

## 8.2 Board of Directors' report on the resolutions submitted to the Combined Annual General Meeting

### 8.2.1 Ordinary General Meeting

#### **Resolutions 1, 2 and 3 – Approval of the parent company and consolidated financial statements, appropriation of 2016 earnings and setting of the dividend (€1.60 per share)**

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##### **Object and purpose**

To approve:

- the individual (parent company) financial statements for the year ended 31 December 2016, showing net profit of €972,535,842.66;
- the consolidated financial statements for the year ended 31 December 2016, showing net profit attributable to the Group of €732 million.

The full financial statements are included in the 2016 Registration Document; they are also available on [www.bouygues.com](http://www.bouygues.com). The Convening Notice to the Annual General Meeting contains the condensed consolidated financial statements.

We propose to distribute a dividend of a total amount of €567,853,675.20 and to appropriate the balance of €2,191,882,164.27 to retained earnings. The dividend, which is the same as the dividend paid in respect of 2015, amounts to a payout of €1.60 for each of the 354,908,547 existing shares. This dividend is eligible for 40% tax relief in accordance with paragraph 2 of Article 158-3 of the General Tax Code.

The dividend payment date is 5 May 2017. The ex-date and record date have been set at 3 May 2017 and in the evening of 4 May 2017 respectively.

In accordance with Article 243 bis of the General Tax Code, listed below are the dividend amounts paid out in respect of the last three financial years.

	2013	2014	2015
Number of shares	319,264,996	336,086,458	345,135,316
Dividend per share	€1.60	€1.60	€1.60
Total dividend <sup>a &amp; b</sup>	€510,823,993.60	€537,731,932.80	€552,128,505.60

*(a) The amounts shown represent dividends actually paid, taking account of the fact that shares held by the company itself do not qualify for dividends.*

*(b) Amounts eligible for 40% tax relief in accordance with paragraph 2 of Article 158-3 of the General Tax Code.*

#### **Resolution 4 – Approval of regulated agreements**

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##### **Object and purpose**

To approve the regulated agreements entered into directly or indirectly, in 2016, between Bouygues and:

- one of its corporate officers (Executive Officers, directors);
- a company in which a corporate officer of Bouygues also holds a directorship;
- a shareholder holding more than 10% of voting rights of Bouygues.

This approval is part of what is known as the regulated, or related-party, agreements procedure, which aims to prevent potential conflicts of interest.

The commitments relative to the defined-benefit pension scheme to which Executive Officers are entitled (Chairman and Chief Executive Officer and Deputy Chief Executive Officers) must also be approved.

In accordance with law, these agreements and commitments were granted prior approval by the Board of Directors; the directors concerned abstained from voting. The detailed list of these agreements and commitments, the benefit for Bouygues, their financial conditions and the amounts invoiced in 2016, are provided in the auditors' special report on regulated agreements and commitments (chapter 8, section 8.3 of the Registration Document). The agreements and commitments mentioned in the auditors' special report that were approved by general meetings in previous years do not have to be voted on again by this Annual General Meeting. The agreements and commitments we ask you to approve, having acquainted yourselves with this report and the auditors' report, concern the following subjects:

- **Shared service agreements.** Bouygues provides a range of general and expert services to its subsidiaries in areas such as finance, communications, sustainable development, patronage, new technologies, insurance, legal affairs, human resources and innovation consultancy. As part of the agreement, Bouygues and its main subsidiaries sign annual agreements relating to these services, so that each business segment can request relevant services and expertise if need be. The principle behind these agreements is based on the rules for sharing and invoicing the expense of shared services, including special services, and the defrayal of a remaining share, within the limit of a percentage of sales of the subsidiary concerned.

In February 2016, the Board of Directors authorised the conclusion of new shared service agreements with its main subsidiaries. The amendments authorised by the Board of Directors were aimed at adapting the agreements to the changes in the relations between Bouygues and its main subsidiaries and at better integrating the latest recommendations of the OECD and the European Union on transfer pricing. The amendments mainly concerned:

- a more complete and exhaustive listing of shared services;
- updating certain definitions;
- a more precise definition of the principles for invoicing shared services;
- updating allocations by nature;
- introducing a margin for invoicing the share of the residual amount of the shared service fees.

These new agreements, signed in March 2016, replaced on a retroactive basis, starting 1 January 2016, the previous shared services agreements authorised for renewal by the Board of Directors at its November 2015 meeting.

In November 2016, the Board of Directors authorised, for a period of one year starting 1 January 2017, the renewal of the new shared service agreements mentioned above.

- **Renewal for a period of one year starting 1 January 2017 of the reciprocal services agreement between Bouygues and SCDM.** SCDM, a company owned by Martin Bouygues and Olivier Bouygues, contributes to initiatives in favour of the Bouygues group on an ongoing basis (research and analysis into strategic developments and the growth of the Bouygues group, multi-year plans, research and analysis into major investments and divestments). SCDM may also supply Bouygues with services other than those provided as part of its permanent duties. This agreement enables Bouygues to benefit from the services of Martin Bouygues and Olivier Bouygues, who are paid exclusively by SCDM, and of the members of the small group that supports them by conducting the research and analysis mentioned above, as well as various specific services for the benefit of the Group. At its meeting of 22 February 2017, the Board of Directors decided to reduce from €8 million to €6 million the maximum amount that can potentially be invoiced by SCDM to Bouygues under this agreement.

The amount invoiced by SCDM to Bouygues under this agreement in 2016 was €2.64 million, consisting mainly of the remuneration (salaries and charges) of Martin and Olivier Bouygues, 72% of the total, within the limit of the amount set by the Bouygues Board of Directors. The remainder (28% of the total) 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 research and analysis into strategic developments and the growth of the Bouygues group.

This agreement also enables Bouygues to be remunerated by SCDM in respect of the various specific services that it carries out on its behalf, principally management, HR, IT, legal and financial services. The amount invoiced by Bouygues to SCDM under this agreement in 2016 was €0.36 million.

- **Renewal for a period of one year starting 1 January 2017 of the commitment relative to the defined-benefit pension scheme** for members of the Group Management Committee, as well as the cross-charging agreements whereby Bouygues invoices its subsidiaries Bouygues Construction, Colas, TF1 and Bouygues Telecom, for the contributions to this additional retirement provision, from which their senior executives benefit. The additional retirement provision is equivalent to 0.92% of the reference salary per year of service in the Group, and may not exceed eight times the annual ceiling under the social security regime, i.e. €313,824 in 2017. Individual potential entitlements may not exceed the ceiling of 45% of the reference income for Executive Officers as recommended by the Afep-Medef Code. The scheme has been outsourced to an insurance company.
- **Renewal for a period of one year starting 1 January 2017 of the open innovation services agreements** concluded with Bouygues Construction, Colas, TF1 and Bouygues Telecom. The consultancy services provided to the business segments under this agreement are an integral part of the shared services offered by Bouygues to the Group's business segments. As such, they are invoiced directly through the shared service agreements mentioned above in respect of the share of the residual amount of shared service fees. In consideration for the management services, each subsidiary pays Bouygues, on a pro rata temporis basis, a monthly flat fee of €750 excl. VAT per shareholding in a managed innovative company.
- **Services agreements between Bouygues and Bouygues Construction and Colas relating to the participation of those companies in the Pollutec trade fair** at the end of 2016.

- Renewal for a tacitly renewable five-year period of the **group tax election agreements** entered into inter alia with Bouygues Construction, Colas and Aximum. These agreements enable Bouygues to assume sole liability for the corporate income tax (and additional corporate income tax contributions) payable by the tax group constituting Bouygues itself and the companies included in the group tax election.
- Amendment to the agreement on **internal audit services** provided by Bouygues for the benefit of Bouygues Telecom; the amount of services entrusted to Bouygues is set at €330,000 excl. VAT for 2017.

In accordance with law, the persons concerned will not vote on this resolution.

## **Resolutions 5, 6 and 7 – Approval of the commitments relative to the defined-benefit pension scheme to which Olivier Bouygues, Philippe Marien and Olivier Roussat, Deputy Chief Executive Officers, are entitled**

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### **Object and purpose**

The members of Group Management Committee, which includes Martin Bouygues, Olivier Bouygues, Philippe Marien and Olivier Roussat, benefit from a supplementary pension scheme whereby they 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 €313,824 in 2017.

Under the law of 6 August 2015 on growth, activity and equality of economic opportunity (the “Macron Law”), the Annual General Meeting must approve, through specific resolutions, the defined-benefit pension scheme entitlement of Olivier Bouygues, whose term of office as Deputy Chief Executive Officer was renewed on 15 November 2016, and that of Philippe Marien and Olivier Roussat, with effect from 30 August 2016, the date of their appointment as Deputy Chief Executive Officers. There is no need to submit a specific resolution to the Annual General Meeting of 27 April 2017 regarding the defined-benefit entitlement of Martin Bouygues, since his term as Chairman and Chief Executive Officer has not been renewed since the entry into force of the Macron law.

The characteristics of this defined-benefit pension scheme are outlined above (see resolution 4).

In accordance with law, performance conditions apply to the defined-benefit pensions awarded since 7 August 2015 to Executive Officers (Chairman and Chief Executive Officer, Deputy Chief Executive Officers) and to those awarded to the aforementioned individuals who were appointed or reappointed after that date, with effect from the date of their appointment or reappointment. Therefore, Martin Bouygues is not concerned.

As regards Olivier Bouygues, the Board of Directors noted that he could no longer acquire supplementary pension rights because the rights acquired as at 7 August 2015 reach the ceiling set by the Board of Directors, i.e. eight times the annual social security ceiling. This therefore obviates the need to stipulate performance conditions for him. As regards Olivier Roussat and Philippe Marien, the defined-benefit pension scheme to which they are entitled in respect of the 2017 financial year is subject to the attainment of performance conditions as detailed in the report on remuneration principles and criteria in chapter 5, section 5.4.2 of the Registration Document.

In accordance with law, the persons mentioned above will not vote on this resolution.

## **Resolutions 8 to 11 – Favourable opinion on the individual remuneration components due or awarded to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers in respect of the 2016 financial year**

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### **Object and purpose**

Pursuant to paragraph 26 of the Afep-Medef Code, the corporate governance code to which Bouygues refers pursuant to Article L. 225-37 of the Commercial Code, shareholders are asked to give a favourable opinion on the remuneration components due or awarded in respect of the 2016 financial year to each of the four Executive Officers (i.e. the Chairman and Chief Executive Officer and the three Deputy Chief Executive Officers).

In accordance with Article L. 225-102-1 of the Commercial Code, these components are presented in the Board of Directors’ report. They are included in the report on remuneration in chapter 5, section 5.4.1.1 of the Registration Document.

## **Resolution 12 – Remuneration policy applicable to the Chairman and Chief Executive Officer and Deputy Chief Executive Officers**

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### **Object and purpose**

Pursuant to Article L. 225-37-2 of the Commercial Code, the Board of Directors is asking the Annual General Meeting to approve the principles and criteria applicable for determining, allocating and awarding the fixed, variable and exceptional components of the total remuneration and benefits of all kinds awarded to the Chairman and Chief Executive Officer and Deputy Chief Executive Officers for the 2017 financial year and constituting the remuneration policy concerning them.

These principles and criteria approved by the Board of Directors, acting on a recommendation of the Selection and Remuneration Committee are presented in the report required by Article L. 225-37-2 as mentioned above and included in chapter 5, section 5.4.2 of the Registration Document. Pursuant to Article L. 225-100 of the Commercial Code, the amounts arising from the implementation of these principles and criteria will be submitted for approval to the Annual General Meeting called to approve the 2017 financial statements.

## **Resolution 13 – Directors’ fees**

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### **Object and purpose**

To set the annual maximum amount of directors’ fees to be awarded to members of the Board of Directors.

The amount of directors’ fees must be commensurate with the duties and responsibilities involved, which have increased considerably over the years. It must also serve to attract and retain highly-qualified directors. The annual amount set by the Annual General Meeting of 24 April 2003 (€700,000) now appears insufficient, in particular when considering the directors’ fees now awarded by the majority of other CAC 40 companies. The Selection and Remuneration Committee proposed to increase the amount so as to bring it into line with the practices of similar companies and better remunerate the directors and members of the committees for their work load and the responsibilities involved.

The split of directors’ fees, the annual amount of which is set by the Annual General Meeting, is left to the discretion of the Board of Directors. According to the methods defined by the Board of Directors, the split takes account of the effective contribution of directors to the Board and the committees, and therefore comprises a substantial variable portion.

### **Annual maximum amount of directors’ fees**

It is proposed to set the annual maximum amount of directors’ fees at €1,000,000.

## **Resolution 14 – Renewal of the term of office of a director**

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### **Object and purpose**

To renew the term of office of Helman le Pas de Sécheval due to expire at the end of the Ordinary General Meeting of 27 April 2017.

At the proposal of the Selection and Remuneration Committee, the Board of Directors asks you to renew the term of office of Helman le Pas de Sécheval.

Helman le Pas de Sécheval has been a director of Bouygues since April 2008, Chairman of the Accounts Committee since June 2008 and is a member of the Selection and Remuneration Committee. He brings to the Board of Directors extensive financial and accounting skills. The Board of Directors considers that he meets all the criteria allowing him to be qualified as an independent director.

Aged 51, 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 (now the AMF), 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. From January 2010 to December 2011, he was Managing Director of Groupama Centre-Atlantique. In September 2012, he was appointed General Counsel of the Veolia group, and member of the Board of the AMF in February 2015.

### **Term of office**

In accordance with the articles of association, the term of office will be for a period of three years, expiring after the Ordinary General Meeting called in 2020 to approve the financial statements for the year ended 31 December 2019.

## **Resolution 15 – Appointment of a new director**

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### **Object and purpose**

To appoint Alexandre de Rothschild as a director to replace Hervé Le Bouc, whose term of office expires after the Ordinary General Meeting of 27 April 2017.

At the proposal of the Selection and Remuneration Committee, the Board of Directors asks you to appoint Alexandre de Rothschild as a director.

Aged 37, Alexandre de Rothschild is a graduate of École Supérieure du Commerce Extérieur (ESCE). Since 2008, he has been Deputy CEO of Rothschild & Co, managing partner of Rothschild & Cie Banque, and member of the Rothschild & Co Group Management Committee. He began his career in 2004 as a financial analyst at the Financial Affairs division of Bear, Stearns & Co. Inc. in New York. From 2005 to 2008, he was a manager for the Private Equity department of Argan Capital in London, then Deputy Head of Strategy at the Jardine Matheson conglomerate based in Hong Kong.

He will bring to the Board of Directors his international experience in the fields of financial analysis, mergers and acquisitions, and industrial strategy.

### **Term of office**

In accordance with the articles of association, the term of office will be for a period of three years, expiring after the Ordinary General Meeting called in 2020 to approve the financial statements for the year ended 31 December 2019.

### **Composition of the Board of Directors after the Annual General Meeting**

Note that the term of office of François Bertière, a director of Bouygues since 2006, is due to expire after the Ordinary General Meeting called to approve the 2017 financial statements. However, in order to increase as from now the proportion of independent directors on the Board of Directors, François Bertière has accepted to relinquish his directorship to the Board after the Ordinary General Meeting of 27 April 2017.

Consequently, if you adopt resolutions fourteen and fifteen, after the Annual General Meeting, the Board of Directors will have fifteen members, namely:

Four directors from the SCDM group:

Martin Bouygues (Chairman and CEO)

Olivier Bouygues (Deputy CEO)

SCDM, represented by Edward Bouygues

SCDM Participations, represented by Cyril Bouygues

Two directors representing employees:

- Francis Castagné
- Raphaëlle Deflesselle

Two directors representing employee shareholders:

- Sandra Nombret
- Michèle Vilain

Five independent directors:

- Clara Gaymard
- Anne-Marie Idrac
- Helman le Pas de Sécheval
- Colette Lewiner
- Rose-Marie Van Lerberghe

Two external, non-independent directors:

- Patrick Kron
- Alexandre de Rothschild

The proportion of independent directors (calculated excluding directors representing employees and employee shareholders) will therefore be five out of eleven, representing 45.4%.

The proportion of women with seats on the Board (calculated excluding directors representing employees) will be six out of thirteen, representing 46.1%.

The average age (calculated at the date of the Annual General Meeting) will be 53.6.

### **Resolution 16 – Authorisation for the company to buy back its own shares**

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#### **Object and purpose**

To renew the authorisation given to the Board of Directors each year with a view to permitting the company to buy back its own shares as part of a share buyback programme.

The company is asking the Annual General Meeting to authorise it to buy back its own shares up to a maximum of 5% of the share capital. This authorisation would cover the following objectives:

1. reduce share capital by cancelling shares on the terms laid down by law, subject to authorisation by the Extraordinary General Meeting;
2. fulfil the obligations arising from debt securities, in particular securities that grant the right to the allotment of company shares via redemption, conversion, exchange, presentation of a warrant or otherwise;
3. grant or sell shares to employees or corporate officers of the company or related companies on the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option plans, company savings schemes or Group savings schemes, or through allotment of free shares;
4. ensure the liquidity of and organise trading in the company's shares, through an investment services provider acting under the terms of a liquidity agreement that complies with a code of conduct recognised by the AMF;
5. retain shares and, where applicable, deliver them subsequently by way of payment or exchange in an acquisition, merger, spin-off or asset-for-share exchange, in accordance with applicable regulations;
6. implement any market practice accepted by the AMF and generally carry out any other transaction in compliance with prevailing regulations.

The Board of Directors decided at its meeting of 22 February 2017 to restrict the objectives of the share buyback programme to points 1 and 4 above. The Board reserved the right to extend the programme to include other objectives, in which case the company would inform the market.

In 2016, the buybacks of Bouygues shares involved the purchase of around 1.466 million shares and the sale of around 1.488 million shares, through a service provider acting within the scope of a liquidity contract that complies with a code of conduct approved by the AMF.

### **Ceilings**

The authorisation is granted within the following limits:

- 5% of the share capital;
- maximum repurchase price: €50 per share;
- maximum budget: €875 million.

In accordance with law, the transactions may be carried out at any time, including during the period of a public offer for the company's shares. It is important that the company should be able, where applicable, and even during a public offer, to buy back its own shares with a view to achieving the objectives of the buyback programme.

### **Duration of authorisation**

Eighteen months.

## **8.2.2 Extraordinary General Meeting**

In the seventeenth to thirtieth resolutions we ask you to renew certain financial authorisations given to the Board of Directors that may have an impact on the amount of the share capital. The purpose of these resolutions is to enable the Board of Directors, under the conditions and within the limits set by the Annual General Meeting, to continue to benefit from the authorisations that allow it to finance the development of the company and to carry out the financial transactions that are appropriate for its strategy, without being obliged to convene specific extraordinary general meetings.

We have summarised below the aims and the content of these authorisations and delegations of authority (see tables in section 8.2.3).

### **Resolution 17 – Option to reduce share capital by cancelling shares**

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#### **Object and purpose**

To authorise the Board of Directors, if it deems fit, 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 nineteenth resolution submitted to this Annual General Meeting for approval.

Cancelling shares makes it possible, if the Board of Directors deems fit, to offset the dilution for shareholders resulting from the creation of new shares in connection, for example, with employee savings transactions and the exercise of stock options.

#### **Ceiling**

Option to cancel up to 10% of the share capital in any 24-month period.

#### **Duration of authorisation**

Eighteen months.

## **Resolution 18 – Option to increase share capital by way of public offering with pre-emptive rights**

### **Object and purpose**

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 all securities of any kind whatsoever giving access in any manner, now and/or in the future, to ordinary shares in Bouygues or in any company in which Bouygues owns directly or indirectly more than half the capital.

Shareholders will 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.

### **Ceilings**

Capital increase: €150,000,000 in nominal value, or approximately 42% of the current share capital.  
Debt securities giving access now or in the future to capital: €7,000,000,000.

These two ceilings apply to all capital increases carried out under the twentieth, twenty-first, twenty-fourth, twenty-fifth and twenty-sixth resolutions submitted to this meeting.

### **Duration of delegation**

Twenty-six months.

## **Resolution 19 – Option to increase share capital by incorporating premiums, reserves or earnings**

### **Object and purpose**

To delegate to the Board of Directors the power to increase share capital by incorporating premiums, reserves, earnings or other amounts which may be incorporated into capital in accordance with applicable law and the articles of association, by allotment of free shares or by increasing the nominal value of the existing shares, or through a combination of the two procedures.

This resolution is decided on the straightforward majority of the votes cast.

### **Ceiling**

Capital increase: €4,000,000,000 in nominal value.

### **Duration of delegation**

Twenty-six months.

## **Resolution 20 – Option to increase share capital by way of public offering without pre-emptive rights**

### **Object and purpose**

To delegate to the Board of Directors the power to increase share capital by way of public offering by issuing, without pre-emptive rights for existing shareholders, ordinary shares in the company and all securities of any kind whatsoever, giving access in any manner, now and/or in the future, to new shares in Bouygues or in any company in which it directly or indirectly owns more than half the capital.

### **Ceilings**

Capital increase: €85,000,000 in nominal value, or approximately 25% of the current share capital.  
Debt securities giving access now or in the future to capital: €4,000,000,000.

The transactions shall count towards the overall ceilings set in the eighteenth resolution.

### **Duration of delegation**

Twenty-six months.

## **Resolution 21 – Option to increase share capital by way of private placement without pre-emptive rights**

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### **Object and purpose**

To permit the Board of Directors to carry out capital increases by way of private placement. The aim is to allow the company to optimise its access to capital markets and to carry out transactions while benefiting from a certain amount of flexibility. 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 securities that may be issued are the same as those under the twentieth resolution.

### **Ceilings**

Capital increase: €70,000,000 in nominal value, or approximately 20% of the current share capital.

20% of the share capital in any 12-month period.

Debt securities giving access now or in the future to capital: €3,000,000,000.

The transactions shall count towards the overall ceiling set in the eighteenth resolution.

### **Duration of delegation**

Twenty-six months.

## **Resolution 22 – Option to set the issue price in the event of a capital increase without pre-emptive rights**

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### **Object and purpose**

To authorise the Board of Directors, for issues carried out by way of public offering or private placement, without pre-emptive rights for existing shareholders, to derogate from the pricing terms provided for under applicable regulations (Article R. 225-119 of the Commercial Code) and to set the price for immediate or future issues of equity securities, in accordance with the following provisions.

### **Setting the issue price**

- 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;

### **Ceiling**

10% of the share capital in any 12-month period.

### **Duration of authorisation**

Twenty-six months.

## **Resolution 23 – Option to increase the number of securities to be issued in the event of a capital increase**

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### **Object and purpose**

To authorise the Board of Directors 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 ceilings set in the resolution pursuant to which the capital increase is decided. Such an authorisation makes it possible to seize opportunities while benefiting from a certain amount of flexibility.

## **Ceiling**

15% of the initial issue.

## **Duration of authorisation**

Twenty-six months.

## **Resolution 24 – Option to carry out a capital increase as consideration for contributions in kind consisting of equity securities or securities giving access to the capital of another company outside of a public exchange offering**

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### **Object and purpose**

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, 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. The aim of this resolution is to facilitate Bouygues carrying out acquisitions of or mergers with other companies, without having to pay a price in cash.

### **Ceiling**

Capital increase: 10% of the share capital.

Debt securities giving access now or in the future to capital: €1,500,000.

The transactions shall count towards the overall ceiling set in the eighteenth resolution.

### **Duration of delegation of powers**

Twenty-six months.

## **Resolution 25 – Option to increase share capital as consideration for securities tendered to a public exchange offer made by Bouygues**

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### **Object and purpose**

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 Bouygues with respect to securities of a listed company. The aim of this resolution is to enable Bouygues to make an offer to the shareholders of a listed company to exchange their shares for Bouygues shares issued for this purpose, and thereby to enable Bouygues to acquire securities of the company concerned, without having to resort to bank loans, for example.

### **Ceilings**

Capital increase: €85,000,000 in nominal value, or approximately 25% of the current share capital.

Debt securities giving access now or in the future to capital: €4,000,000,000.

The transactions shall count towards the overall ceiling set in the eighteenth resolution.

### **Duration of delegation**

Twenty-six months.

## **Resolution 26 – Option to authorise the issue by a Bouygues subsidiary of securities giving access to the capital of Bouygues**

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### **Object and purpose**

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. The aim of this delegation is to facilitate a possible merger between a Bouygues subsidiary and another company, with the shareholders of the company being remunerated with Bouygues shares.

This entails for the benefit of holders of securities that may be issued, the waiver by shareholders of their pre-emptive rights to ordinary shares.

The Extraordinary General Meeting of the subsidiary in question shall thus authorise the issue of securities; at the same time, your Board of Directors will decide, based on this financial authorisation, on the issue of the shares in Bouygues to which these securities give access.

## **Ceiling**

Capital increase: €85,000,000 in nominal value, or approximately 25% of the current share capital.

The transactions shall count towards the overall ceiling set in the eighteenth resolution.

## **Duration of delegation**

Twenty-six months.

## **Resolution 27 – Option to increase share capital for the benefit of employees**

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### **Object and purpose**

To delegate to the Board of Directors the power to increase share capital for the benefit of employees or corporate officers of Bouygues or related French or foreign companies who are members of a company and/or Group savings scheme, with the cancellation of shareholders' pre-emptive rights for the benefit of those for whom the capital increase is reserved.

Bouygues is convinced that it is important to enable employees who so wish to become company shareholders. Employee savings schemes and reserved capital increases give employees an opportunity 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.

Following the capital increases carried out in 2009, 2012, 2015 and 2016, the leveraged funds set up in association with the employee share ownership plans held 7.33% of the share capital and 7.86% of the voting rights at 31 December 2016.

### **Setting the subscription price**

In accordance with 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 setting the opening date for subscriptions, with a maximum discount of 20% (30% if the lock-in period provided for under the plan is ten years or more).

## **Ceiling**

Capital increase: 5% of the share capital

## **Duration of delegation**

Twenty-six months.

## **Resolution 28 – Option to grant options to acquire new or existing shares to employees or corporate officers**

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### **Object and purpose**

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, stock options giving the beneficiaries the right either to subscribe for or to buy shares in the company. Share subscription or purchase options (or stock options) that companies award to certain employees and/or senior executives (the beneficiaries) are long-term remuneration instruments that align the interest of the beneficiaries with that of the company and its shareholders since their yield depends on the rise in the share price.

Since 1988, the Board of Directors has always chosen the incentive mechanism of stock options to secure the loyalty of senior executives and employees and to give them an interest in the Group's development. The objective is and has always been not to grant additional remuneration but to involve these individuals in the trend of the Bouygues share price. The well-foundedness of the decision to grant stock options has been borne out by the positive correlation observed between the trend in the Bouygues share price and that in the net profit attributable to the Group. Close to 900 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.

The mechanism is as follows: with the Annual General Meeting's authorisation, the Board of Directors offers all or part of employees and/or senior executives of the company the right to subscribe for or purchase shares at a set price, which corresponds to the average value of the share during the twenty trading days preceding the grant date. After a waiting period, beneficiaries have a certain timeframe in which to exercise their options. As such, if the share price rises, they may subscribe for or purchase shares at a lower price than their value. If the listed price does not rise, there is no point in the beneficiaries exercising their options.

The issue price, the number of shares or options granted and the list of the beneficiaries are decided by the Board of Directors, within the limits laid down by the Annual General Meeting. Information on stock option grants and the general policy for granting stock options implemented by the company are contained in the report on stock options and performance shares (see section 5.4.3 of the Registration Document).

In accordance with the provisions of the Afep-Medef Code, the general policy for granting stock options is debated within the Remuneration Committee and, on the basis of a proposal by that Committee, approved by the Board of Directors. The grant of options to the company's Executive Officers (Chairman and Chief Executive Officer, Deputy Chief Executive Officers) and the exercise of options by those Executive Officers are subject to performance criteria determined by the Board of Directors. Martin Bouygues and Olivier Bouygues have not benefited from stock option plans since 2010.

### **Share subscription and purchase price**

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.

### **Exercise period**

The exercise period shall be set by the Board of Directors, without exceeding ten years from the date on which the stock options are granted.

### **Ceilings**

2% of the share capital.

Stock options granted to the Executive Officers of Bouygues (Chairman and Chief Executive Officer and the three Deputy Chief Executive Officers) shall not represent more than 0.25% of the share capital.

### **Duration of authorisation**

Twenty-six months.

## **Resolution 29 – Delegation to issue equity warrants (“Breton” warrants) during the period of a public offer for the company’s shares**

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### **Object and purpose**

To delegate to the Board of Directors the power to issue, if it deems fit, equity warrants during a public offer for the company's shares, with the waiver of pre-emptive rights to ordinary shares in the company to which any warrants issued may give entitlement.

Equity warrants enabling shareholders to subscribe on preferential terms to the shares of the company shares may, where applicable, be allotted free of charge to all shareholders who hold shares in the company prior to the expiry of an unsolicited public offer period.

This mechanism is designed to encourage a potential bidder to either withdraw its offer or make an improved offer for the company. Because warrants dilute the capital, a bidder will respond either by seeking to withdraw its offer, or by negotiating with the Board of Directors with a view to reaching a consensus on a fair valuation of the company such that the warrants would lapse. Issuing share warrants during the period of a public offer is a measure designed to prevent, or at the very least hinder, an attempted public offer. In particular, the Board of Directors can use warrants as a bargaining counter to encourage a bidder to improve the terms of its offer, in the interests of the company's shareholders.

The powers thus granted to the Board of Directors are not unlimited, however. During the public offer period, the initiator and target company must ensure that their acts, decisions and statements do not compromise the best interest of the company or the fair treatment and access to information of the shareholders of the companies concerned. In addition, if the board of directors of the target company takes a decision whose implementation frustrates the offer, it must inform the AMF (Article 231-7 of the AMF General Regulation).

This resolution must be decided on the straightforward majority of the votes cast.

### **Ceilings**

Capital increase: €85,000,000 in nominal value and 25% of the share capital.

The number of equity warrants shall not exceed one quarter of the existing number of shares.

### **Duration of delegation**

Eighteen months.

## **Resolution 30 – Powers to carry out formalities**

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To permit carrying out all legal or administrative formalities and make all filings and publications.

## 8.2.3 Tables setting out financial authorisations

### 8.2.3.1 Financial authorisations in force on the date of the Combined Annual General Meeting of 27 April 2017

The table below summarises financial authorisations in force conferred on the Board of Directors by the Combined Annual General Meeting, in order to buy back shares, increase or reduce the capital, and award stock options or bonus (free) shares.

Only the authorisations to trade in the company's shares, award stock options and increase share capital for the benefit of employees were used during the 2016 financial year.

Purpose	Maximum nominal amount	Expiry/Duration	Use in 2016
<b>SHARE BUYBACKS AND REDUCTION IN SHARE CAPITAL</b>			
1. Purchase by the company of its own shares (AGM of 21 April 2016, Resolution 19)	5% of the share capital Total outlay capped at €900 million	21 October 2017 (18 months)	1,465,715 shares purchased and 1,488,293 shares sold under the liquidity contract
2. Reduce share capital by cancelling shares (AGM of 21 April 2016, Resolution 20)	10% of the share capital in any 24-month period	21 October 2017 (18 months)	None
<b>SECURITIES ISSUES</b>			
3. Increase share capital with pre-emptive rights for existing shareholders (AGM of 23 April 2015, Resolution 14)	<ul style="list-style-type: none"> <li>Capital increase: €150 million</li> <li>Issue of debt securities: €6 billion</li> </ul>	23 June 2017 (26 months)	None
4. Increase share capital by incorporating share premiums, reserves or earnings into capital (AGM of 23 April 2015, Resolution 15)	€4 billion	23 June 2017 (26 months)	None
5. Increase share capital by way of public offering without pre-emptive rights for existing shareholders (AGM of 23 April 2015, Resolution 16)	<ul style="list-style-type: none"> <li>Capital increase: €84 million <sup>a</sup></li> <li>Issue of debt securities: €4 billion <sup>a</sup></li> </ul>	23 June 2017 (26 months)	None
6. Increase share capital by way of private placement (AGM of 23 April 2015, Resolution 17)	<ul style="list-style-type: none"> <li>Capital increase: 20% of the share capital over 12 months and €84 million <sup>a</sup></li> <li>Issue of debt securities: €4 billion <sup>a</sup></li> </ul>	23 June 2017 (26 months)	None
7. Set the price for immediate or future issues of equity securities by way of public offering or private placement, without pre-emptive rights for existing shareholders (AGM of 23 April 2015, Resolution 18)	10% of the share capital in any 12-month period	23 June 2017 (26 months)	None
8. 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 2015, Resolution 19)	15% of the initial issue	23 June 2017 (26 months)	None
9. Increase share capital as consideration for contributions in kind consisting of a company's equity securities or securities giving access to capital (AGM of 23 April 2015, Resolution 20)	<ul style="list-style-type: none"> <li>10% of the share capital <sup>a</sup></li> <li>Issue of debt securities: €1.5 billion <sup>a</sup></li> </ul>	23 June 2017 (26 months)	None
10. Increase share capital as consideration for securities tendered to a public exchange offer (AGM of 23 April 2015, Resolution 21)	<ul style="list-style-type: none"> <li>Capital increase: €84 million <sup>a</sup></li> <li>Issue of debt securities: €4 billion <sup>a</sup></li> </ul>	23 June 2017 (26 months)	None
11. Issue shares following the issue by a Bouygues subsidiary of securities giving access to shares in Bouygues (AGM of 23 April 2015, Resolution 22)	<ul style="list-style-type: none"> <li>Capital increase: €84 million <sup>a</sup></li> </ul>	23 June 2017 (26 months)	None
12. Issue equity warrants during the period of a public offer (AGM of 21 April 2016, Resolution 23)	<ul style="list-style-type: none"> <li>Capital increase: €88 million and 25% of the share capital</li> <li>The number of warrants is capped at one quarter of the number of existing shares</li> </ul>	21 October 2017 (18 months)	None

(a) To be deducted from the overall ceiling referred to in point 3.

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**ISSUES CARRIED OUT FOR THE BENEFIT OF EMPLOYEES AND CORPORATE OFFICERS OF THE COMPANY OR RELATED COMPANIES**


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13. Increase share capital for the benefit of employees or corporate officers who are members of a company savings scheme (AGM of 21 April 2016, Resolution 22)	10% of the share capital	23 June 2017 (26 months)	7,400,463 new shares were issued on 28 December 2016 as part of the Bouygues Confiance n°8 share ownership plan
14. Allot existing or new bonus shares (i.e. free shares) (AGM of 21 April 2016, Resolution 21)	10% of the share capital <sup>a</sup> (Executive Officers: 0.1% of the share capital)	21 June 2019 (38 months)	None
15. Grant options to acquire new or existing shares (AGM of 23 April 2015, Resolution 24)	5% of the share capital <sup>b</sup> (Executive Officers: 0.1% of the share capital)	23 June 2018 (38 months)	2,697,700 stock options granted to 888 beneficiaries on 30 May 2016

(a) To be deducted from the ceiling for options granted to acquire new or existing shares.

(b) To be deducted from the overall ceiling for bonus (free) share issues.

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### 8.2.3.2 Financial authorisations submitted to the Combined Annual General Meeting of 27 April 2017

The table below summarises the financial authorisations that we ask you to confer on the Board of Directors during the Combined Annual General Meeting of 27 April 2017. These authorisations, which supersede the financial authorisations listed in table 8.2.3.1 – with the exception of Resolution 21 of the Annual General Meeting of 21 April 2016 on the allotment of bonus shares (i.e. free shares), which will remain in force – are detailed above (see sections 8.2.1 and 8.2.2).

Purpose	Maximum nominal amount	Expiry/Duration
<b>SHARE BUYBACKS AND REDUCTION IN SHARE CAPITAL</b>		
1. Purchase by the company of its own shares (Resolution 16)	5% of the share capital Total outlay capped at €875 million	27 October 2018 (18 months)
2. Reduce share capital by cancelling shares (Resolution 17)	10% of the share capital in any 24-month period	27 October 2018 (18 months)
<b>SECURITIES ISSUES</b>		
3. Increase share capital with pre-emptive rights for existing shareholders (Resolution 18)	<ul style="list-style-type: none"> <li>• Capital increase: €150 million</li> <li>• Issue of debt securities: €7 billion</li> </ul>	27 June 2019 (26 months)
4. Increase share capital by incorporating share premiums, reserves or earnings into capital (Resolution 19)	€4 billion	27 June 2019 (26 months)
5. Increase share capital by way of public offering without pre-emptive rights for existing shareholders (Resolution 20)	<ul style="list-style-type: none"> <li>• Capital increase: €85 million <sup>a</sup></li> <li>• Issue of debt securities: €4 billion <sup>a</sup></li> </ul>	27 June 2019 (26 months)
6. Increase share capital through a private placement (Resolution 21)	<ul style="list-style-type: none"> <li>• Capital increase: 20% of the share capital over 12 months and €70 million <sup>a</sup></li> <li>• Issue of debt securities: €3 billion <sup>a</sup></li> </ul>	27 June 2019 (26 months)
7. Set the price for immediate or future issues of equity securities by way of public offering or private placement, without pre-emptive rights for existing shareholders (Resolution 22)	10% of the share capital in any 12-month period	27 June 2019 (26 months)
8. 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 23)	<ul style="list-style-type: none"> <li>• 15% of the initial issue</li> </ul>	27 June 2019 (26 months)

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9.	Increase share capital as consideration for contributions in kind consisting of a company's shares or securities giving access to capital (Resolution 24)	<ul style="list-style-type: none"> <li>• 10% of the share capital <sup>a</sup></li> <li>• Issue of debt securities: €1.5 billion <sup>a</sup></li> </ul>	27 June 2019 (26 months)
10.	Increase share capital as consideration for securities tendered to a public exchange offer (Resolution 25)	<ul style="list-style-type: none"> <li>• Capital increase: €85 million <sup>a</sup></li> <li>• Issue of debt securities: €4 billion <sup>a</sup></li> </ul>	27 June 2019 (26 months)
11.	Issue shares following the issue by a Bouygues subsidiary of securities giving access to shares in Bouygues (Resolution 26)	<ul style="list-style-type: none"> <li>• Capital increase: €85 million <sup>a</sup></li> </ul>	27 June 2019 (26 months)
12.	Issue equity warrants during the period of a public offer (Resolution 29)	<ul style="list-style-type: none"> <li>• Capital increase: €85 million and 25% of the share capital</li> <li>• The number of warrants is capped at one quarter of the number of existing shares</li> </ul>	27 October 2018 (18 months)

*(a) To be deducted from the overall ceiling referred to in point 3 (Resolution 18).*

**ISSUES CARRIED OUT FOR THE BENEFIT OF EMPLOYEES AND CORPORATE OFFICERS OF THE COMPANY OR RELATED COMPANIES**

13.	Increase share capital for the benefit of employees or corporate officers who are members of a company savings scheme (Resolution 27)	5% of the share capital	27 June 2019 (26 months)
14.	Grant options to acquire new or existing shares (Resolution 28)	<ul style="list-style-type: none"> <li>• 2% of the share capital</li> <li>• (Executive Officers: 0.25% of the share capital)</li> </ul>	27 June 2019 (26 months)