

# Meeting Notice

## EXTRAORDINARY GENERAL MEETING

**Monday 10 October 2011 at 3.30pm (CET)**

At CHALLENGER, 1 avenue Eugène Freyssinet, 78280 Guyancourt, France

### Contents

*page*

Chairman's message .....	1
The Bouygues group in first-half 2011 .....	3
Results for the last five financial years .....	7
Agenda.....	8
Draft resolutions.....	8
Participation in the Extraordinary General Meeting.....	10
Request for documents and information.....	14





# Chairman's message

- **Share repurchase tender offer of €1.25 billion on 11.7 % of the capital<sup>1</sup>**
- **Repurchase price of €30, namely 30% premium to the closing price of 30 August 2011**
- **Significant financial leeway preserved**
- **SCDM will not tender its shares to the offer**
- **Estimated accretive impact of 11 % on EPS<sup>2</sup>**

An Extraordinary General Meeting of Bouygues SA has been convened, in accordance with the law and our by-laws, in order to ask you to approve a share repurchase tender offer, which, if successful, will result in a reduction in the share capital of your company.

When Bouygues' Board of Directors met on 30 August 2011, it announced a proposed share repurchase tender offer on its own shares of no more than €1.25 billion covering a maximum of 11.7% of the company's share capital at a repurchase price of €30 per share. The repurchased shares will be cancelled.

The repurchase price of €30 per share exhibits a premium of 30% to the closing share price of 30 August 2011 and a premium of 29% to the one-month average share price of August 2011. It has been set on the basis of a multi-criteria analysis, details of which will be provided in the offer document. Bouygues' Board of Directors has appointed Ricol Lasteyrie as an independent appraiser to certify whether the financial terms of the offer are equitable for all shareholders. This certification will be presented to Bouygues' Board of Directors on 20 September 2011, which will then issue a reasoned opinion on the offer. The certification will also be included in offer document, which will provide all the details of this operation to shareholders.

Therefore, in response to the recent massive fall in its share price amid heavy trading volumes, Bouygues is proposing, via this operation, a liquidity opportunity to those shareholders who wish to take it, offering them a premium of 29% to the one-month average share price.

The offer also protects the interests of those shareholders who wish to continue to support the Group in the longer term. It is expected to have a strongly accretive impact on earnings per share (approximately 11% on EPS<sup>2</sup>, assuming a 100% take-up for the tender offer).

SCDM, which held 18.6% of Bouygues' share capital at 31 August 2011, has stated it does not intend to tender its shares to this offer.

This proposal is good financial management which does not harm Bouygues' financial structure or its industrial strategy. I am confident in the prospects of the Group, which will continue to focus on profitable growth over the long term.

16 September 2011

**Martin Bouygues**  
Chairman and CEO



<sup>1</sup> Based on the number of shares at 30 August 2011

<sup>2</sup> 2011 earnings is computed on the basis of the FactSet consensus for net profit attributable to the Group after deducting the full-year effect of the after-tax financial costs associated with the repurchase offer. The number of shares used for the calculation of EPS assumes a 100% take-up for this offer

# The BOUYGUES group in first-half 2011

- Solid operating performance confirmed by an improvement in Q2 results
- Sales: **€15.2 billion (+4%)**
- Current operating profit: **€752 million (+6%)**
  
- 2011 sales target revised upward to **€32 billion**

Bouygues turned in a solid operating performance in the first half of 2011, endorsing the full-year roadmap for all the Group's business areas. The Construction businesses returned to growth and improved profitability, TF1 confirmed its turnaround and Bouygues Telecom continued its growth strategy in a highly competitive environment.

The Group reported a 4% increase in consolidated sales in the first half of 2011 (1% like-for-like and at constant exchange rates) to €15.2 billion. Current operating profit rose 6% to €752 million, while net profit was down by €141 million to €391 million. The decline in net profit was due to a lower contribution from Alstom (€122 million less than in the first half of 2010) and non-recurring items of €41 million in the first quarter of 2010.

Results improved in the second quarter of 2011 compared with the second quarter of 2010: sales rose by 4%, current operating profit by 11% and net profit by 2%.

The financial structure remains very sound and net debt is virtually stable in relation to end-June 2010.

## Key figures

(€ million)	First half 2010	First half 2011	Change
Sales	14,655	15,214	+4%
Current operating profit	711 <sup>1</sup>	752	+6%
Operating profit	698	752	+8%
Net profit attributable to the Group	532	391	-27%
Net debt <sup>2</sup>	4,205	4,341	+€136m
Net gearing <sup>2</sup>	43%	42%	-1 pt

<sup>1</sup> The figure reported on 31 August 2010 was €698 million. -€13 million was reclassified to other operating income and expenses at Colas

<sup>2</sup> End of period

## Business areas

**The Construction businesses returned to growth and improved profitability. Commercial activity was strong.**

**Bouygues Construction** reported a satisfactory operating performance in the first half of the year. Sales rose 4% to €4,705 million (up 5% in France and 2% on international markets). The operating margin held up well at 3.5% and net profit rose 6% to €94 million.

Commercial activity was very strong, with order intake of €6.1 billion in the first half of the year, the same as the already high level reported in the year earlier period. The order book stood at a record €15.5 billion, 12% higher than at 30 June 2010. It includes the French Ministry of Defence Balard project, worth €1 billion.

First-half results at **Bouygues Immobilier** were in line with the company's full-year roadmap. Sales declined 16% to €1,098 million. Commercial property sales were down 47% squeezed by a tough comparative with the first half of 2010. Residential property sales dropped 6% overall in the first six months but started to rise again in the second quarter. The current operating margin and net profit remained stable at 8.3% and €56 million respectively.

After a record year in 2010, residential property reservations remained high at €990 million. Commercial property reservations rose sharply to €324 million in a still hesitant market. Overall, reservations were up 6% on the first half of 2010 at €1,314 million.

The order book was 18% higher than at end-June 2010 at €2.5 billion.

At **Colas**, the gradual improvement in profitability was confirmed in the first half of 2011.

Sales were up 8% to €5,400 million (up 15% in France and down 3% on international markets). After benefiting from favourable weather conditions in France in the first quarter, sales remained robust in the second quarter. As expected, current operating profit improved – it was €34 million higher than in the first half of 2010 – as the positive effects of the action plan introduced in 2010 began to show. Net profit amounted to €2 million, €31 million up on the first half of 2010.

Good business activity in the first half of 2011 kept the order book at a high level of €7.2 billion (the same as at end-June 2010), despite sales growth.

### **TF1 put in a very good first half and confirmed its turnaround.**

Sales at **TF1** were virtually stable at €1,278 million. The current operating margin improved substantially to 14.6%, 6.5 points more than in the first half of 2010, and net profit rose 61% to €119 million as TF1 confirmed its capacity to closely manage costs and adapt its business model.

Standard & Poor's raised TF1's credit rating to BBB+ with a stable outlook, reflecting the company's healthy financial structure.

### **Bouygues Telecom continued its growth strategy in a highly competitive environment and performed in line with its expectations.**

**Bouygues Telecom** reported a 5% increase in first-half sales to €2,866 million and a 3% rise in sales from network to €2,575 million. As anticipated, EBITDA remained stable stripping out the effect of the cut in mobile termination rate differentials, despite fierce competitive pressure. EBITDA amounted to €665 million, down 9%, and net profit to €213 million, down 19%.

In a very brisk mobile phone market, Bouygues Telecom signed up 206,000 new mobile contract customers in the first half of 2011, representing 21% of net market growth<sup>1</sup>. Bouygues Telecom had a total customer base of 11,187,000 at 30 June 2011, 80% of them on mobile call plans, a 1.3-point rise over a 12-month period. On 18 July 2011, the operator innovated once again by launching the new B&YOU service, a mobile plan that targets the “internet generation”.

215,000 new fixed broadband customers joined Bouygues Telecom in the first half of 2011<sup>2</sup>, giving a total of 1,023,000 fixed broadband customers at 30 June 2011.

## Alstom

Alstom contributed €94 million to the Group's first-half net profit, compared with €216 million in the first half of 2010. As announced, after a first quarter severely hit by non-recurring expenses taken by Alstom in the second half of FY2010/2011, Alstom contributed €71 million to Group net profit in the second quarter of 2011 (versus €101 million in the second quarter of 2010).

Carrying on from the second half of FY2010/2011, Alstom recorded strong growth in its order intake in the first quarter of FY2011/2012 and confirmed its operating margin target of between 7% and 8% for FY2011/2012.

## Financial position

Cash flow increased slightly to €1,502 million, in line with the rise in operating profit. As anticipated, net capital expenditure rose to €651 million, €150 million more than in the first half of 2010, generating free cash flow<sup>3</sup> of €494 million.

Group net debt was virtually stable in relation to end-June 2010 at €4.3 billion.

## Cancellation of shares

The Board of Directors decided to cancel 9,973,287 shares, 5,153,093 of which were acquired in the first half of 2011. Following the cancellation, the number of shares stood at 356,307,709 and voting rights at 479,801,903.

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<sup>1</sup> Arcep (French communications regulator) data

<sup>2</sup> Including broadband and very-high-speed subscribers

<sup>3</sup> Before the change in working capital requirement

## Sales target

### Sales by business area

(€ million)	2010 actual	2011 target			% change
		Reported in March	Reported in May	Reported in August	
Bouygues Construction	9,235	9,400	9,600	9,600	+4%
Bouygues Immobilier	2,418	2,440	2,440	2,440	+1%
Colas	11,661	11,800	11,800	11,900	+2%
TF1	2,622	2,630	2,630	2,630	=
Bouygues Telecom	5,636	5,730	5,730	5,730	+2%
Holding company and other	132	120	120	120	nm
Intra-Group elimination	(479)	(420)	(420)	(420)	nm
<b>TOTAL</b>	<b>31,225</b>	<b>31,700</b>	<b>31,900</b>	<b>32,000</b>	<b>+2%</b>
o/w France	21,576 <sup>1</sup>	22,000	22,100	22,400	+4%
o/w international	9,649 <sup>1</sup>	9,700	9,800	9,600	-1%

<sup>1</sup> Following the change in status of Mayotte that has become a French department, sales were reclassified to France

# Bouygues (parent company) results for the last five financial years

ITEM	2006	2007	2008	2009	2010
<b>1. CAPITAL AT YEAR-END</b>					
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 created in the future:	20,094,262	19,803,112	6,650,786	6,785,691	6,192,274
<b>2. OPERATIONS AND RESULTS FOR THE YEAR (€ million)</b>					
a) Sales excluding taxes	60	68	80	69	66
b) Earnings before tax, amortisation, depreciation and provisions	490	603	828	836	655
c) Income tax	61	165	145	135	194
d) Employee profit sharing		(1)	(1)	(1)	(1)
e) Earnings after tax, amortisation, depreciation and provisions	603	751	882	1,017	894
f) Distributed earnings	400	510	545	566	585
<b>3. EARNINGS PER SHARE (€)</b>					
a) Earnings after tax but before amortisation, depreciation and provisions	1.65	2.21	2.84	2.74	2.32
b) Earnings after tax, amortisation, depreciation 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
<b>4. PERSONNEL</b>					
a) Average number of employees during the year	175	171	179	179	182
b) Payroll (€ million)	29	31	46	31	31
c) Amount paid in respect of benefits (social security, company benefits, etc.) (€ million)	11	12	15	13	13

# Agenda

- Board of Directors' report;
- Auditors' report;
- Reduction of the share capital by a maximum nominal amount of €41,666,666 through a share buyback followed by cancellation of the repurchased shares; and authorisation to the Board of Directors to make a share repurchase tender offer to all shareholders, carry out the capital reduction and set the final amount thereof;
- Powers.

## Draft resolutions

### First resolution

**(Reduction of the share capital by a maximum nominal amount of €41,666,666 through a share buyback followed by cancellation of the repurchased shares; and authorisation to the Board of Directors to make a share repurchase tender offer to all shareholders, carry out the capital reduction and set the final amount thereof)**

The Extraordinary General Meeting, acting in accordance with Articles L. 225-204 and L. 225-207 of the Commercial Code, having acquainted itself with the Board of Directors' report and the auditors' report, and without prejudice to the authorisation given under the ninth resolution of the Combined Annual General Meeting on 21 April 2011:

- authorises the Board of Directors to have the company buy back no more than 41,666,666 of its shares in order to cancel them, thereby reducing the share capital by a maximum nominal amount of €41,666,666;
- authorises the Board of Directors, for that purpose, to make an offer to all shareholders to purchase a maximum of 41,666,666 of the company's shares as part of a share repurchase tender offer made in accordance with legal and regulatory requirements;
- sets a repurchase price of €30 for each share acquired from shareholders under the offer, making a maximum total of €1.25 billion for the operation;
- resolves that the repurchased shares shall be cancelled on the day of repurchase, along with all the rights attached to them, including the right to profits for the current year.

The Extraordinary General Meeting further resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law and regulations, to carry out the aforementioned capital reduction, and in particular to:

- set the final amount for the capital reduction according to the outcome of the share repurchase tender offer, apply a reduction for each selling shareholder that is proportional to the number of tendered shares exceeding the limit of the capital reduction amount, or reduce the capital by the number of shares purchased, in accordance with Article R. 225-155 of the Commercial Code;
- charge the difference between the repurchase price of the shares acquired through the share repurchase tender offer and the par value of the cancelled shares, to the "Share premium" or the "Reserves required under the by-laws and discretionary reserves" line items and, in general, to any reserve that the company is free to use;
- in case of opposition by creditors, take all appropriate measures, grant any security interests or execute any court decision ordering the granting of guarantees or the repayment of claims;
- amend the by-laws accordingly;
- and generally, make all necessary arrangements, take all measures and attend to all formalities needed to effect the authorisation given by this resolution.

### **Second resolution** **(Powers)**

The Extraordinary General Meeting gives full powers to the holder of an original, a copy or an extract of the minutes of these proceedings in order to carry out all legal or administrative formalities and to make all filings and publications under and in accordance with applicable law.

# Participation in the Extraordinary General Meeting

The Extraordinary General Meeting is made up of all shareholders, irrespective of the number of shares they own.

## A. Formalities to be carried out prior to participating in the Extraordinary General Meeting

For all shareholders wishing to attend, be represented or vote by postal ballot at this general meeting, it is mandatory:

- in the case of **registered shareholders**: for their shares to be entered in the registered shares account by Wednesday 5 October 2011;
- in the case of **bearer shareholders**: for the authorised intermediary which manages their securities account, to prepare a certificate ("participation certificate") confirming registration or entry of their shares in its account by Wednesday 5 October 2011.

Only shareholders who have thus confirmed their status by Wednesday 5 October 2011, in the manner indicated above, shall be able to participate in this Extraordinary General Meeting.

## B. Arrangements for participating in the Extraordinary General Meeting

### 1. Attending the Extraordinary General Meeting

Shareholders wishing to attend this Extraordinary General Meeting may request an admission card as follows:

- **registered shareholders** should request an admission card from Bouygues, Service Titres, 32 avenue Hoche, 75008 Paris, France (toll-free number in France only: 0 805 120 007, fax +33 (0)1 44 20 12 42);
- **bearer shareholders** should ask the authorised intermediary which manages their securities account to ensure that Bouygues sends them an admission card on the basis of the participation certificate issued by said intermediary; bearer shareholders who have not received their admission card can ask the authorised intermediary which manages their securities account to issue the participation certificate directly to them.

Shareholders attending the Extraordinary General Meeting on 10 October 2011 are advised to bring their **admission card** with them and to go to the welcome desk at **3.00pm (CET)**.

### 2. Voting by postal ballot

Shareholders who will not attend the Extraordinary General Meeting and who wish to vote by postal ballot are required to do as follows:

- in the case of **registered shareholders**: return the proxy/postal ballot form sent to them with the Meeting Notice, to Bouygues, Service Titres, 32 avenue Hoche, 75008 Paris, France;
- in the case of **bearer shareholders**: request the authorised intermediary which manages their securities account for a proxy/postal ballot form.

The proxy/ballot form is also available on the company's website at [www.bouygues.com](http://www.bouygues.com) under Finance/Shareholders, Shareholders, Annual General Meetings.

The duly completed and signed proxy/postal ballot forms (accompanied by the participation certificate in the case of bearer shareholders) must reach Bouygues, Service Titres, 32 avenue Hoche, 75008 Paris, France, no later than midnight (CET) on Friday 7 October 2011, at the end of the calendar day.

### 3. Voting by proxy

Shareholders who do not attend the Extraordinary General Meeting may be represented by giving proxy to the Chairman of the Extraordinary General Meeting, their spouse, their civil-union (PACS) partner, another shareholder or any other natural person or legal entity of their choice, in accordance with Article L. 225-106 of the Commercial Code.

In accordance with the provisions of Article R. 225-79 of the Commercial Code, the proxy given by a shareholder must be signed by the shareholder. He/she shall indicate his/her last name, first name and address, and may designate a representative, whose last name, first name and address shall be given, or, in the case of a legal entity, the denomination or corporate name and the registered office. The representative is not authorised to replace himself/herself by another person.

When no representative is named as the proxy, the chairman of the Extraordinary General Meeting shall vote for draft resolutions presented or approved by the Board of Directors and vote against all other draft resolutions. To cast a different vote, shareholders must choose a representative who will agree to vote in the way they indicate.

Shareholders who wish to be represented are required to do as follows:

- in the case of **registered shareholders**: return to the company in the manner indicated hereafter the proxy/postal ballot form sent to them with the Meeting Notice;
- in the case of **bearer shareholders**: request the authorised intermediary which manages their securities account for a proxy/postal ballot form.

The proxy/ballot form is also available on the company's website at [www.bouygues.com](http://www.bouygues.com) under Finance/Shareholders, Shareholders, Annual General Meetings.

The duly completed and signed proxy/postal ballot forms (accompanied by the participation certificate in the case of the bearer shareholders) must be sent:

- either by post to Bouygues, Service Titres, 32 avenue Hoche, 75008 Paris, France,
- or electronically in the form of a digitalised copy, in an attachment sent by e-mail to [bymandatag2011@bouygues.com](mailto:bymandatag2011@bouygues.com).

To be taken into account, the designations or revocations of representatives transmitted electronically must be received no later than Friday 7 October 2011 at 3.00pm CET. Digitalised copies of unsigned forms will not be accepted.

Shareholders may revoke the appointment of their representative, provided the revocation is made in writing and communicated to the company in the same manner as the appointment.

Only the designations or revocations of proxies may be sent by e-mail to [bymandatag2011@bouygues.com](mailto:bymandatag2011@bouygues.com); no votes, other requests or notifications concerning other subjects can be considered and/or dealt with in this way.

## C. Requests to put items or draft resolutions on the agenda of the Extraordinary General Meeting

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In accordance with the provisions of Article L. 225-105 of the Commercial Code, one or more shareholders fulfilling the conditions set forth in Article R. 225-71 of the Commercial Code, or a group of shareholders fulfilling the conditions set forth in Article L. 225-120 of the Commercial Code, have the right to ask for items or draft resolutions to be put on the agenda of the Extraordinary General Meeting.

The Chairman of the Board of Directors shall acknowledge receipt by registered letter of requests to put items or draft resolutions on the agenda within five days of receiving them. The item or proposed resolution shall be put on the agenda of the Extraordinary General Meeting and brought to the attention of shareholders in the manner provided for by applicable regulations.

Any request to put an item or proposed resolution on the agenda must be sent to the company no later than the twenty-fifth day preceding the date of the Extraordinary General Meeting, ie Thursday 15 September 2011, either by registered letter with acknowledgement of receipt addressed to Bouygues, Secrétariat Général, 32 avenue Hoche, 75008 Paris, France, or by e-mail to [byodjag2011@bouygues.com](mailto:byodjag2011@bouygues.com). The request to put an item on the agenda must include a brief explanation of the reasons. The request to put draft resolutions on the agenda must include the text of the draft resolutions and, if need be, a brief explanation of the reasons.

Persons making a request must demonstrate at the date of their request that they possess or represent the required fraction of the capital by having the corresponding shares shown either on the company's registered shares accounts or on the bearer-share accounts held by an authorised intermediary. They shall transmit with their request a book entry confirmation certificate (*attestation d'inscription en compte*).

For an item or proposed resolution to be taken up by the Extraordinary General Meeting, the persons making the request must submit a new certificate confirming the book entry of the shares in the same accounts on the third business day preceding the Extraordinary General Meeting, ie by Wednesday 5 October 2011.

When the purpose of a proposed resolution is to present a candidate for the Board of Directors, the request shall include the information indicated in paragraph 5 of Article R. 225-83 of the Commercial Code: the last name, first name and age of the candidate, professional references and professional activities over the past five years, including the functions exercised now or previously in other companies, any positions and functions held by the candidate in the company, and the number of registered or bearer shares he or she owns.

Only requests to put items or draft resolutions on the agenda of the Extraordinary General Meeting may be sent electronically to [byodjag2011@bouygues.com](mailto:byodjag2011@bouygues.com); no other requests or notifications concerning other subjects can be considered and/or dealt with in this way.

## D. Written questions

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In accordance with the provisions of Article R. 225-84 of the Commercial Code, all shareholders are entitled to submit questions in writing, to which the Board of Directors is obliged to respond during the Extraordinary General Meeting. A single response may be given to questions addressing the same issue. A question shall be considered answered if the response is posted on the company's website in the Q&A section.

Written questions shall be submitted no later than the fourth business day before the Extraordinary General Meeting, ie midnight (CET) Tuesday 4 October 2011 at the end of the calendar day, either by registered letter with acknowledgement of receipt addressed to the Chairman of the Board of Directors, Bouygues, 32 avenue Hoche, 75008 Paris, France, or by e-mail to [byqeaq2011@bouygues.com](mailto:byqeaq2011@bouygues.com). In the case of bearer shareholders, questions must be accompanied by a certificate that the bearer shares are in the accounts held by an intermediary mentioned in Article L. 211-3 of the Monetary and Financial Code.

Only questions written within the meaning of Article R. 225-84 may be sent electronically to [byqeaq2011@bouygues.com](mailto:byqeaq2011@bouygues.com); no other requests or notifications concerning other subjects can be considered and/or dealt with in this way.

## **E. Documents published or made available to shareholders**

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The information and documents to be presented at the Extraordinary General Meeting, notably in accordance with Articles L. 225-115 and R. 225-83 of the Commercial Code, may be viewed as from 19 September 2011, on the company's website at [www.bouygues.com](http://www.bouygues.com) in the Finance/Shareholders section.

The documents and information relating to the Extraordinary General Meeting and mentioned in Articles L. 225-115 and R. 225-83 of the Commercial Code, as well as the documents referred to in Articles R. 225-89 and R. 225-90 of the Commercial Code, shall be made available to shareholders at the registered office, 32 avenue Hoche, 75008 Paris, France. Depending on the document, they will be made available either as from the publication of the Meeting Notice or within the fifteen-day period preceding the Extraordinary General Meeting.

The company shall promptly publish on its website [www.bouygues.com](http://www.bouygues.com), in the Finance/Shareholders section, any items or draft resolutions that are added to the agenda at the request of shareholders, subject to the conditions indicated in paragraph C above.



# Request for documents and information

## Extraordinary General Meeting of 10 October 2011

*Return to:*  
 Bouygues  
 Service Titres  
 32 avenue Hoche  
 75008 Paris  
 France

Last name: .....First name: .....

Postal address: .....

As the owner of: .....

- registered shares,
- bearer shares held in an account with (bank, financial institution or other account holder):  
 .....

In accordance with Article R. 225-88 of the Commercial Code, I hereby request the company Bouygues to provide me with the documents and information referred to in Article R. 225-83 of said Code, for the purposes of the Extraordinary General Meeting referred to above:

- at my postal address above,
- at the following postal address: .....

At: .....

Date: .....

(signature)

**NOTE** - The documents and information referred to in Articles R. 225-81 and R. 225-83 of the Commercial Code are available at: [www.bouygues.com](http://www.bouygues.com)  
 - Pursuant to paragraph 3 of Article R. 225-88 of the Commercial Code, shareholders **owning registered shares** may, by making a single request, obtain from the company documents and information for all subsequent general meetings. Please tick this box if you wish to obtain said documents and information:





A *Société Anonyme* (public limited company) with share capital of €356,307,709  
Registered office: 32 avenue Hoche, 75008 Paris, France  
Registration No. 572 015 246 PARIS – APE code: 7010Z