

Annual General Meeting

23 April 2015



QUESTIONS - ANSWERS

QUESTIONS ASKED AT THE
COMBINED ANNUAL GENERAL MEETING
ON 23 APRIL 2015

Written question from IPAC (an activist shareholder group)

The French parliament is currently considering options and conditions for introducing ways and means to combat crime and other forms of criminal behaviour (intelligence-gathering bill). The plans would affect some of our Group's businesses.

- *What is your position with regard to the future legislation?*
- *Is our Group committed to the greatest possible transparency with regard to the practical effects such legislation may have on the privacy of users of Bouygues Telecom services?*

Board of Directors' answer

Bouygues Telecom naturally attaches great importance to protecting its customers' personal information, in accordance with the rules and recommendations of the CNIL (French data protection authority). Its Code of Ethics includes a section on this subject. It has introduced strict procedures and carries out many awareness-raising and preventive measures with employees in order to ensure that their actions comply with the prevailing regulations in all circumstances.

The French government has brought a bill before parliament designed to strengthen the intelligence-gathering resources available to the authorities in order to combat terrorism.

The bill in its present form contains guarantees to regulate intelligence-gathering activities and safeguard public and individual liberties. These guarantees are, firstly, a single authorisation procedure entrusted to the prime minister under the supervision of an independent authority (the National Commission for Control of Intelligence Techniques) and, secondly, the introduction of judicial supervision by the Supreme Administrative Court (*Conseil d'État*).

The rapporteur of the National Assembly's law commission and Arcep, the French telecommunications regulator, held hearings with electronic communications operators. Bouygues Telecom was thus able to put forward its observations and seek clarifications. The legislative process is still under way. The bill will be put to a vote of the National Assembly on 5 May 2015, after which it will go to the Senate. The President of the Republic has recently announced that he would personally refer the matter to the Constitutional Council in order to ensure that the final text of the law is compatible with the Constitution.

The Group recalls that under its operating licence, Bouygues Telecom is already required to comply with a certain number of obligations relating to public security and national defence. It strictly complies with the prevailing regulations when fulfilling its obligations to the public and judicial authorities.

Within the framework defined by the legislator and the regulator, Bouygues Telecom will ensure transparency and remain extremely attentive to its customers' rights, freedoms and privacy when fulfilling any obligations under the new legislation.

Main questions asked during the AGM

Group

- *France is hosting the 21st Climate Conference at the end of 2015 and some Bouygues group business segments are in the front line in view of the necessary transition to a low-carbon economy. What innovations and practical actions are you taking in order to achieve this objective?*
We will be very much on the front foot during the conference, participating in the various events that will take place in Paris and at Le Bourget. We will have stands to show what we are doing and to demonstrate the Group's commitment to sustainable development. We do not see sustainable development as a constraint but as a genuine opportunity. Whether at Bouygues Construction, Bouygues Immobilier or Colas, all our products and services in this sphere are successful. Colas has highly active R&D centres developing new products which take account of environmental requirements. TF1 has also done a great deal. The same applies to Bouygues Telecom, which is striving to reduce its carbon footprint and reduce network energy consumption. I am very satisfied with the results obtained by all the Group's business segments over the last ten years.
- *What is the current situation regarding the agreement with the government concerning Alstom?*
Firstly, the agreements between Alstom and GE must be implemented. They are currently being scrutinised in Europe and elsewhere. Once all that has been finalised and Alstom's board of directors has asked the shareholders' meeting to approve a public share buyback offer, the government can decide whether to take a stake in Alstom or not.
- *What can you tell us about the synergies between Alstom, Colas Rail and Bouygues Telecom?*
Ongoing discussions are taking place with Alstom and Bouygues Telecom within technical committees. There are considerable synergies between Alstom, Colas Rail and Bouygues Construction, of which the Nîmes-Montpellier railway bypass is a good example.
- *Are you considering paying an exceptional dividend when you sell your stake in Alstom?*
That is not on the cards.
- *Do you regret not having taken a stake in Areva?*
It is a long and complicated story. I have no regrets.
- *Do you have a digital security and innovation unit?*
Each business segment has its own security and innovation unit.
- *How do you handle the safety of your expats in high-risk countries like Nigeria?*
Our people's safety is our top priority. We have a crisis unit which constantly monitors risks and alerts the businesses concerned if the situation deteriorates. For a given country, either we consider that the risk is too great and we don't go there, or the risk is under control and we take appropriate measures.
The second risk relates to business ethics. We are extremely attentive to this aspect at all times and have implemented extensive compliance and training procedures.
- *I saw in the Reference Document that 18 risks were identified at Group level for non-quantified amounts. The amount of provisions does not seem very high. What is the situation?*
We describe the risks that we are liable to incur. Provisions are constituted for those risks, the balance-sheet amount of which is €3.4 billion, a substantial figure which we believe reflects a

cautious approach to our risks, not only from our standpoint but also from that of our auditors. Risks are constantly monitored.

- *What is your vision of the company for this year and what are your priority objectives for all the stakeholders?*

For shareholders, we are continuing our efforts to ensure that the value of our Group increases. For employees, we are continuing to nurture the Group's unique culture, promoting values based on respect for oneself, for others, for customers and for the environment. We must continue to work on those issues. Human beings are central to our business. The difference lies in the men and women in our workforce and their capacity to share strong values.

- *How do you feel about the share price? Are you satisfied?*

I am never satisfied! It is better, but we must continue to work on adapting our businesses and establishing strong fundamentals in order to return to growth in 2016.

Governance

- *Will you be taking legal action against AFP following the announcement of your death?*

I was indeed dismayed by the news of my death, though of course it is better to learn of it while still alive! On a more serious note, the incident shows a lack of professionalism at a great press agency. My family was of course deeply upset.

- *Mrs Idrac was on the board of Dexia, a Franco-Belgian bank which went bust...*

Mrs Idrac's business career speaks for itself. She has held positions at the highest level. She is a very competent and responsible person and we are very happy that she has joined our Board of Directors.

- *What is your view on the issue of one share, one vote?*

As far as Bouygues is concerned, the situation is quite simple: our articles of association introduced double voting rights in 1969, even before Bouygues was floated on the stock market. For us, there is no question of doing away with a system which offers shareholders a fair reward for their loyalty. Different countries have different systems. The USA and Canada have different classes of shares with different rights. Anything is possible. The system in France is pretty straightforward.

Construction

- *Can you tell us briefly about the state of progress on the Chernobyl project?*

The purpose of the project, which we are carrying out jointly with Vinci, is to build an enormous sarcophagus which will then be slid over the damaged reactor in order to seal it off from the outside environment so that decontamination work can take place. Work is progressing normally. The sarcophagus has been partly built and is to be installed. It is a very big project.

- *Why was nothing said about Bouygues' role in the project to remove the build-up of sand around Mont St Michel?*

Because of our natural modesty! A major project was launched in order to turn Mont St Michel back into an island. We were part of that project and a major player in a very fine achievement.

- *Doesn't the announced cut in central government funding of local authorities, already in place, compromise the future of the construction businesses in Europe? Won't this force you to be more creative, in particular by developing PPPs?*

Local and regional authorities have been very hard hit by the cut in central government funding and by campaign promises to limit increases in local taxes. Budgets have been crimped as a result, which has had a significant impact on the amount available for roadworks and construction projects in general in France. Colas had embarked on an internal reorganisation of its three subsidiaries before this difficult period and that has been good for the company. But the market is in very poor shape and will not get any better in 2015.

Creativity is necessary, of course. France has led the way in public-private partnerships, which have been greatly expanded in English-speaking countries as private finance initiatives. The situation in France has become more complicated as a result of pressure from campaign groups and political parties. It is becoming difficult to put together PPPs, as we have seen with Ecomouv, which has partly undermined the credibility of the system as a whole. If the conditions are not in place to provide sufficient legal certainty to put together a financial package, public authorities will be deprived of an important resource.

- *A ruling was due to be issued on the Flamanville EPR. What is the situation and what would the consequences be for you if the EPR had to be halted?*

It is important not to confuse the issues with the EPR. We are providing the shell, not the pressure vessel or the electrical and mechanical engineering. The judgment of the Cherbourg court to which you allude is related to an unfortunately fatal accident on the worksite.

- *There have been problems with the concrete for the EPR. Is that an issue?*

It is a rather old issue. There are bound to be difficulties on a major project of this type. It is an extraordinarily complex project which is progressing to the satisfaction of the customer, EDF, and the French nuclear safety authority. EDF is a highly skilled group which has built more nuclear power stations than anyone else in the world. The nuclear safety authority is a highly professional and very strict body which oversees everything. No complaint has been made against us so far.

TF1

- *What is the current situation with LCI?*

We are waiting for the ruling of the Supreme Administrative Court (*Conseil d'État*). The hearing is scheduled for 29 May 2015 and a ruling should be issued during the summer. TF1 is continuing to consider all possible scenarios, of which there are several. I regretted the decision of the CSA (French broadcasting authority).

- *You wrote a joint letter with M6 and Canal Plus to protest against the sale of Numéro 23 even though you were prevented from switching LCI to freeview. How do you explain that refusal?*

We are waiting for the ruling of the Supreme Administrative Court (*Conseil d'État*). The CSA may reconsider the matter.

- *What do you think of Le Monde's bid for LCI?*

I didn't really understand what it was all about. Basically, *Le Monde* said "We want to take over LCI but we don't need any premises or facilities or the name". So what were they buying? At the same time, *Le Monde* was laying off its own staff. It looked like a diversionary tactic to me.

- *Are you considering a follow-up to the drama series The Mentalist and Dr House?*

That depends to a great extent on the American studios which produce them. There are no more seasons of *Dr House*. There is still one season of *The Mentalist* which has not been screened. We have concluded an international coproduction agreement with NBCUniversal and RTL for the production of American dramas adapted to the European market. And we have done a lot to promote French drama.

- *How does TF1 protect its content from piracy?*
There has not been any large-scale piracy of content on TF1. We are aware of the risks and very attentive to them. We have taken legal action against sites like YouTube and Dailymotion which had used rights that did not belong to them, but that did not involve either piracy or cyber attack.
- *Given the current crisis in the print media, is there room for three free newspapers, including Metro?*
The problem with *Metro* is linked to the consolidation taking place in the sector. The advertising market is now too narrow to sustain three free newspapers which are also under competition from digital media. TF1 is looking at how it can take part in that consolidation or move the business forward in order to secure its long-term future.
- *TF1's audience figures give you a degree of responsibility for the quality of the French language. How can you improve matters?*
The CSA cares deeply about respect for the French language. Jean-Claude Narcy, in charge of French language issues at TF1, monitors the question closely. You will understand, however, that it is difficult to change all the names of games or drama series that come from other countries because they are known by their original names.

Bouygues Telecom

- *Rumours continue to swirl around Bouygues Telecom: will it be sold, will there be an IPO, how will it develop? Do you have a preference?*
Yes, I do: the standalone option. I will say it again here and now: I am very proud of all that the people at Bouygues Telecom have accomplished. We have had three very tough years due to distortions of competition which have benefited the newcomer in the mobile segment, just at the same time as the regulator was refusing to allow us any advantage in the fixed segment. Conditions are better now: the company has regained momentum after restructuring and that gives me confidence. We have no reason to seek a tie-up with another operator.
- *The newspapers seem to say that you will hit the jackpot if you sell Bouygues Telecom and Alstom. Are you going to sell Bouygues Telecom?*
Selling Bouygues Telecom is out of the question. Nor have we said anything about selling Alstom.
- *Press reports say that you have been talking to rivals in the telecoms business. What would the options be for Bouygues Telecom? Orange or Numericable?*
Not everything in life is for sale! A company is a human adventure and a commitment in which we believe and for which we are ready to fight, not just a matter of money! Suppose that we sell everything: what will we do then? We have lived through some of the toughest times in our Group's history. We are very proud of the way we have handled the crisis. Two operators wanted to see us dead in the water. They didn't succeed. We will continue to fight, with our advantages: the second-largest mobile network in France, a portfolio of frequencies, an exceptional broadband offering... Let me spell it out again: Bouygues Telecom is not for sale.