



- **2016 Report on remuneration**

- **Report on the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total remuneration and benefits of all kinds payable to the Chairman and Chief Executive Officer and Deputy Chief Executive Officers in 2017**

- **2016 Report on stock options and performance shares**

5.4 Remuneration of corporate officers for 2016 and 2017 – Awards of stock options to corporate officers and Group employees

This section contains the reports required by the Commercial Code and the tables recommended in the Afep-Medef Corporate Governance Code and in AMF pronouncements on information to be included in the registration document of listed companies about the remuneration of corporate officers.

5.4.1 Remuneration for 2016

Information required under Articles L. 225-102-1 and L. 225-37, paragraph 9 of the Commercial Code, and describing the remuneration components referred to in resolutions eight to eleven of the Combined Annual General Meeting of 27 April 2017.

5.4.1.1 Principles and rules for determining remuneration awarded to Executive Officers in 2016

The Bouygues Board of Directors first applied the Afep-Medef Corporate Governance Code recommendations in 2007. Those initial recommendations, published in January 2007, dealt with the remuneration of Executive Officers of listed companies. Since then, the Board of Directors has consistently applied subsequent changes to the Afep-Medef Code relating to executive remuneration. Most recently, the Board has applied the guide to applying the Code issued by the High Committee for Corporate Governance in October 2016, and the revised version of the Afep-Medef Code issued in November 2016.

The principles and rules currently applied by the Board, and used to determine remuneration for the 2016 financial year, are described below.

A. General preliminary remarks

- None of the four Executive Officers holds an employment contract. Prior to their appointment as Deputy Chief Executive Officer on 30 August 2016, Philippe Marien and Olivier Roussat were employees of Bouygues SA. Their employment contracts were suspended effective from the date of their appointment, i.e. 30 August 2016.
- The Board of Directors has not granted them any entitlement to severance compensation or non-competition indemnity in the event that they leave the company.
- They were not awarded any deferred annual variable remuneration or multi-year variable remuneration in 2016.
- The overall remuneration package awarded to Executive Officers takes account of the existence of a capped supplementary pension benefit, and of the fact that they are not entitled to any severance compensation or non-competition indemnity.
- Apart from directors' fees (see Table 4 below), no Group subsidiary pays any remuneration to Martin Bouygues, Olivier Bouygues or Philippe Marien.

In parallel with his new role as Deputy Chief Executive Officer of Bouygues, Olivier Roussat also holds office as Chairman and Chief Executive Officer of Bouygues Telecom. Since the date of his appointment by Bouygues as Deputy Chief Executive Officer, his remuneration has been charged 60% to Bouygues and 40% to Bouygues Telecom.

B. 2016 fixed remuneration

The rules for determining fixed remuneration were established in 1999 and have been applied consistently since then. Fixed remuneration is determined by reference to the level and complexity of responsibilities, experience in the post and length of service with the Group, and practices followed by groups or companies carrying on comparable businesses.

C. 2016 benefits in kind

Benefits in kind consist of the use of a company car, and in the case of Martin Bouygues and Olivier Bouygues the part-time assignment of a personal assistant and a chauffeur/security guard for their personal needs.

D. 2016 variable remuneration

General description of method used to determine the 2016 variable remuneration of Martin Bouygues and Olivier Bouygues

Variable remuneration is awarded on an individual basis. For Martin Bouygues and Olivier Bouygues, the Board has defined four variable remuneration criteria.

An objective is set for each criterion. When the objective is attained, a variable portion corresponding to a percentage of fixed remuneration is awarded.

If an objective is exceeded or not attained, the variable portion is adjusted on a straight line basis within a specified range: the variable portion is subject to an upper limit, while if the variable portion falls below a lower limit it is reduced to zero.

The sum total of the four variable portions calculated on this basis cannot under any circumstances exceed the overall ceiling, as set in 2016, of 150% of each Executive Officer's fixed remuneration (see below).

Method used to determine the 2016 variable remuneration of Olivier Roussat

Olivier Roussat is the Chairman and Chief Executive Officer of Bouygues Telecom.

Because most of 2016 had elapsed at the time Olivier Roussat was appointed as Deputy Chief Executive Officer, the Board of Directors decided not to alter the method used to determine his remuneration for 2016. For a description of the method used, refer to section 5.4.1.4 "Remuneration of salaried directors" below. As mentioned above, Bouygues has been charged 60% of the cost of Olivier Roussat's remuneration since 1 September 2016.

Method used to determine the 2016 variable remuneration of Philippe Marien

Regarding the 2016 remuneration of Philippe Marien, appointed as Deputy Chief Executive Officer on 30 August 2016, the Board of Directors decided that the annual basis of his fixed remuneration would be increased to €920,000 with effect from 1 September 2016; the five criteria for determining his variable remuneration (management of the Group's liquidity, the Group's debt rating, effectiveness of internal control, leadership of functions reporting to him, and management of major corporate actions) would remain in place for the last four months of 2016; and the cap on his variable remuneration, set at 100% of his fixed remuneration, would also remain in place.

The four criteria used to determine the 2016 variable remuneration of Martin Bouygues and Olivier Bouygues

For 2016, the variable remuneration of Martin Bouygues and Olivier Bouygues is based on the performance of the Group, determined by reference to four key economic criteria:

- P1 = increase in current operating profit (COP) for the financial year / Objective = COP per the 2016 plan;
- P2 = change in consolidated net profit attributable to the Group (CNP) for the financial year / Objective = CNP per the 2016 plan;

- P3 = change in consolidated net profit attributable to the Group (CNP) for the financial year / Objective = CNP for the previous year;
- P4 = change in free cash flow before changes in working capital requirement (WCR) for the financial year / free cash flow before changes in WCR per the 2016 plan.

These quantitative objectives were established with precision but are not disclosed for confidentiality reasons.

The method used to determine the variable remuneration of the Executive Officers is as follows:

(FR = Fixed Remuneration)

The effective weight of each criterion used to determine each variable portion awarded (P1, P2, P3 and P4) reflects the actual performance achieved during the year.

Each variable portion (P) is calculated as follows:

- 1) If actual performance is more than 10% below the objective: the variable portion (P1, P2, P3 or P4) = 0
- 2) If actual performance is in the range between (objective - 10%) and the objective:

P1 = 0% to 50% of FR

P2 = 0% to 25% of FR

P3 = 0% to 25% of FR

P4 = 0% to 50% of FR

- 3) If actual performance exceeds the objective:

P1 = 50% to 100% of FR

P2 = 25% to 50% of FR

P3 = 25% to 50% of FR

P4 = 50% to 100% of FR

Between those limits, the effective weight of each variable portion is determined by linear interpolation.

The sum total of P1, P2, P3 and P4, calculated as described above, is **capped at 150% of FR**.

Three adjustments have been added by the Board, as described in the table below. Two relate to P2 and P3, the other is of more general application.

The table below summarises the method used to determine variable remuneration.

	Objective	Variable remuneration calculation method	
		Variable portion if objective attained (% of FR)	Variable portion awarded based on 2016 performance (% of FR)
P1	Current operating profit for the year per the 2016 plan	50%	54.77%
P2	Consolidated net profit for the year per the 2016 plan	25%	50%
		+ if consolidated net profit per the 2016 plan is 20% or more below actual consolidated net profit for 2015, P2 is capped at 25%	Not applicable for 2016
P3	Actual consolidated net profit for the previous financial year (2015 CNP)	25%	50%
		+ if actual consolidated net profit for the financial year is 20% or more below actual consolidated net profit for the previous financial year, no variable remuneration is awarded	Not applicable for 2016
P4	Free cash flow (before changes in WCR) per the 2016 plan	50%	0%
		Total = 150% of FR	Total = 154.77% of FR
Cap		150%	150%
Adjustment at the Board's discretion		If an exceptional item affects consolidated net profit for the financial year, the Board of Directors may at its discretion reduce or not award variable remuneration if the variable portions (P1, P2, P3 and P4) would have been fully or partially payable in the absence of that exceptional item.	Not applicable for 2016

E. Overall cap

The overall cap on variable remuneration is set at 150% of fixed remuneration.

F. Exceptional remuneration

In exceptional circumstances, the Board of Directors may, on the advice of the Selection and Remuneration Committee, grant an exceptional bonus.

G. 2016 directors' fees

Martin Bouygues and Olivier Bouygues receive and retain the directors' fees paid by Bouygues and by certain Group subsidiaries (see sections 5.4.1.2 and 5.4.1.3 below). Philippe Marien and Olivier Roussat retain the directors' fees paid by certain subsidiaries.

H. 2016 supplementary pension

The four Executive Officers are entitled, subject to certain conditions, to a supplementary pension when they retire.

Performance conditions for the supplementary pension in 2016

Under Article 229 of the law of 6 August 2015, vesting of the pension rights of Executive Officers of listed companies in respect of a given financial year must now be subject to performance conditions.

Martin Bouygues and Olivier Bouygues can no longer acquire any further supplementary pension rights since the rights vested in them to date exceed the cap set by the Board of Directors (eight times the French social security ceiling).

Philippe Marien and Olivier Roussat having been appointed Deputy Chief Executive Officers, the Board of Directors has set performance conditions that must be met if they are to acquire pension rights for the period from 1 September 2016 to 31 December 2016. For that short period, the Board decided that their rights would vest if, based on the five performance criteria used to determine their variable remuneration, the variable portion of their remuneration reached at least 100% (Olivier Roussat) or 70% (Philippe Marien) of their fixed remuneration. Those performance levels were met.

Information provided by the company on pension commitments or other lifetime benefits pursuant to the third paragraph of Article L. 225-102-1

The characteristics of the supplementary pension scheme awarded to the Group's senior executives are as follows:

1. Title of the commitment: defined-benefit collective pension scheme.
2. Reference to legal provisions identifying the scheme: Article L. 137-11 of the Social Security Code.
3. Conditions for joining the scheme and other eligibility conditions: the beneficiary must:
 - be a member of the Group Management Committee on the date of departure or retirement;
 - have at least ten years' service with the Bouygues group at the date of departure or retirement;
 - have definitively ended his or her professional career at one of the Group companies (this condition is fulfilled when the employee is part of the workforce at the date of departure or retirement);
 - be at least 65 years old at the date of departure or retirement;
 - fulfil the eligibility criteria for pension benefits under the basic social security pension scheme and the mandatory supplementary schemes (ARRCO and AGIRC).
4. Method of determining the reference salary specified by the scheme and used to calculate the rights of beneficiaries:

The reference salary must be equal to the average gross salary of the three best calendar years of the senior executive or employee at the Bouygues group during his or her period on the Group Management Committee, adjusted to reflect changes in the value of pension entitlement points under the AGIRC scheme, on the date of cessation of office or termination of employment contract. The reference gross salary is that used to calculate social security contributions in accordance with Article L. 242-1 of the Social Security Code.
5. Pattern of vesting of rights: annual rate; beneficiaries of the supplementary pension scheme receive an additional annual pension entitlement of 0.92% of the reference salary per year in the scheme, determined as explained above.
6. Existence of a cap, and the amount and terms and conditions for determining that cap: rights may not exceed a cap set at eight times the annual social security ceiling (giving a cap of €308,928 for 2016).

7. Terms and conditions for funding the benefit: outsourced to an insurance company, to which a contribution is paid each year.
8. Estimated amount of the annual annuity at the end of the reporting period:

Name	Annual annuity €
Martin Bouygues	305,506
Olivier Bouygues	248,682
Philippe Marien	184,117
Olivier Roussat	145,510

Note: The annual annuities of Martin Bouygues and Olivier Bouygues would each amount to eight times the annual social security ceiling once the contributions paid into the scheme by SCDM, calculated on a pro rata basis for the time spent on SCDM business each year by the person concerned, are taken into account.

Note: Before being appointed as Deputy Chief Executive Officers, Philippe Marien and Olivier Roussat were already members of the Group Management Committee and as such were entitled to benefit from the defined-benefit pension scheme described above.

9. Tax and social security charges borne by the company: the contributions paid into the scheme by the company are not subject to employers' social security charges or to the CSG or CRDS levies. However, the company is required to pay a levy set at 24% of those contributions.

I. Other information on remuneration

The remuneration of Martin Bouygues and Olivier Bouygues, as determined by the Board of Directors, is paid by SCDM. SCDM then invoices Bouygues this remuneration and the related social security charges, pursuant to the agreement governing relations between Bouygues and SCDM as approved under the regulated agreements procedure. Those invoices strictly reflect the amounts of remuneration as determined by the Bouygues Board of Directors. The agreement between Bouygues and SCDM was approved by the Annual General Meeting of 21 April 2016 (fourth resolution) under the regulated agreements procedure.

Olivier Bouygues spends part of his time on SCDM business. The Board of Directors has ensured that his remuneration reflects how he splits his time. His operational responsibilities within SCDM do not significantly reduce his availability and do not give rise to a conflict of interest.

As mentioned above, because Olivier Roussat holds office as Chairman and Chief Executive Officer of Bouygues Telecom in parallel with his office as Deputy Chief Executive Officer of Bouygues, 60% of his remuneration is charged to Bouygues and 40% to Bouygues Telecom.

J. Combined Annual General Meeting of 21 April 2016 – Say on Pay

The Annual General Meeting of 21 April 2016 expressed a favourable opinion on the components of the remuneration awarded in respect of the 2015 financial year to Martin Bouygues (sixth resolution, passed with 99.36% of the votes in favour) and Olivier Bouygues (seventh resolution, passed with 99.34% of the votes in favour).

5.4.1.2 Remuneration of Executive Officers in respect of the 2016 financial year

Description of the remuneration of Martin Bouygues, Chairman and Chief Executive Officer, in respect of the 2016 financial year

I. Remuneration components due or awarded in respect of the 2016 financial year and submitted to the Annual General Meeting of 27 April 2017 for an opinion	Quantity/accounting value	
(Resolution 8)	€	Comments
Fixed remuneration	920,000	Martin Bouygues' fixed remuneration has not changed since 2003.
Change versus 2015	0%	
Annual variable remuneration	1,380,000	Variable remuneration criteria (2016 financial year): see 5.4.1.1 (D) above.
Change versus 2015	-	
Variable/fixed ^a	150%	
Cap ^b	150%	
Deferred variable remuneration		No entitlement to deferred variable remuneration.
Multi-year variable remuneration		No entitlement to multi-year variable remuneration.
Exceptional remuneration		No entitlement to exceptional remuneration.
Value of stock options, performance shares or any other long-term remuneration awarded during the year		No stock options, performance shares or other long-term remuneration awarded for this year.
Directors' fees	70,200	
	<ul style="list-style-type: none"> ▪ o/w Bouygues: 50,000 ▪ o/w subsidiaries: 20,200 	
Value of benefits in kind	31,322	Company car. Part-time assignment of personal assistant and chauffeur/security guard for personal needs.

**II. For information:
remuneration components
due or awarded in respect
of the 2016 financial year
and approved by the
Annual General Meeting
under the regulated
agreements procedure
(AGM of 21 April 2016,
Resolution 4)**

	Quantity/accounting value €	Comments
Severance compensation		No entitlement to severance compensation.
Non-competition indemnity		No entitlement to a non-competition indemnity.
Supplementary pension scheme		<p>Martin Bouygues, on the same basis and subject to the same conditions as the other members of the Group Management Committee, belongs to a supplementary pension scheme giving entitlement to an annual pension equal to 0.92% of the reference salary (average of the three best years) per year in the scheme, capped at eight times the social security ceiling (giving a cap of €308,928 for 2016). Because he has reached this cap, Martin Bouygues cannot acquire any further rights.</p> <p>Entitlement to this supplementary pension is acquired only after ten years' service with the Bouygues group and is contingent on the beneficiary being a member of the Group Management Committee at the date of retirement. If he had retired in 2016, taking into account his length of service, Martin Bouygues would have been entitled to an annual pension of €305,506 (although the €308,928 cap would have been reached because Martin Bouygues has also acquired pension rights through the office he holds at SCDM).</p> <p>In accordance with the Afep-Medef Code, this does not exceed 45% of his reference income.</p>
TOTAL	2,401,522	
Change versus 2015	+134.6%	

(a) Variable remuneration expressed as a percentage of fixed remuneration.

(b) Cap on variable remuneration, set at a percentage of fixed remuneration.

Description of the remuneration of Olivier Bouygues, Deputy Chief Executive Officer, in respect of the 2016 financial year

I. Remuneration components due or awarded in respect of the 2016 financial year and submitted to the Annual General Meeting of 27 April 2017 for an opinion (Resolution 9)	Quantity/accounting value €	Comments
Fixed remuneration	500,000	Olivier Bouygues' fixed remuneration has not changed since 2009.
Change versus 2015	0%	
Annual variable remuneration	750,000	Variable remuneration criteria (2016 financial year): see 5.4.1.1 (D) above.
Change versus 2015	-	
Variable/fixed ^a	150%	
Cap ^b	150%	
Deferred variable remuneration		No entitlement to deferred variable remuneration.
Multi-year variable remuneration		No entitlement to multi-year variable remuneration.
Exceptional remuneration		No entitlement to exceptional remuneration.
Value of stock options, performance shares or any other long-term remuneration awarded during the year		No stock options, performance shares or other long-term remuneration awarded for this year.
Directors' fees	75,875 ▪ o/w Bouygues: 25,000 ▪ o/w subsidiaries: 50,875	
Value of benefits in kind	10,756	Company car. Part-time assignment of personal assistant and chauffeur/security guard for personal needs.

II. For information: remuneration components due or awarded in respect of the 2016 financial year and approved by the Annual General Meeting under the regulated agreements procedure (AGM of 21 April 2016, Resolutions 4 and 5)		
	Quantity/accounting value €	Comments
Severance compensation		No entitlement to severance compensation.
Non-competition indemnity		No entitlement to a non-competition indemnity.
Supplementary pension scheme		<p>Olivier Bouygues, on the same basis and subject to the same conditions as the other members of the Group Management Committee, belongs to a supplementary pension scheme giving entitlement to an annual pension equal to 0.92% of the reference salary (average of the three best years) per year in the scheme, capped at eight times the social security ceiling (giving a cap of €308,928 for 2016). Because he has reached this cap, Olivier Bouygues cannot acquire any further rights.</p> <p>Entitlement to this supplementary pension is acquired only after ten years' service with the Bouygues group and is contingent on the beneficiary being a member of the Group Management Committee at the date of retirement. If he had retired in 2016, taking into account his length of service, Olivier Bouygues would have been entitled to an annual pension of €248,682 (although the €308,928 cap would have been reached because Olivier Bouygues has also acquired pension rights through the office he holds at SCDM).</p> <p>In accordance with the Afep-Medef Code, this does not exceed 45% of his reference income.</p>
TOTAL	1,336,631	
Change versus 2015	+130.58%	
<i>(a) Variable remuneration expressed as a percentage of fixed remuneration.</i>		
<i>(b) Cap on variable remuneration, set at a percentage of fixed remuneration.</i>		

Description of the remuneration of Olivier Roussat, Deputy Chief Executive Officer, for the period from 1 September 2016 to 31 December 2016

I. Remuneration components due or awarded in respect of the period from 1 September 2016 to 31 December 2016 and submitted to the Annual General Meeting of 27 April 2017 for an opinion	Quantity/accounting value	Comments
(Resolution 11)	€	
Fixed remuneration	184,000	Corresponds to 60% of Olivier Roussat's fixed remuneration for the four-month period, the remainder being charged to Bouygues Telecom.
Change versus 2015	-	
Variable remuneration	276,000	Corresponds to 60% of Olivier Roussat's variable remuneration for the four-month period, the remainder being charged to Bouygues Telecom.
Change versus 2015	-	
Variable/fixed ^a	150%	Variable remuneration criteria: see 5.4.1.4 below.
Cap ^b	150%	
Deferred variable remuneration	-	No entitlement to deferred variable remuneration.
Multi-year variable remuneration	-	No entitlement to multi-year variable remuneration.
Exceptional remuneration	-	No entitlement to exceptional remuneration.
Value of stock options, performance shares or any other long-term remuneration awarded during the period		No stock options, performance shares or other long-term remuneration awarded during the period from 1 September 2016 to 31 December 2016. Prior to his appointment on 30 August 2016, Olivier Roussat was awarded 80,000 stock options on 30 May 2016. Those options were valued at €197,888 on the grant date.
Directors' fees	Directors' fees - subsidiaries 11,517	(4/12ths of the directors' fees paid to Olivier Roussat in 2016).
Value of benefits in kind	4,517	Company car and unemployment insurance. (60% of 4/12ths of the benefits in kind awarded to Olivier Roussat in 2016).

**II. For information:
remuneration components
due or awarded in respect
of the period from
1 September 2016 to
31 December 2016,
approved by the Board of
Directors under the
regulated agreements
procedure and submitted
for approval by the
Annual General Meeting of
27 April 2017**

	Quantity/accounting value	
(Resolution 7)	€	Comments
Severance compensation	-	No entitlement to severance compensation.
Non-competition indemnity	-	No entitlement to a non-competition indemnity.
Supplementary pension scheme		Olivier Roussat, on the same basis and subject to the same conditions as the other members of the Group Management Committee, belongs to a supplementary pension scheme giving entitlement to an annual pension equal to 0.92% of the reference salary (average of the three best years) per year in the scheme, capped at eight times the social security ceiling (giving a cap of €308,928 for 2016). Entitlement to this supplementary pension is acquired only after ten years' service with the Bouygues group and is contingent on the beneficiary being a member of the Group Management Committee at the date of retirement. If he had retired in 2016, Olivier Roussat would have been entitled, taking into account his length of service, to an annual pension of €145,410. In accordance with the Afep-Medef Code, this does not exceed 45% of his reference income.
TOTAL	476,034	

(a) Variable remuneration expressed as a percentage of fixed remuneration.

(b) Cap on variable remuneration, set at a percentage of fixed remuneration.

Description of the remuneration of Philippe Marien, Deputy Chief Executive Officer, for the period from 1 September 2016 to 31 December 2016

I. Remuneration components due or awarded in respect of the period from 1 September 2016 to 31 December 2016 and submitted to the Annual General Meeting of 27 April 2017 for an opinion	Quantity/accounting value	Comments
(Resolution 10)	€	
Fixed remuneration	306,667	
Change versus 2015	-	
Variable remuneration	306,667	Variable remuneration criteria: see 5.4.1.1 (D) above.
Change versus 2015	-	
Variable/fixed ^a	100%	
Cap ^b	100%	
Deferred variable remuneration	-	No entitlement to deferred variable remuneration.
Multi-year variable remuneration	-	No entitlement to multi-year variable remuneration.
Exceptional remuneration	-	No entitlement to exceptional remuneration.
Value of stock options, performance shares or any other long-term remuneration awarded during the year		No stock options, performance shares or other long-term remuneration awarded during the period from 1 September 2016 to 31 December 2016. Prior to his appointment on 30 August 2016, Philippe Marien was awarded 80,000 stock options on 30 May 2016. Those options were valued at €197,888 on the grant date.
Directors' fees	Directors' fees - subsidiaries: 25,467	(4/12ths of the directors' fees paid to Philippe Marien in 2016).
Value of benefits in kind	1,215	Company car. (4/12ths of the benefits in kind awarded to Philippe Marien in 2016).

II. For information: remuneration components due or awarded in respect of the period from 1 September 2016 to 31 December 2016, approved by the Board of Directors under the regulated agreements procedure and submitted for approval by the Annual General Meeting of 27 April 2017 (Resolution 6)		
	Quantity/accounting value €	Comments
Severance compensation	-	No entitlement to severance compensation.
Non-competition indemnity	-	No entitlement to a non-competition indemnity.
Supplementary pension scheme		<p>Philippe Marien, on the same basis and subject to the same conditions as the other members of the Group Management Committee, belongs to a supplementary pension scheme giving entitlement to an annual pension equal to 0.92% of the reference salary (average of the three best years) per year in the scheme, capped at eight times the social security ceiling (giving a cap of €308,928 for 2016).</p> <p>Entitlement to this supplementary pension is acquired only after ten years' service with the Bouygues group and is contingent on the beneficiary being a member of the Group Management Committee at the date of retirement. If he had retired in 2016, Philippe Marien would have been entitled to an annual pension, taking into account his length of service, of €184,117.</p> <p>In accordance with the Afep-Medef Code, this does not exceed 45% of his reference income.</p>
TOTAL	640,016	
<i>(a) Variable remuneration expressed as a percentage of fixed remuneration.</i> <i>(b) Cap on variable remuneration, set at a percentage of fixed remuneration.</i>		

Table 1 – General summary of legal status of Executive Officers: restrictions on combining corporate office with employment contract – Supplementary pension – Severance compensation – Non-competition indemnity

Executive Officer	Employment contract		Supplementary pension scheme		Compensation or other benefits due or liable to become due on cessation or change of office		Non-competition indemnities	
	yes	no	yes	no	yes	no	yes	no
	Martin Bouygues Office: Chairman and CEO		X	X			X	
Olivier Bouygues Office: Deputy CEO		X	X			X		X
Olivier Roussat Office: Deputy CEO		X ^a	X			X		X
Philippe Marien Office: CEO		X ^a	X			X		X

(a) Employment contract suspended with effect from 1 September 2016.

Table 2 – General summary of remuneration, benefits in kind and options awarded to the four Executive Officers in 2016

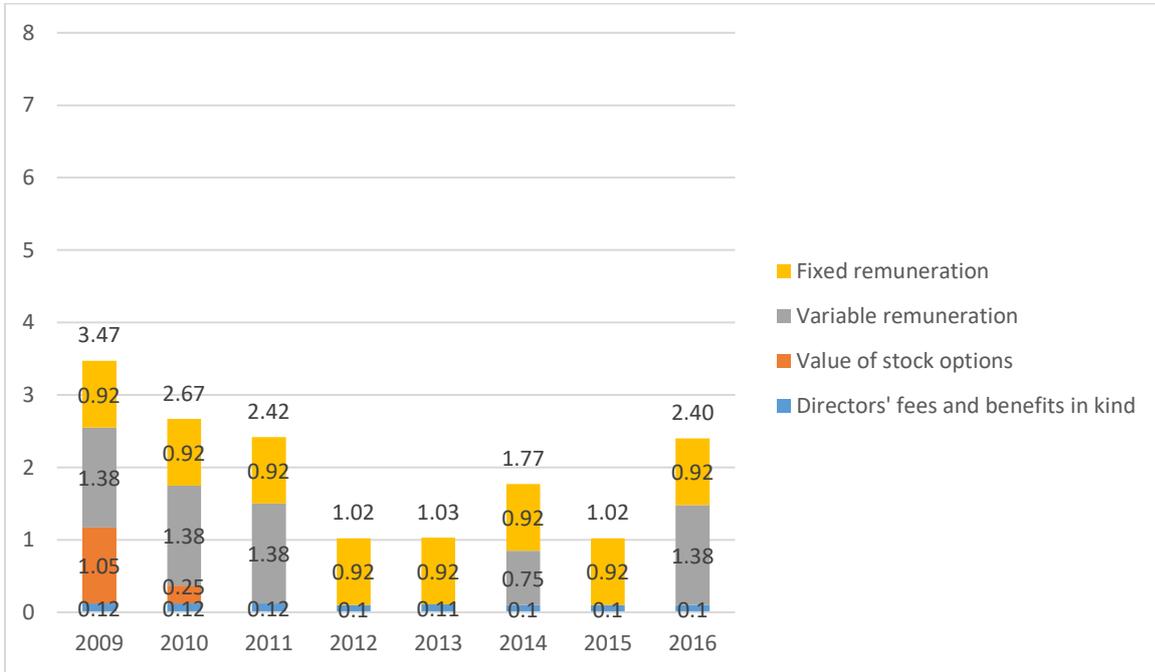
€	Martin Bouygues (Chairman and CEO)		Olivier Bouygues (Deputy CEO)		Olivier Roussat (Deputy CEO)	Philippe Marien (Deputy CEO)
					From 01/09/16 to 31/12/16	From 01/09/16 to 31/12/16
	in 2016	in 2015	in 2016	in 2015		
Remuneration due in respect of the year/period (see Tables 3 and 4 for breakdown)	2,401,522	1,023,779	1,336,631	579,670	476,034	640,116
Value of options awarded during the year/period ^a	-	-	-	-	-	-
Value of performance shares awarded during the year/period ^b	-	-	-	-	-	-
TOTAL	2,401,522	1,023,779	1,336,631	579,670	476,034	640,116
CHANGE 2016 VS 2015	+134.6%		+130.58%		-	-

(a) No options were awarded to either Martin Bouygues or Olivier Bouygues in 2015 or 2016. Olivier Roussat and Philippe Marien were each awarded 80,000 options in May 2016 prior to their appointment as Deputy Chief Executive Officers.

(b) Bouygues has not awarded any performance shares.

Martin Bouygues
Chairman and Chief Executive Officer

Number of options awarded in 2016: 0
 € million



Olivier Bouygues
Deputy Chief Executive Officer

Number of options awarded in 2016: 0
 € million

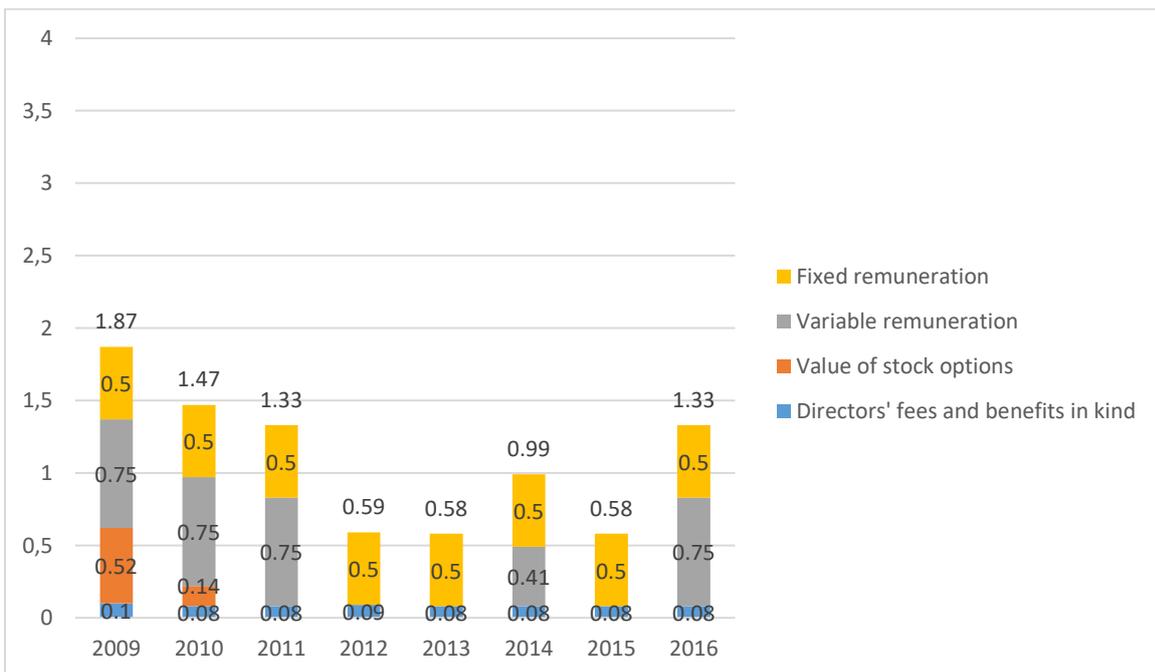


Table 3 – Detailed breakdown of remuneration awarded to the four Executive Officers in respect of the 2016 financial year

The Selection and Remuneration Committee has carried out an assessment of the attainment level of the variable remuneration criteria for the four Executive Officers.

Office and length of service with the Group	Remuneration ^a	Amounts ^b in respect of FY2016		Amounts ^b in respect of FY2015		Variable remuneration criteria ^f (FY2016)
		€ due ^c	€ paid	€ due ^c	€ paid	
Martin Bouygues Chairman and CEO (43 years)	Fixed	920,000	920,000	920,000	920,000	■ P1 = Increase in current operating profit (50%) ■ P2 = Change in consolidated net profit ^g versus Plan (25%) ■ P3 = Change in consolidated net profit ^g versus 2015 (25%) ■ P4 = Free cash flow before changes in WCR (50%)
	■ Change	0%	0%	0%		
	Variable	1,380,000	0	0	753,204	
	■ Change	-		-100%		
	■ Variable/fixed ^d	150%		0%		
	■ Cap ^e	150%		150%		
	Exceptional	-	-	-	-	
Directors' fees	70,200	70,200	73,900	73,900		
Benefits in kind	31,322	31,322	29,879	29,879		
Total		2,401,522	1,021,522	1,023,779	1,776,983	
Olivier Bouygues Deputy CEO (43 years)	Fixed	500,000	500,000	500,000	500,000	■ P1 = Increase in current operating profit (50%) ■ P2 = Change in consolidated net profit ^g versus Plan (25%) ■ P3 = Change in consolidated net profit ^g versus 2015 (25%) ■ P4 = Free cash flow before changes in WCR (50%)
	■ Change	0%	0%	0%		
	Variable	750,000	0	0	409,350	
	■ Change	-		-100%		
	■ Variable/fixed ^d	150%		0%		
	■ Cap ^e	150%		150%		
	Exceptional	-	-	-	-	
Directors' fees	75,875	75,875	68,914	68,914		
Benefits in kind	10,756	10,756	10,756	10,756		
Total		1,336,631	586,631	579,670	989,020	
Total Martin Bouygues and Olivier Bouygues		3,738,153	1,608,153	1,603,449	2,766,003	
CHANGE		+133%		-42%		

See footnotes on the next page.

Olivier Roussat Deputy CEO (22 years)	Remuneration ^a	Amounts ^b due in respect of 01/09/2016 to 31/12/2016 €		Variable remuneration criteria ^f
		due ^c	paid	
Period from 1 September 2016 to 31 December 2016	Fixed	184,000	184,000	See section 5.4.1.4 below.
	■ Change	-	-	
	Variable	276,000	-	
	■ Change	-	-	
	■ Variable/fixed ^d	150%		
	■ Cap ^e	150%		
	Exceptional	-	-	
	Directors' fees	11,517	11,517	
	Benefits in kind	4,517	4,517	
	Total	476,034	200,034	
Philippe Marien Deputy CEO (36 years)	Fixed	306,667	306,667	See section 5.4.1.1 (D) above.
	■ Change	-	-	
	Variable	306,667	-	
	■ Change	-	-	
	■ Variable/fixed ^d	100%		
	■ Cap ^e	100%		
Period from 1 September 2016 to 31 December 2016	Exceptional			
	Directors' fees	25,567	25,567	
	Benefits in kind	1,215	1,215	
	Total	640,116	333,449	

(a) No remuneration other than that mentioned in the table was paid to the Executive Officers by Bouygues group companies.

(b) Amounts due = all amounts awarded in respect of the financial year. Amounts paid = all amounts paid during the financial year (bearing in mind that the variable portion awarded for any one financial year is actually paid in the first quarter of the following financial year).

(c) Amounts due – Change: the percentages shown under the amount of fixed and variable remuneration indicate the change relative to the previous year.

(d) Variable remuneration expressed as a percentage of fixed remuneration.

(e) Cap on variable remuneration, set at a percentage of fixed remuneration.

(f) Variable remuneration criteria: the percentages shown indicate the weight attached to each criterion in determining total variable remuneration.

(g) Consolidated net profit = consolidated net profit (attributable to the Group) for Bouygues.

	Amounts due in respect of FY2016 €	
	due	paid
TOTAL FOR THE FOUR EXECUTIVE OFFICERS	4,854,303	2,141,636

5.4.1.3 Directors' fees

The Annual General Meeting of 24 April 2003 set the total amount of directors' fees payable to Bouygues directors at €700,000 for each financial year, leaving it to the Board of Directors to determine how this amount should be allocated.

Directors' fees comprise (i) a fixed portion of 30% and (ii) a variable portion of 70% calculated in proportion to the actual presence of each director at the five periodic Board meetings held each year and, for committee members, at committee meetings.

▪ Chairman and CEO	€50,000
▪ Directors	€25,000
▪ Accounts Committee members	€14,000
▪ Members of other committees (Selection and Remuneration, and Ethics, CSR and Patronage)	€7,000

Table 4 – Directors’ fees paid in respect of the 2016 financial year

€		Source (Notes 1 and 2)	2016	2015
M. Bouygues	Chairman and CEO	Bouygues	50,000	50,000
		Subsidiaries	20,200	23,900
O. Bouygues	Deputy CEO	Bouygues	25,000	25,000
		Subsidiaries	50,875	43,914
SUB-TOTAL - EXECUTIVE OFFICERS		Bouygues	75,000	75,000
		Subsidiaries	71,075	67,814
		Total	146,075	142,814
F. Bertière	Director	Bouygues	25,000	25,000
		Subsidiaries	22,400	20,000
C. Bouygues ^a	Director	Bouygues	16,125	0
E. Bouygues ^a	Director	Bouygues	16,125	0
R. Deflesselle	Director	Bouygues	25,000	25,000
			7,000	5,040
F. Castagné ^b	Director	Bouygues	16,125	0
			4,025	0
C. Gaymard ^a	Director	Bouygues	16,125	0
			9,030 ^c	0
A.-M. Idrac	Director	Bouygues	21,500	21,500
			17,080	19,040
P. Kron	Director	Bouygues	25,000	25,000
H. Le Bouc	Director	Bouygues	25,000	25,000
		Subsidiaries	20,000	20,000
C. Lewiner	Director	Bouygues	21,500	25,000
			7,000	7,000
		Subsidiaries	26,400	24,000
H. le Pas de Sécheval	Director	Bouygues	25,000	25,000
			21,000	21,000
S. Nombret	Director	Bouygues	25,000	25,000
			7,000	7,000
R.-M. Van Lerberghe	Director	Bouygues	25,000	25,000
			7,000	7,000
M. Vilain	Director	Bouygues	25,000	25,000
			14,000	14,000
Sub-total - Other directors		Bouygues	400,635	473,280
		Subsidiaries	68,800	94,107
		Total	469,435	567,387
GRAND TOTAL OF DIRECTORS’ FEES – EXECUTIVE OFFICERS AND OTHER DIRECTORS (NOTE 3)		BOUYGUES	536,610	581,805
		Subsidiaries	164,875	161,921
		Total	762,460	743,726

(a) Appointed as a director on 21 April 2016.

(b) Employee representative since 27 April 2016. Member of the Selection and Remuneration Committee since 29 August 2016.

(c) Member of the Accounts Committee since 11 May 2016.

Note 1: Bouygues = directors’ fees paid for attendance as a member of the Bouygues Board of Directors. The first line shows fees paid for attendance at Board meetings. The second line shows fees paid for attendance at committee meetings.

Note 2: Subsidiaries = Directors’ fees paid by Group companies, within the meaning of Article L. 233-16 of the Commercial Code (mainly Colas, Bouygues Telecom and TF1).

Note 3: The grand total includes directors’ fees paid to Michel Bardou, Jean-Paul Chifflet, Nonce Paolini, Jean Peyrelevade and François-Henri Pinault, all of whom left the Board during 2016.

Michel Bardou received directors' fees from Bouygues of €10,750 in 2016 and €25,000 in 2015. He received €3,500 in 2016 and €4,450 in 2015 as a member of the Remuneration Committee. He left the Board of Directors in April 2016.

Jean-Paul Chifflet received directors' fees from Bouygues of €10,750 in 2016 and €21,500 in 2015. He received €3,500 in 2016 and €7,000 in 2015 as a member of the Selection Committee. He left the Board of Directors in April 2016.

Nonce Paolini received directors' fees from Bouygues of €5,375 in 2016 and €25,000 in 2015. He received directors' fees from subsidiaries of €25,000 in 2016. Nonce Paolini took retirement from his positions within the Group and stood down as a director on 23 February 2016.

Jean Peyrelevade received directors' fees from Bouygues of €10,750 in 2016 and €25,000 in 2015. He received €3,500 in 2016 and €7,000 in 2015 as a member of the Selection Committee. He left the Board of Directors in April 2016.

François-Henri Pinault received directors' fees from Bouygues of €10,750 in 2016 and €25,000 in 2015. He received €2,100 in 2016 and €6,650 in 2015 as a member of the Remuneration Committee and the Selection Committee. He left the Board of Directors in April 2016.

5.4.1.4 Principles and rules for determining remuneration awarded to salaried directors

Remuneration of salaried directors

Two directors (François Bertière and Hervé Le Bouc) are salaried employees of Bouygues. Each of them manages a business segment of the Group.

The principles and methods used to determine remuneration awarded to salaried directors are similar to those used for the Executive Officers (see “General description of the method used to determine variable remuneration” in section 5.4.1.1. above).

However, three of the criteria for determining their variable remuneration are specific to the performance of the business segment (subsidiary) they manage.

- Five criteria (P1, P2, P3, P4 and P5) are used to determine variable remuneration.

An adjustment may be applied to P3 (see table below).

The variable remuneration criteria are:

- P1 = change in consolidated net profit (attributable to the Group) of Bouygues versus plan (30% if the objective is attained);
- P2 = change in current operating margin of the subsidiary managed versus plan (10% if the objective is attained);
- P3 = change in consolidated net profit (attributable to the Group) of the subsidiary managed (Bouygues Immobilier, Colas, or Bouygues Telecom in the case of Olivier Roussat) versus plan (25% if the objective is attained);
- P4 = change in consolidated net profit (attributable to the Group) of the subsidiary managed relative to the previous year (35% if the objective is attained);
- P5 = qualitative criteria, including one related to CSR (50% if the objectives are attained).

These qualitative and quantitative objectives (and in particular, the level of attainment of the quantitative criteria) were established with precision but are not disclosed for confidentiality reasons.

The remuneration of Olivier Roussat, appointed as Deputy Chief Executive Officer on 30 August 2016, was subject to the same rules in 2016.

	Objective	Variable remuneration calculation method	
		Variable portion if objective attained (% of FR)	
P1	Consolidated net profit (attributable to the Group) for the year per the 2016 plan	30%	
P2	Current operating margin ratio per the subsidiary's 2016 plan	10%	
P3	Consolidated net profit for the year per the subsidiary's 2016 plan	25% + if consolidated net profit per the 2016 plan is 20% or more below actual consolidated net profit for 2015, P2 is capped at 25%.	
P4	Actual consolidated net profit of the subsidiary for the previous year (2015 CNP)	35%	
P5	Qualitative objectives (including Ethics and CSR for 20%)	50%	
		150%	
Cap		150%	

Actual variable portion awarded based on 2016 performance (% of FR)		
	F. Bertière	H. Le Bouc
P1	60%	60%
P2	12.42%	11.47%
P3	26.30%	25.35%
P4	66.82%	70%
P5	50%	50%
	215.63%	216.82%
Capped at	150%	150%

The remuneration paid by Bouygues, and the related social security charges, is invoiced to the subsidiary managed by the director (François Bertière: Bouygues Immobilier; Hervé Le Bouc: Colas).

Table 5 - Detailed breakdown of remuneration of salaried employees

Office held and length of service with the Group	Remuneration ^a	Amounts ^b in respect of FY2016		Amounts ^b in respect of FY2015		Variable remuneration criteria (FY2016)
		€	€	€	€	
F. Bertière Director (32 years)	Fixed	920,000	920,000	920,000	920,000	■ P1 = Change in consolidated net profit of Bouygues (30%) ■ P2 = Change in current operating margin of Bouygues Immobilier versus plan (10%) ■ P3 = Change in consolidated net profit of Bouygues Immobilier versus plan (25%) ■ P4 = Change in consolidated net profit of Bouygues Immobilier versus 2015 (35%) ■ P5 = Qualitative criteria (50%)
	■ Change	0%		0%		
	Variable	1,380,000	1,334,000	1,334,000	1,380,000	
	■ Change	+3.45%		0%		
	■ Variable/fixed ^d	150%		150%		
	■ Cap ^e	150%		150%		
	Exceptional	-	-	-	-	
Directors' fees	47,400	47,400	45,000	45,000		
Benefits in kind	4,994	4,994	4,944	4,944		
TOTAL		2,352,394	2,306,394	2,303,944	2,349,944	
H. Le Bouc Director (38 years)	Fixed	920,000	920,000	920,000	920,000	■ P1 = Change in consolidated net profit of Bouygues (30%) ■ P2 = Change in current operating margin of Colas versus plan (10%) ■ P3 = Change in consolidated net profit of Colas versus plan (25%) ■ P4 = Change in consolidated net profit of Colas versus 2015 (35%) ■ P5 = Qualitative criteria (50%)
	■ Change	0%		0%		
	Variable	1,380,000	1,380,000	1,380,000	1,380,000	
	■ Change	0%		0%		
	■ Variable/fixed ^d	150%		150%		
	■ Cap ^e	150%		150%		
	Exceptional	-	-	-	-	
Directors' fees	45,000	45,000	45,000	45,000		
Benefits in kind	4,100	4,100	4,100	4,100		
TOTAL		2,349,100	2,349,100	2,349,100	2,349,100	

(a) No remuneration other than that mentioned in this table was paid to these directors by Bouygues group companies.

(b) Amounts due = all amounts awarded in respect of the financial year. Amounts paid = all amounts paid during the financial year (bearing in mind that the variable portion awarded for any one financial year is actually paid in the first quarter of the following financial year).

(c) Amounts due – Change: the percentages shown under the amount of fixed and variable remuneration indicate the change relative to the previous year.

(d) Variable remuneration expressed as a percentage of fixed remuneration.

(e) Cap on variable remuneration, set at a percentage of fixed remuneration.

Employment contracts of the two salaried directors

The employment contracts of François Bertière and Hervé Le Bouc have been maintained because they have spent almost their entire careers at the Group. They both had considerable lengths of service when they took charge of one of the Group's five business segments and were appointed as directors.

Supplementary pension scheme

Subject to certain conditions, François Bertière and Hervé Le Bouc will be entitled to benefit from a supplementary pension scheme when they retire. The terms of the scheme are the same as those for the Executive Officers, as described in section 5.4.1.1 (H) above.

The estimated amounts of their annual annuities as of 31 December 2016 are as follows:

Name	Annual annuity €
François Bertière	282,622
Hervé le Bouc	216,389

Severance compensation and non-competition indemnities

As in the case of the Executive Officers, these directors are not entitled to any severance compensation or non-competition indemnity.

Although not severance compensation as such, a salaried director of the company is covered by the relevant collective agreement (in the case of Bouygues SA, the collective agreement for managers in the building industry in the Paris region), which in the event of termination of employment contract the director would be entitled to compensation equivalent to approximately one year's salary.

Directors representing employee shareholders and directors representing employees

Salaries paid to the two directors representing employee shareholders who have an employment contract with Bouygues or one of its subsidiaries, and salaries paid to the two directors representing employees, are not disclosed.

5.4.2 Report on the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total remuneration and benefits of all kinds payable to the Chairman and CEO and Deputy CEOs in 2017

Report required under Article L. 225-37-2 of the Commercial Code, and referred to in the twelfth resolution of the Combined Annual General Meeting of 27 April 2017.

The payment of the variable and exceptional components referred to in this report is subject to approval by the Ordinary General Meeting of the remuneration components of the person concerned under the conditions set forth in Article L. 225-100 of the Commercial Code.

5.4.2.1 General principles

The Board of Directors laid down the following twelve general principles on the basis of which the 2017 remuneration and benefits of the Executive Officers of Bouygues will be determined.

1. Compliance with Afep-Medef Code recommendations.
2. No employment contract with Executive Officers during their term of office; existing employment contracts suspended on appointment as Executive Officer.
3. No severance benefit or non-competition indemnity on leaving office.
4. Level of remuneration taking into account the existence of a capped supplementary pension and the fact that no severance benefit or non-competition indemnity has been granted.
5. Remuneration commensurate with the level and difficulty of each Executive Officer's responsibility. Remuneration commensurate with each Executive Officer's experience in the position held and length of service with the Group.
6. Remuneration takes account of the practices applied in groups or enterprises carrying on comparable activities.
7. An incentivising remuneration structure comprising the following:
 - fixed remuneration;
 - annual variable remuneration;
 - multi-year variable remuneration;
 - directors' fees;
 - limited benefits in kind;
 - supplementary pension.
8. No deferred annual variable remuneration.
9. Discretion left to the Board of Directors to decide to pay exceptional remuneration but reserved for truly exceptional circumstances.
10. No additional remuneration paid to any Executive Officer by a Group subsidiary apart from directors' fees (with the caveat that Olivier Roussat's remuneration will be charged 60% to

Bouygues and 40% to Bouygues Telecom, reflecting how he splits his time between the two companies).

11. No stock options or performance shares awarded to Executive Officers in 2017.
12. For the first time, inclusion in the remuneration package of multi-year remuneration arrangements, determined on the basis of medium-term performance.

The aim is to incentivise the four Executive Officers to exceed the objectives set for them.

Given that Bouygues has always been run by an Executive Officer drawn from the founding family and reference shareholder, the appointment of two Deputy Chief Executive Officers who are not major or reference shareholders was regarded as the right time to introduce this type of multi-year remuneration determined by reference to actual performances over the medium term rather than the performance of the most recent financial year.

5.4.2.2 Criteria and methods used in 2017 by the Board of Directors to determine, allocate and award the fixed, variable and exceptional components of the total remuneration and benefits of all kinds of each Executive Officer (Martin Bouygues, Olivier Bouygues, Philippe Marien and Olivier Roussat)

For 2017, the criteria and methods agreed by the Board of Directors to determine, allocate and award the fixed, variable and exceptional components of the total remuneration and benefits of all kinds of each Executive Officer are described below. A few changes have been made relative to 2016, primarily the introduction of multi-year variable remuneration (medium-term remuneration). In general, however, the Board of Directors considered it advisable to retain the majority of the existing criteria and methods, which have been applied for several years.

1. Fixed remuneration

€920,000 (Martin Bouygues – Philippe Marien)

€552,000 (Olivier Roussat)

€500,000 (Olivier Bouygues)

The rules used to determine fixed remuneration were established in 1999 and have been applied consistently ever since. Fixed remuneration is determined according to the level and complexity of the person's responsibilities, experience in the post and length of service with the Group, and practices followed by groups or companies carrying on comparable businesses.

2. Annual variable remuneration

Capped at 160% of fixed remuneration, i.e. a cap of €1,472,000 for Martin Bouygues and Philippe Marien, €883,200 for Olivier Roussat and €800,000 for Olivier Bouygues.

The annual variable remuneration would be determined by applying five criteria (three of them referring to the three-year business plan), opening up the possibility of receiving five variable components: P1, P2, P3, P4 and P5.

- P1** Actual consolidated current operating profit (COP) of the Group for the year / Objective = COP per 2017 plan
- P2** Actual consolidated net profit (CNP) of the Group for the year / Objective = CNP per 2017 plan
- P3** Actual CNP for the year (excluding exceptional items) / Objective = CNP for the previous year (excluding exceptional items)

P4 Change in net debt (excluding external growth not built into the plan) / Objective = Change in net debt per 2017 plan

P5 Qualitative criteria: performance in CSR ^a and compliance

Method for determining annual variable remuneration for 2017

The method for determining the annual variable remuneration of the Executive Officers for 2017 would be based on five separate variable components: P1, P2, P3, P4 and P5.

(FR = Fixed Remuneration)

P1, P2, P3 and P4

The effective weight of each criterion determining the payment of each of the three components P1, P2 and P4 is dependent on the performance achieved during the financial year relative to the business plan.

P3 is determined by reference to the performance for the previous financial year.

The four variable components P1, P2, P3 and P4 are calculated as follows:

1) If actual performance is more than 10% below the Objective → the component concerned (P1, P2, P3 or P4) = 0

2) If actual performance is between (Objective – 10%) and the Objective:

P1 = 0% to 40% of FR

P2 = 0% to 40% of FR

P3 = 0% to 30% of FR

P4 = 0% to 20% of FR

3) If actual performance is higher than the Objective:

P1 = 40% to 70% of FR

P2 = 40% to 70% of FR

P3 = 30% to 50% of FR

P4 = 20% to 30% of FR

Between these limits the effective weight of each component is determined by linear interpolation.

P5

The Board of Directors determines the effective weight of P5, subject to a strict cap of 30% of FR.

Cap

The sum of the five components P1, P2, P3, P4 and P5 calculated according to the above method may never exceed a **cap of 160% of FR**.

(a) Corporate Social Responsibility.

3. Multi-year variable remuneration (medium-term remuneration)

Each Executive Officer could be entitled to multi-year variable remuneration, i.e. a medium-term remuneration arrangement determined by reference to two criteria derived from the three-year business plan:

P6: Actual consolidated current operating profit (COP) of the Group for the three most recent financial years covered by the Group business plan / the three COP figures set as objectives in the business plan.

P7: Actual consolidated current operating profit (COP) of the Group for the three most recent financial years covered by the Group business plan / the three COP figures set as objectives in the business plan.

Multi-year variable remuneration is determined as follows:

(FR = Fixed Remuneration)

P6: Objective = current operating profit figures for the financial years set as objectives in the business plan.

If the objective is attained P6 = 0

If all three COP figures are 20% above the objective, P6 = 15% of FR

Between these lower and upper limits, P6 is determined by linear interpolation on the basis of the actual profit figure achieved.

P7: Objective = consolidated net profit figures of the Group for the financial years set as objectives in the business plan.

If the objective is attained P7 = 0

If all three CNP figures are 20% above the objective, P7 = 15% of FR

Between these lower and upper limits, P7 is determined by linear interpolation on the basis of the actual profit figure achieved.

Cap

Multi-annual variable remuneration is therefore **capped at 30% of fixed remuneration.**

Martin Bouygues and Olivier Bouygues could benefit from this new remuneration component on completion of the 2017 financial year. Philippe Marien and Olivier Roussat could benefit from it for the first time on completion of the 2018 financial year, with the 2017 and 2018 financial years used as reference points. On completion of the 2019 financial year and each subsequent financial year, the reference points would be the three previous financial years as per the rule proposed above.

4. Directors' fees

Directors' fees paid by Bouygues or a subsidiary of the Group would be retained by the Executive Officer.

5. Benefits in kind

Each Executive Officer would be allocated a company car.

Martin Bouygues and Olivier Bouygues would receive an additional benefit in the form of the part-time assignment of a personal assistant and chauffeur/security guard for their personal needs.

(A chauffeur is made available to Philippe Marien and Olivier Roussat for business purposes).

6. Supplementary pension scheme

Each Executive Officer would be eligible for a defined benefit collective pension scheme governed by Article L. 137-11 of the Social Security Code. This pension scheme would have the following characteristics:

1. Pension rights that vest each year and are capped at 0.92% of the reference salary.
2. Conditions for joining the scheme and other eligibility conditions. The beneficiary must:
 - be a member of the Group Management Committee on the date of departure or retirement;
 - have at least ten years' service with the Bouygues group at the date of departure or retirement;
 - have definitively ended his or her professional career at one of the Group companies (this condition is fulfilled when the employee is part of the workforce at the date of departure or retirement);
 - be at least 65 years old at the date of departure or retirement;
 - fulfil the eligibility criteria for pension benefits under the basic social security pension scheme and the mandatory supplementary schemes (ARRCO and AGIRC).
3. Reference salary equal to the average gross salary of the Executive Officer's three best calendar years at the Bouygues group during his or her period on the Group Management Committee, adjusted to reflect changes in the value of pension entitlement points under the AGIRC scheme, on the date of cessation of office or termination of employment contract.

The reference gross salary is that used to calculate social security contributions in accordance with Article L. 242-1 of the Social Security Code.

4. Frequency of vesting of rights: annual.
5. Cap: eight times the annual social security ceiling, i.e. a cap of €313,824 in 2017.
6. Financing outsourced to an insurance company outside the Group to which a contribution is made annually.
7. Performance conditions:
 - a) Executive Officers to whom performance conditions apply:

Martin Bouygues and Olivier Bouygues can no longer acquire any further supplementary pension rights since the rights vested in them to date exceed the cap set by the Board of Directors (eight times the French social security ceiling). However, the performance conditions do apply to Philippe Marien and Olivier Roussat.

- b) Definition of the performance objective ("the Objective")

2017 financial year:	Objective = that the average of the consolidated net profit figures for the 2016 and 2017 financial years (“Average CNP”) is no more than 10% below the average of the consolidated net profit figures specified in the two plans for 2016 and 2017 (“Plan Average”).
Each subsequent financial year:	Objective = that the average of the consolidated net profit figures for the financial year then ended and the two financial years that preceded it (“Average CNP”) is no more than 10% below the average of the consolidated net profit figures specified in the plan for the financial year then ended and the plans for the two financial years that preceded it.

c) Terms for determining the vesting of pension rights based on performance

- If the Average CNP meets the Objective
Annual pension rights = 0.92% of the reference salary
- If the Average CNP is more than 10% below the Objective
Annual pension rights = 0

Between those lower and upper limits pension rights will vary on a straight-line basis between 0% and 0.92% of the reference salary.

5.4.3 2016 Report on stock options and performance shares

Report required under Articles L. 225-184 and L. 225-197-4 of the Commercial Code.

5.4.3.1 Principles and rules applied in awarding stock options and performance shares

The twenty-first resolution of the Combined Annual General Meeting of 21 April 2016 authorised the Board of Directors to allot, on one or more occasions, existing or new “bonus shares” (i.e. performance shares). That authorisation was granted for a period of thirty-eight months, with the stipulation that the beneficiaries of such shares must be salaried employees and/or corporate officers of Bouygues or of companies or economic interest groupings that are related to Bouygues within the meaning of Article L. 225-197-2 of the Commercial Code.

The twenty-fourth resolution of the Combined Annual General Meeting of 23 April 2015 authorised the Board of Directors to grant, on one or more occasions, stock options giving the beneficiaries the right to subscribe for new shares or buy existing shares. That authorisation was granted for a period of thirty-eight months, with the stipulation that the beneficiaries of such options must be salaried employees and/or corporate officers of Bouygues or of companies or economic interest groupings that are directly or indirectly related to Bouygues on the conditions stipulated in Article L. 225-180 of the Commercial Code.

To date, the Board of Directors has not used the authorisations to award performance shares or to grant options to buy existing shares. All the stock options granted have been options to subscribe for shares.

General rules applicable to awards of stock options or performance shares

The Board of Directors takes account of the recommendations contained in the Afep-Medef Code and those issued by the AMF.

Consequently:

- Stock options or performance shares are awarded 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, reflecting their contribution to value creation.
- Each plan includes around 900 to 1,000 senior executives and employees. Beneficiaries are selected and individual awards determined on the basis of responsibility and performances, with particular attention paid to high-potential executives.
- No discount is applied to grants of stock options.
- A cap is set to prevent a significant increase in the volume of stock option plans when the market is falling. This cap is set at 15% of the volume of the previous plan.
- Any senior executive or employee included on the list of senior executives or equivalent persons (see explanation below) is prohibited from exercising options or selling shares arising from the exercise of options:
 - during the thirty calendar days preceding publication of the first-half and full-year financial statements, and on the day of such publication;
 - during the fifteen calendar days preceding publication of the first-quarter and third-quarter financial statements, and on the day of such publication;
 - during the fifteen calendar days preceding publication of Bouygues’ quarterly sales release, and on the day of such publication.

The Board of Directors has reiterated that this prohibition also applies during any period during which a senior executive or employee holds inside information, and on the day such information is made public.

- Barring a decision to the contrary, options are awarded each May after publication of the financial statements for the previous year.
- In addition to these measures, Bouygues has disseminated various internal rules to prevent insider dealing policy breaches or offences: issuing a list of senior executives and equivalent persons with regular or occasional access to inside information or with regular access to sensitive information; reminders of the rules on trading restrictions; information about stock market law; and a recommendation that individuals set up a share trading plan. A specific compliance programme (financial information and securities trading) was distributed within the Group in 2014. The provisions of the European Market Abuse Directive were implemented in 2016, adding another layer to the preventive measures in this area. New inside information procedures were introduced at the start of 2017.

Specific rules applicable to Executive Officers

Since 2010, the Executive Officers have at their own request not been awarded any stock options or performance shares. However, the Board of Directors does not rule out awarding stock options or performance shares to Executive Officers in the future, and has set the following rules that would apply in such a case:

- No stock options or performance shares may be granted by reason of an Executive Officer leaving office.
- There is a prohibition on speculative transactions or hedging the risk relating to the exercise of stock options or the sale of performance shares. To the best of the company's knowledge, no Executive Officer has contracted a hedging instrument.
- Executive Officers and salaried directors who wish to sell shares arising from the exercise of options or performance shares are required to confirm with the Group Ethics Officer that they do not hold inside information.
- The value of options awarded to a corporate officer is capped at 100% of his remuneration.
- Caps are imposed on awards made to the Chairman and Chief Executive Officer (no more than 5% of any plan) or to a Deputy Chief Executive Officer (no more than 2.5% of any plan). In light of the appointment of two new Deputy Chief Executive Officers, the Board of Directors reserves the right to reconsider those caps, with the caveat that the total volume of stock options awarded to Executive Officers during a two-year period is capped at 0.25% of the share capital under the terms of the draft resolution submitted for approval by the Combined Annual General Meeting on 27 April 2017.
- Performance conditions must be met by Executive Officers when options are granted (by reference to actual consolidated net profit attributable to the Group for the financial year preceding the award) and exercised (by reference to consolidated net profit attributable to the Group for each of the financial years preceding exercise).

- When awarding stock options or performance shares, the Board of Directors must determine the number of performance shares or shares arising from exercise of options that Executive Officers are required to retain until they cease to hold office. For the most recently awarded stock option plans, Executive Officers were required to retain 25% of the shares they obtained from exercising stock options, after selling a sufficient number of shares to fund the exercise and pay the related taxes and social charges.
- Any transactions must be declared to the Board of Directors.

Rationale for awarding stock options

Ever since 1988, when Bouygues awarded its first stock option plan, the Board of Directors has always opted to use stock options as the mechanism for securing the loyalty of its senior executives and employees and giving them a stake in the Group's future development.

The objective is and always has been to incentivise them through movements in the Bouygues share price, rather than simply to pay them extra remuneration. The rationale for using stock options is borne out by the close correlation observed between trends in the Bouygues share price and trends in net profit attributable to the Group.

To date, no performance share plans have been awarded.

The Board of Directors has asked the Selection and Remuneration Committee to reconsider regularly which is the most appropriate mechanism for securing loyalty and linking incentives to the value of the company's shares.

General information: characteristics of stock subscription options

All the stock subscription options granted by the Board of Directors in 2016 have the following characteristics:

- Exercise price: average of the opening quoted market prices on the 20 trading days preceding the grant date, with no discount.
- Validity: ten years from the grant date.
- Lock-up period: two years from the grant date.
- Exercise period: eight years from the end of the lock-up period (subject to three exceptions whereby options may be exercised at any time within the ten-year period: (i) exercise by heirs within six months following the death of a beneficiary; (ii) change of control of Bouygues, or public tender offer or public exchange offer for Bouygues; and (iii) exercise in accordance with Article L. 3332-25 of the Labour Code using assets acquired under a Group savings scheme.
- Options automatically cancelled in the event of termination of employment contract or loss of office, unless given special authorisation or in the case of permanent incapacity for work or retirement.

5.4.3.2 Stock subscription options awarded to or exercised by Executive Officers and salaried directors in 2016

Options giving entitlement to subscribe for new Bouygues shares were granted in 2016. On 12 May 2016, the Board of Directors decided to grant, on 30 May 2016, a total of 2,697,700 options to 888 beneficiaries^a drawn from among the corporate officers and employees of Bouygues or companies belonging to the Bouygues group.

The exercise price was set at €29 per share subscribed.

As of the grant date, the value per option – measured using the method applied for the purposes of the consolidated financial statements – was €2.4736.

This stock option plan represented 0.78% of the company's share capital as of 30 April 2016.

(a) The Board of Directors authorised the award of 2,790,000 options, of which 92,300 were not ultimately awarded.

Table 6 – Stock subscription options granted to Executive Officers and salaried directors of Bouygues

At their request, the Board did not award any options to Martin Bouygues or Olivier Bouygues.

Stock subscription options were however awarded to salaried directors.

Salaried director	Company awarding the options	Grant date	Number of options	Exercise price €
François Bertière	Bouygues	30 May 2016	80,000	29.00
Hervé Le Bouc	Bouygues	30 May 2016	80,000	29.00
TOTAL			160,000	

No other options were awarded to any salaried director.

Table 7 – Stock subscription options exercised by Executive Officers and salaried directors of Bouygues in 2016

Stock subscription options exercised by Executive Officers of Bouygues in 2016

Name	Plan	Number of options exercised	Exercise price €
Olivier Bouygues	April 2009	101,296	25.62

Stock subscription options exercised by salaried directors of Bouygues in 2016

Name	Plan	Number of options exercised	Exercise price €
Hervé Le Bouc	April 2009	151,943	25.62
	June 2012	97,000	20.11
François Bertière	April 2009	151,943	25.62

5.4.3.3 Performance shares

Table 8 – Performance shares awarded to each Executive Officer

Bouygues did not award any performance shares in 2016.

Table 9 – Performance shares that became available to each Executive Officer during the year

No performance shares became available because the company has not awarded any.

5.4.3.4 Summary of outstanding stock option plans

Table 10 – Breakdown of stock subscription option plans by plan and category of beneficiary

	2016	2015	2014	2013	2012	2011	2010
Date of AGM	21/04/2016	23/04/2015	21/04/2011	21/04/2011	21/04/2011	21/04/2011	24/04/2008
Grant date	30/05/2016	28/05/2015	27/03/2014	28/03/2013	13/06/2012	14/06/2011	30/06/2010
Number of options awarded by the Board of Directors ^b	2,790,000	2,739,600	2,790,000	2,790,000	2,956,025	2,936,125 (2,974,497) ^c	4,145,650 (4,199,015) ^c
	Total: 160,000	Total: 295,000	Total: 375,000	Total: 320,000	Total: 388,000	Total: 388,000 (393,028) ^c	Total: 770,000 (779,975) ^c
• o/w Executive Officers and salaried directors ^{a & b}							M. Bouygues: 160,000 O. Bouygues: 90,000
	F. Bertière: 80,000	F. Bertière: 80,000	F. Bertière: 80,000	F. Bertière: 80,000	F. Bertière: 97,000	F. Bertière: 97,000	F. Bertière: 130,000
	H. Le Bouc: 80,000	H. Le Bouc: 80,000	H. Le Bouc: 80,000	H. Le Bouc: 80,000	H. Le Bouc: 97,000	H. Le Bouc: 97,000	H. Le Bouc: 130,000
• of which the 10 employees awarded the most options	414,500	360,800	289,100	335,800	402,800	404,200 (409,441) ^c	534,000 (540,920) ^c
Pre-adjustment exercise price	€28.997	€37.106	€30.32	€22.28	€20.11	€31.84	€34.52
Post-adjustment exercise price ^b	€28.997	€37.106	€30.32	€22.28	€20.11	€31.43	€34.08
Start date of exercise period	31/05/2018	29/05/2017	28/03/2018	29/03/2017	14/06/2016	14/06/2015	30/06/2014
Date of expiration	30/05/2026	28/05/2025	27/09/2021	28/09/2020	13/12/2019	14/12/2018	30/12/2017
Number of options cancelled or lapsed	8,900	58,400	114,088	173,460	230,273	285,983 ^c	440,288 ^c
Number of options outstanding at 31/12/2016	2,690,300	2,681,200	2,674,363	2,583,725	1,905,305	2,251,690 ^c	3,222,703 ^c
Number of options exercised between 01/01/2017 and 31/01/2017	0	0	187	300	31,302	1,013	0
Total options outstanding at 31/12/2016	18,009,286						

(a) This list only includes Executive Officers and salaried directors currently in office.

(b) As required by law, the exercise price and number of options awarded were adjusted on 15 November 2011 following a share repurchase tender offer.

(c) After adjustment of the number of options on 15 November 2011 following the share repurchase tender offer.

5.4.3.5 Stock subscription options awarded to/exercised by the ten employees awarded/exercising the most options during the year

Table 11 – Stock subscription options awarded to the employees (excluding corporate officers) of Bouygues awarded the most options during the year

Employee	Company awarding the options	Grant date	Number of options	Exercise price €
Pierre Auberger	Bouygues	30 May 2016	9,000	29.00
Jacques Bernard	Bouygues	30 May 2016	15,000	29.00
Philippe Bonnavé	Bouygues	30 May 2016	80,000	29.00
Yann Boucraut	Bouygues	30 May 2016	9,000	29.00
Robert Brard	Bouygues	30 May 2016	9,000	29.00
Gérard Bucourt	Bouygues	30 May 2016	9,000	29.00
Yvon Colleu	Bouygues	30 May 2016	9,000	29.00
Georges Colombani	Bouygues	30 May 2016	15,000	29.00
Philippe Cuenot	Bouygues	30 May 2016	9,000	29.00
Emmanuel Forest	Bouygues	30 May 2016	13,500	29.00
Jean-François Guillemin	Bouygues	30 May 2016	27,000	29.00
Philippe Marien ^a	Bouygues	30 May 2016	80,000	29.00
Gilles Pélisson	Bouygues	30 May 2016	80,000	29.00
Emmanuel Roger	Bouygues	30 May 2016	9,000	29.00
Olivier Roussat ^a	Bouygues	30 May 2016	80,000	29.00
Gilles Zancanaro	Bouygues	30 May 2016	15,000	29.00
TOTAL			468,500	

(a) Philippe Marien and Olivier Roussat were appointed as Deputy Chief Executive Officers on 30 August 2016.

Tableau 11 a – Stock subscription options exercised during 2016 by the ten employees (excluding corporate officers) of Bouygues exercising the most options

Employee	Company awarding the options	Plan	Number of options exercised	Exercise price €
Olivier Roussat ^a	Bouygues	June 2011	8,257	31.43
		June 2012	97,000	20.11
Emmanuel Forest	Bouygues	April 2009	20,260	25.62
Gérard Bucourt	Bouygues	June 2012	8,300	20.11
Robert Brard	Bouygues	June 2011	7,598	31.43
Pierre Auberger	Bouygues	June 2012	7,500	20.11
Pierre Berehouc	Bouygues	April 2009	6,078	25.62
Christine Bonin	Bouygues	June 2011	3,039	31.43
		June 2012	3,000	20.11
Philippe Choyer	Bouygues	June 2011	2,634	31.43
		June 2012	2,600	20.11
Fabrice Bonnifet	Bouygues	April 2009	4,052	25.62
Jean-Gabriel Pichon	Bouygues	April 2009	4,052	25.62
TOTAL			174,370	

(a) Olivier Roussat was appointed as a Deputy Chief Executive Officer on 30 August 2016.

During 2016, 1,696,216 Bouygues stock subscription options were exercised by employees of Bouygues or its subsidiaries, including the ten Bouygues employees listed above.