the large number of stocks traded.
Liquidity contract	A contract whereby a listed company makes liquid assets and shares available to an Investment Services Provider (ISP) which, acting independently, will buy or sell shares in the company when the market in its shares is unbalanced. The ISP thus brings additional liquidity to the market in the company's shares and helps to keep it fluid.
Market capitalisation	The number of shares comprising a company's capital multiplied by the share price at a given date.
Net capital expenditure	Acquisition price of property, plant and equipment and intangible assets minus the price of property, plant and equipment and intangible assets sold (and minus any investment subsidies obtained).
Non-voting director	In a *Société Anonyme* (public limited company) with a board of directors, a director whose role is to take an outside view of the board's operation. Non-voting directors attend board meetings in a purely advisory capacity. Under Bouygues' by-laws, the general meeting may appoint one or more non-voting directors. Bouygues had one non-voting director in 2010.
Par value (of a share)	The portion of the capital represented by a share. The shareholders are free to set the par value. It is not the same as the market price of the share. The par value of a Bouygues share is one euro.
Performance shares	Shares awarded free of charge by a company under the conditions defined in the French Commercial Code to employees or corporate officers of the company or of companies related to it, subject to the achievement of certain performance targets. Bouygues did not award performance shares.
Preferential subscription right	On any cash capital increase, shareholders have a preferential right to subscribe new shares in proportion to the amount of their shareholding. The preferential right is detachable from the shares and negotiable during the subscription period; its purpose is to offer financial compensation for the dilution that shareholders may suffer if they do not subscribe to the capital increase. To facilitate certain financial transactions, such as the arrival of a new shareholder or a capital increase reserved for employees, the general meeting that decides or authorises a capital increase may cancel the preferential subscription right.

Public offering (of financial instruments)	Comprises one of the following transactions: a communication addressed in whatever form and by whatever means to persons, containing sufficient information about the conditions of the offering and the instruments on offer, such that an investor is in a position to decide whether to buy or subscribe the financial instruments concerned; a placement of financial instruments by financial intermediaries.
Registered share	A form of share ownership where the owner's name is entered in a register kept by the company. Registration is generally the form preferred by shareholders who want the company to know their identity and who want to directly receive information for shareholders from it. Shares may be directly registered with the company *("nominatif pur")* or also registered in a mirror account with the custody account-keeper designated by the shareholder *("nominatif administré")*.
Retirement savings plan (Perco)	A scheme with tax breaks that enables employees who so wish to save for their retirement by acquiring units in one or more corporate investment funds (FCPE) with the help of their employer, which may top up payments made by employees. Funds may be released early under certain conditions.
Share	Certificate evidencing ownership of a fraction of the capital of the company that issued it. Shares can yield dividends and entitle the holder to vote at general meetings. They may be listed on a stock exchange, though listing is not a requirement. Also known as stock or equity.
Statutory auditor	Appointed by the shareholders at the general meeting for a six-year term, the statutory auditor's assignment is to conduct an independent audit of the company financial statements and, where relevant, consolidated financial statements of the company to which the appointment relates. If satisfied, the statutory auditor certifies that the financial statements give a true and fair view of the company's situation in a report to the shareholders at the general meeting. Companies required to publish consolidated accounts must appoint two statutory auditors who are independent of each other.
Sustainable development	According to the definition proposed in 1987 by Gro Harlem Brundtland, Chair of the World Commission on Environment and Development in the report Our Common Future (the Brundtland Report), "sustainable development meets the needs of the present generations without compromising the ability of future generations to meet their own needs".
Tender offer	An announcement made by a company or by individuals to the shareholders of another company, indicating their intention to acquire the shares of the target company at a given price. See Exchange offer.
Tunnel	The simultaneous purchase of a cap and sale of a floor, or vice versa. In both cases, the cap and the floor must have the same characteristics (amount, maturity, reference floating rate). See also Cap and Floor.
Voting right	Right that enables shareholders to take part in collective decisions concerning their company. Voting rights may be differentiated. For example, the law allows double voting rights to be conferred on shares registered in the same name for more than two years. Double voting rights were introduced at Bouygues in 1972.
Working capital requirement	Current assets minus current liabilities (including current provisions but excluding current financial liabilities and debt hedging instruments).

Sustainable development, human resources:

NOTE ON REPORTING METHODOLOGY

Supplementing the sustainability indicators and the notes and commentaries on trends contained in this document, this note describes the reporting methodology used by:

- **the Bouygues group Human Resources Department (pp. 38 to 49);**
- **Bouygues Construction (pp. 66 to 69).**

SOCIAL/HR REPORTING IN THE BOUYGUES GROUP (pp. 38 to 49)

Indicators

The Bouygues group is a diversified industrial group. Social/HR reporting indicators are chosen and defined by consensus through two monitoring committees.

The Social/HR Reporting Improvement Committee, made up of experienced human resources managers from the parent company and the Group's business areas, determines reporting priorities (eg constructive industrial relations, health and safety) and draws up a map of indicators likely to illustrate them, in keeping with the specific features of each business line. It reviews each data collection exercise with a view to continuous improvement in terms of both processes and the reliability and relevance of the indicators.

The HRIS and Indicator Tracking Committee is an offshoot of the Social/HR Reporting Improvement Committee, made up of employee management oversight staff. It precisely defines each indicator in terms of scope, computation formula, frequency, deadlines, etc.

All the indicators are summarised in a methodological guide, circulated Groupwide.

As the committee is decentralised, its members communicate with each other via BYpedia, the Bouygues group's collaborative extranet site.

Consolidation

Data are collected, verified and consolidated using a reporting software package that includes a workflow process with an internal validation circuit.

There are two main data sources:

- Group HRIS data, supplied monthly or quarterly from business area payroll systems;
- specific business area data, entered directly by the business areas.

Methodological limitations

Indicators may have methodological limitations due in particular to changes of definition between two collection exercises that may affect their comparability. If that is the case, and unless stated otherwise, indicators relating to previous years are recalculated.

Consolidated social/HR indicators may be found in the Sustainable development, research and innovation, human resources section of The Group on pp. 38 to 49.

BOUYGUES CONSTRUCTION (pp. 66 to 69)

Methodology

In order to ensure that indicators are uniform across the entire Bouygues Construction group, a reporting methodology handbook in French and English is circulated to all staff involved in providing the data from which the indicators are constructed.

The handbook is updated after the previous year's data have been consolidated, with contributors being invited to give feedback. It describes the methodologies to be used for providing data, including definitions, methodological principles, units, computation formulae and conversion factors. All reporting support tools can be downloaded from a specific area of the Bouygues Construction group's intranet site.

Data for sustainable development indicators are collected, verified and consolidated using a reporting software package, developed by an independent publisher, that includes a workflow process.

Scope

In 2010, the "Global" criterion in the software covered 99% of Bouygues Construction's consolidated sales, compared with 98% in 2009. Sales-related indicators are computed on that basis.

The following entities do not consolidate data from the entire scope of their activities:

- Bouygues Bâtiment International: 97% of consolidated sales;
- VSL: 83% of consolidated sales;
- ETDE: 97% of consolidated sales.

For the Concessions division, sales-related indicators have not been included. Only social/HR data for the Concessions division are included in the report.

HR-related indicators cover all the Group's consolidated entities. Some social/HR data were provided by Bouygues Construction's group HR department.

Inclusion of data relating to consortia and joint ventures

Where a project is carried out by a consortium that includes several Bouygues Construction companies, data relating to the project are provided by the lead company only.

Where a project is carried out by a joint venture, data are prorated to the sales generated by the Bouygues Construction company concerned.

Choice of indicators

A working group comprising a representative from each Bouygues Construction entity and coordinated by the sustainable development department has prepared a reference framework of environmental and social/HR indicators that track the progress of the group's sustainable development policy. The working group is continuing to work on refining the scope of indicators.

Consolidation and validation

After collection, the data are checked and validated by the Bouygues Construction group's operating units. Social/HR indicators are approved by the group HR department.

The sustainable development department consolidates the data and carries out consistency checks.

Methodological limitations

Sustainable development indicators may have methodological limitations arising from:

- limits on the representative nature of measurements and estimates,
- changes of definition that may affect comparability,
- practical data collection methods.

The full set of sustainability indicators may be found in The Group (p. 7) and Business activities and sustainable development chapters (p. 51).

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Historical financial information for 2008 and 2009

Pursuant to Article 28 of Commission Regulation EC No. 809-2004 of 29 April 2004, the following information is included by reference in this Registration Document:

- interim financial information and the consolidated financial statements for the year ending 31 December 2008 and the auditors' reports relating thereto, presented on pages 12 to 15, 163 to 214 and 236 of the 2008 Registration Document filed with the Autorité des Marchés Financiers on 9 April 2009 under No. D. 09-0221;

- interim financial information and the consolidated financial statements for the year ending 31 December 2009 and the auditors' reports relating thereto, presented on pages 12 to 15, 177 to 230 and 253 of the 2009 Registration Document filed with the Autorité des Marchés Financiers on 15 April 2010 under No. D. 10-0266.

These documents are available in the "Finance/Shareholders" section of the Bouygues website at www.bouygues.com.

FULL-YEAR FINANCIAL REVIEW

The 2010 full-year financial review, prepared pursuant to Article L. 451-1-2-I of the Monetary and Financial Code and Article 222-3 of the AMF General Regulation, comprises the following sections of the Registration Document:

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MANAGEMENT REPORT

The management report for 2010 prepared pursuant to Article L. 225-100 of the French Commercial Code is included in this Registration Document. It was approved by the Board of Directors at its meeting on 1 March 2011. It contains the following information (unless otherwise stated, the numbers in brackets refer to the relevant articles of the Commercial Code).

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CHAIRMAN'S REPORT ON CORPORATE GOVERNANCE AND INTERNAL CONTROL

The Chairman's report on corporate governance and internal control, prepared pursuant to Article L. 225-37 of the Commercial Code, may be found on pages 172 to 192 of this Registration Document.

STATEMENT BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I hereby declare that, to the best of my knowledge, the information in this Registration Document is correct and that all reasonable measures have been taken to that end. There are no omissions likely to alter the scope of this information.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial positions and results of the company and all the undertakings included in the consolidation taken as a whole; and that the management report on pages 7 to 171, 193 to 215 and 289 to 295 includes a fair review of the development and performance of the business, the results and the financial position of the company and all the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

I have received a completion letter from the Statutory Auditors stating that they have verified the information concerning the financial situation and the financial statements set forth in this Registration Document, which they have read in full.

Auditors' reports have been issued in respect of the historical financial information provided on pages 298 and 299 of the Registration Document or included by reference on page 332, which contain observations.

Paris,
13 April 2011

Martin Bouygues
Chairman and Chief Executive Officer

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