



**2012 REPORT ON STOCK OPTIONS
AND PERFORMANCE SHARES**

(REPORT REQUIRED UNDER ARTICLES L. 225-184 AND
L. 225-197-4 OF THE COMMERCIAL CODE)

2 • 2012 REPORT ON STOCK OPTIONS AND PERFORMANCE SHARES

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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 corporate officers.

2.1 Principles and rules for granting stock options and bonus shares

The twenty-second resolution of the Combined Annual General Meeting of 21 April 2011 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 within the meaning 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 previous plan.
- > At its 2 December 2010 meeting, 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 thirty 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 fifteen 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.

- > Barring an exceptional decision to the contrary, stock options are to be granted each year after the publication of the full-year financial statements for the previous financial year.
- > In addition to these measures, several internal rules were laid down and disseminated to prevent breaches of insider trading policy or insider trading offences: the drawing up of a list of people having access to inside information; a reminder of the three abstention obligations; 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.
- > Speculative trades and risk-hedging transactions relating to the exercise of stock options or the sale of bonus shares are forbidden; to the company's knowledge, no hedges have been put in place by corporate officers.
- > Executive directors and salaried directors who wish to sell shares acquired through the exercise of stock options or 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 a corporate officer, 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 the exercise of options (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 exercise option shares 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 (in 2011 and 2012, at their request, the executive directors were not granted stock options or performance shares). 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: stock option characteristics

All the stock options granted by the Board of Directors in 2012 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 years and six months 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 the Group savings scheme).
- > 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 2012

Options for new Bouygues shares were granted in 2012. On 26 April 2012, the Board of Directors decided to make a grant on 13 June 2012 of 2,956,025 options to 1,092 beneficiaries who are corporate officers or employees of the company or companies in the Bouygues group.

The exercise price was set at €20.11 per share subscribed.

The value of each stock option was €0.46 at the grant date, estimated in accordance with the method used for the consolidated financial statements.

This stock option plan represented 0.94% of the company's share capital at 31 December 2011¹.

(1) Share capital of Bouygues at 31 December 2011: 314,869,079 shares

2.2.1 Table 4 – Options granted to executive directors and salaried directors of Bouygues

Martin Bouygues and Olivier Bouygues asked the Board of Directors not to grant options to the two executive directors in 2012.

Executive directors	Company granting the options	Grant date	Number of options	Exercise price (€)
Martin Bouygues	Bouygues	-	0	-
Olivier Bouygues	Bouygues	-	0	-
Total			0	

Options were granted to salaried directors.

Salaried directors	Company granting the options	Grant date	Number of options	Exercise price (€)
François Bertière	Bouygues	13 June 2012	97,000	20.11
Yves Gabriel	Bouygues	13 June 2012	97,000	20.11
Hervé Le Bouc	Bouygues	13 June 2012	97,000	20.11
Nonce Paolini	Bouygues	13 June 2012	97,000	20.11
Total			388,000	

Salaried directors were not granted any other options.

2.2.2 Table 5 – Stock options exercised by executive directors and salaried directors of Bouygues in 2012

Executive director	Company granting the options	Plan	Number of options exercised	Exercise price (€)
NONE				

No executive directors or salaried directors exercised their options in 2012.

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 in 2012.

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 were 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

	2012	2011	2010	2009	2008	2007	2006
Date of AGM	21/04/2011	21/04/2011	24/04/2008	24/04/2008	28/04/2005	28/04/2005	28/04/2005
Grant date	13/06/2012	14/06/2011	30/06/2010	01/04/2009	31/03/2008	05/06/2007	05/09/2006
Number of stock options granted by the Board	2,956,025	2,936,125 2,974,497 ^d	4,145,650 4,199,015 ^d	4,672,200 4,731,074 ^d	4,390,000 4,434,475 ^d	4,350,000 4,395,190 ^d	3,700,000 3,701,367 ^d
- o/w to executive directors and salaried directors ^{a & b}	388,000	388,000 (393,028 ^d)	770,000 (779,975 ^d)	900,000 (911,659 ^d)	750,000 (759,717 ^d)	850,000 (861,012 ^d)	750,000 (759,718 ^d)
	Y. Gabriel: 97,000 F. Bertière: 97,000 H. Le Bouc: 97,000 N. Paolini: 97,000	Y. Gabriel: 97,000 F. Bertière: 97,000 H. Le Bouc: 97,000 N. Paolini: 97,000	M. Bouygues: 160,000 O. Bouygues: 90,000 Y. Gabriel: 130,000 F. Bertière: 130,000 H. Le Bouc: 130,000 N. Paolini: 130,000	M. Bouygues: 200,000 O. Bouygues: 100,000 Y. Gabriel: 150,000 F. Bertière: 150,000 H. Le Bouc: 150,000 N. Paolini: 150,000	M. Bouygues: 200,000 O. Bouygues: 100,000 Y. Gabriel: 150,000 F. Bertière: 150,000 H. Le Bouc: 100,000 N. Paolini: 50,000	M. Bouygues: 200,000 O. Bouygues: 100,000 Y. Gabriel: 150,000 F. Bertière: 100,000	M. Bouygues : 200,000 O. Bouygues: 100,000 Y. Gabriel: 100,000 F. Bertière: 100,000
- o/w to ten employees of the company	402,800	404,200 (409,441 ^d)	534,000 (540,920 ^d)	520,000 (526,741 ^d)	470,000 (476,093 ^d)	530,000 (536,872 ^d)	356,000 (360,617 ^d)
Pre-adjustment exercise price	€20.11	€31.84	€34.52	€25.95	€43.23	€63.44	€40.00
Post-adjustment exercise price ^c	€20.11	€31.43	€34.08	€25.62	€42.68	€62.63	€39.49
Start of exercise period	14/06/2016	14/06/2015	30/06/2014	01/04/2013	31/03/2012	05/06/2011	05/09/2010
End of exercise period	13/12/2019	14/12/2018	30/12/2017	30/09/2016	30/09/2015	05/06/2014	05/09/2013
Number of options outstanding at 31/12/2012	2,936,175	2,938,736 ^d	4,096,108 ^d	4,525,662 ^d	4,195,427 ^d	4,173,215 ^d	3,487,495 ^d
Number of options cancelled or lapsed	19,850	35,761 ^d	102,907 ^d	205,412 ^d	249,098 ^d	230,975 ^d	257,772 ^d
Number of options exercised between 01/01/2013 and 26/02/2013	0	0	0	0	0	0	0
Total options outstanding at 31/12/2012	26,352,818						

(a) Total options granted, including to salaried directors who left the Board in 2012

(b) Including only executive directors and salaried directors currently in office

(c) In accordance with law, the exercise prices and the number of options granted were adjusted on 15 November 2011 following the share repurchase tender offer

(d) After the number of options was adjusted on 15 November 2011 following the share repurchase tender offer

2.5 Stock options granted to or exercised by the ten employees having received or exercised the most options in 2012

2.5.1 Table 9 – Stock options granted to the ten Bouygues employees (not corporate officers) having received the largest number of options in 2012

Employees	Company granting the options	Grant date	Number of options	Exercise price (€)
Jacques Bernard	Bouygues	13 June 2012	18,000	20.11
Georges Colombani	Bouygues	13 June 2012	18,000	20.11
Emmanuel Forest	Bouygues	13 June 2012	13,500	20.11
Jean-François Guillemin	Bouygues	13 June 2012	33,000	20.11
Gérard Lemarié	Bouygues	13 June 2012	8,300	20.11
Philippe Marien	Bouygues	13 June 2012	97,000	20.11
Alain Pouyat	Bouygues	13 June 2012	67,000	20.11
Olivier Roussat	Bouygues	13 June 2012	97,000	20.11
Jean-Claude Tostivin	Bouygues	13 June 2012	33,000	20.11
Gilles Zancanaro	Bouygues	13 June 2012	18,000	20.11
		Total	402,800	

2.5.2 Table 9 a – Stock options exercised in 2012 by the ten Bouygues employees having exercised the largest number of options

Employees	Company granting the options	Plan	Number of options exercised	Exercise price (€)
NONE				
		Total	0	

In 2012, no Bouygues stock options were exercised by employees of Bouygues or one of its subsidiaries, or by the executive directors, 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 directors	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 Position: Chairman and CEO		X	X ^a			X ^b		X
Olivier Bouygues Position: 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 (average of the best three years) per year in the scheme. Benefits are capped at eight times the social security ceiling, i.e. approximately €296,000 at the date of this report. Entitlement is acquired only after ten years' service with the Group and provided that the executive director is a member of the Group management committee at the date of retirement. The Group does not have 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.