Registration Document 2008

Business activities and sustainable development

BOUYGUES

Contents

This document is a free translation of the Registration Document filed with the Autorité des Marchés Financiers (AMF) on 9 April 2009 pursuant to Article 212-13 of the AMF General Regulation. It may be used in support of a financial transaction if supplemented by a stock exchange prospectus bearing an AMF visa.

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A solid performance in 2008, confidence and pragmatism for 2009

Bouygues posted a solid performance in 2008, in terms of both sales and profit. Sales and net profit rose by 11% and 9% respectively. Business activity remained strong except at Bouygues Immobilier and TF1. The net gearing of 56% demonstrates a sound financial structure.

Bouygues Construction reported a 14% rise in sales. Compared with a record year in 2007, business activity remained brisk, with a 9% increase in the order book. The jump in sales at **Bouygues Immobilier** in 2008 was due to the high level of reservations in previous years. Following the slump in the property market, the company has given priority to selling off existing programmes, adjusting its costs and adapting its supply to demand. **Colas** reported a further 10% increase in sales and a 3% rise in net profit.

In a severely shaken economic environment, **TF1** continued to be the most-watched TV channel in France but saw a 5% decline in sales. The cost-cutting plan begun in 2008 will be stepped up in 2009.

Bouygues Telecom turned in an excellent performance and, having acquired a DSL network, is now also a fixed-line operator.

Alstom contributed €199 million to Bouygues' net profit. Many joint projects are being studied with Group subsidiaries.

The Board of Directors will ask the Annual General Meeting on 23 April 2009 to approve the payment of a dividend of €1.60 per share, an increase of 7%.

In 2009, pragmatism and reactivity will be the Group's watchwords in an uncertain economic context. I have confidence in our strengths. The range of our business areas and geographical locations will help us to weather the crisis. We are also well-placed to meet fundamental infrastructure needs around the world, supported by stimulus plans in the leading industrialised nations.

Lastly, Bouygues, with its recognised know-how, especially in sustainable development, considers that the environmental requirements introduced in France in the wake of the Grenelle Environment Forum are both opportunities for growth and differentiation factors in the approach to customers.

I should like to thank our shareholders for their confidence and all our employees for their hard work and their commitment.

3 March 2009
Martin Bouygues
Chairman and CEO

The lobby of
Bouygues SA's headquarters

The Group

Management team

at 3 March 2009

Bouygues parent company

Martin Bouygues
Chairman and CEO

Olivier Bouygues
Deputy CEO

Jean-François Guillemin
Corporate Secretary

Philippe Marien
Chief Financial Officer,
Chairman of Bouygues Telecom

Alain Pouyat
Executive Vice-President,
Information Systems
and New Technologies

Jean-Claude Tostivin
Senior Vice-President,
Human Resources
and Administration

Heads of the five business areas

Yves Gabriel
Chairman and CEO,
Bouygues Construction

François Bertière
Chairman and CEO,
Bouygues Immobilier

Hervé Le Bouc
Chairman and CEO,
Colas

Nonce Paolini
Chairman and CEO,
TF1

Olivier Roussat
CEO,
Bouygues Telecom

Board of Directors & simplified organisation chart

at 3 March 2009

BOARD OF DIRECTORS

Chairman and CEO

Martin Bouygues

Executive Director

Olivier Bouygues
Deputy CEO and standing representative of SCDM, director

Directors

Pierre Barberis
Former deputy CEO,
Oberthur Card Systems

Patricia Barbizet
CEO and director, Artémis

François Bertière
Chairman and CEO,
Bouygues Immobilier

Mrs Francis Bouygues

Georges Chodron de Courcel
COO, BNP Paribas

Charles de Croisset
International Advisor
to Goldman Sachs International

Lucien Douroux
Former Chairman of the
Supervisory Board,
Crédit Agricole Indosuez

Yves Gabriel
Chairman and CEO,
Bouygues Construction

Jean-Michel Gras
Director representing
employee shareholders

Thierry Jourdaine
Director representing
employee shareholders

Patrick Kron
Chairman and CEO, Alstom

Hervé Le Bouc
Chairman and CEO, Colas

Helman le Pas de Sécheval
CFO, Groupama

Nonce Paolini
Chairman and CEO, TF1

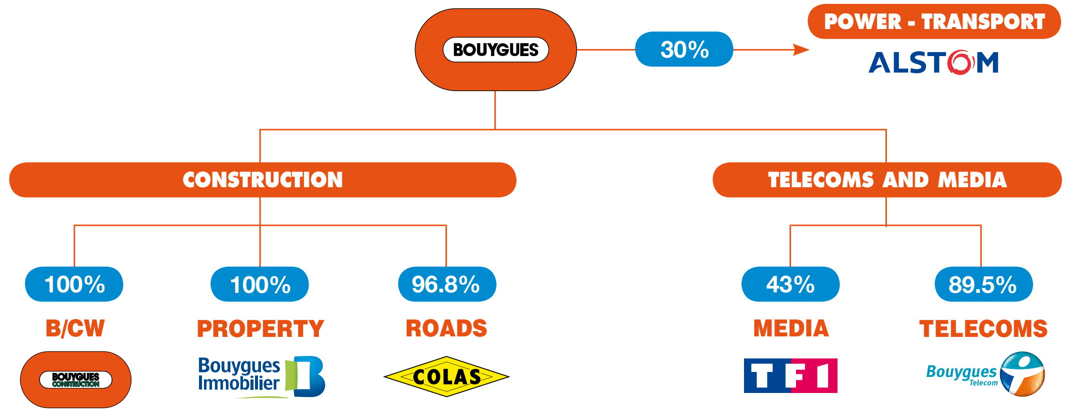
Jean Peyrelevade
Vice-Chairman, Leonardo France

François-Henri Pinault
Chairman and CEO, PPR

Non-voting directors

Philippe Montagner
Alain Pouyat

Simplified organisation chart



BOARD COMMITTEES

Accounts Committee

Helman le Pas de Sécheval (Chairman)
Patricia Barbizet
Georges Chodron de Courcel
Thierry Jourdaine

Selection Committee

Jean Peyrelevade (Chairman)
François-Henri Pinault

Remuneration Committee

Pierre Barberis (Chairman)
Patricia Barbizet

Ethics and Sponsorship Committee

Lucien Douroux (Chairman)
François-Henri Pinault
Jean-Michel Gras

Bouygues and its shareholders

Listed on the Paris Bourse since 1970, Bouygues is one of the market's flagship stocks, as demonstrated by its almost uninterrupted inclusion in the CAC 40 index. Throughout this period, the Group has been committed to involving its shareholders in its developments, combining corporate responsibility with an entrepreneurial spirit.

Communicating with shareholders

In compliance with regulatory requirements, Bouygues is committed to ensuring that all its institutional and individual shareholders have easy access to full, fair, regular and transparent financial information at all times.

Financial press releases

The Group's financial press releases (quarterly financial information, results releases, and news about major financial transactions) are distributed widely and immediately in France and around the world, through news agencies and over the internet. Bouygues issues regulated information through *Les Echos-Comfi,* a service-provider licensed by the Autorité des Marchés Financiers (AMF).

These announcements are also reproduced in notices placed in leading French and international financial, business and investment print media. During 2008, such notices were published in 14 different newspapers and magazines, four of them published outside France (see *Annual Publications,* p. 156).

Website

In line with the Group's commitment to immediacy and equal access to information, the *www.bouygues.com* website provides shareholders with detailed, constantly-updated material about the share price and about the Bouygues group, including key performance indicators and information about its management, businesses, values and latest news.

All press releases issued by the Group and its businesses are available on the site, together with all other documents of interest to shareholders, from annual reports and full financial statements for the past eight years to documents

2009 calendar

- **Thursday 23 April**
  Annual General Meeting
- **Monday 4 May**
  Dividend payment
- **Wednesday 13 May**
  First-quarter 2009 sales
- **Tuesday 2 June**
  First-quarter 2009 earnings
- **Thursday 27 August**
  First-half 2009 sales and earnings
- **Thursday 12 November**
  Nine-month 2009 sales
- **Tuesday 1 December**
  Nine-month 2009 earnings
- **Thursday 3 December**
  FFCI/Cliff shareholder information meeting, Avignon

relating to the Annual General Meeting.

All presentations made to analysts, shareholders and bondholders can also be viewed on the site. Separate sections are devoted to specific issues including sustainable development, corporate governance, financial and CSR ratings, and regulated information (within the meaning of the European Transparency Directive).

The website has a special section for shareholders, containing more accessible and user-friendly information, including a frequently-asked-questions page and details of how to become a shareholder.

Live webcasts of the Group's major results presentations are carried, and recordings are archived on the site.

Shareholders can also contact Bouygues directly via two dedicated e-mail addresses: *investors@bouygues.com* and *servicetitres.actionnaires@bouygues.com.*

Group publications

The Group regularly sends its most important publications (the Registration Document, Bouygues *In Brief,* and the in-house magazine *Le Minorange)* to its shareholders, especially registered shareholders. The Registration Document is also now available on the website in a user-friendly interactive format, helping reduce paper consumption.

Results releases

In line with its commitment to providing financial information on a regular basis, Bouygues publishes quarterly results and quarterly consolidated financial statements. This policy enables shareholders and the broader financial community to monitor the performance of the Bouygues group and its component businesses throughout the year.

In addition, Bouygues publishes detailed financial statements for its five core businesses twice a year, to coincide with the release of the Group's first-half and full-year results.

Meeting investors

Bouygues' senior management arranges regular meetings with shareholders and with the broader financial community in order to establish and foster genuine dialogue.

- Three major meetings are held each year. Two of these coincide with the announcement of Bouygues' full-year and first-half results; the third is the Annual General Meeting, which is held at Challenger, the Group's former corporate headquarters building in Saint-Quentin-en-Yvelines, near Paris. Publication of quarterly results is accompanied by conference calls for institutional investors and financial analysts.
- On 18 November 2008, Bouygues went on the road to meet its individual shareholders at a meeting held in Rouen with the support of the French Federation of Investment Clubs (FFCI) and the French Association of Investor Relations Professionals (CLIFF). The next such meeting is scheduled for 3 December 2009 in Avignon.
- Over 300 contacts a year between Bouygues and investors and analysts from France and abroad help maintain constant dialogue. Outside France, roadshows in key financial centres give the management team an opportunity to meet major international investors, while helping to raise the Group's international profile. During 2008, Bouygues held roadshows in various countries including the United Kingdom, the United States, Germany, Switzerland, the Scandinavian countries and the Netherlands.
- Bouygues also takes part in sector conferences aimed at French and international institutional investors.
- Bouygues shares are covered by the leading French and foreign brokers. In all, 19 financial analysts, mainly telecoms specialists, were covering Bouygues at the end of 2008.

Posting of analysts' consensus on the website

Before each results release, Bouygues collates and formally releases estimates made by the sell-side analysts who cover the company.

The aim is to provide the market with the most reliable and representative consensus possible.

Bouygues posts the consensus on the corporate website ahead of the release, so that all interested parties (investors, analysts, shareholders and journalists) have access to it simultaneously.

The following data are collected:

- Sales
- EBITDA
- Operating profit
- Net profit attributable to the Group

Procedure

All the analysts' estimates are sent to Bouygues electronically.

The average, median, maximum and minimum of the sample are published.

All the analysts' contributions are made anonymously, and the company makes no comment on them, in compliance with stock market regulations.

Registered share service

Since 1990, Bouygues has provided a registered share service offering free account-keeping to holders of fully registered shares, who also receive regular information from the Group and have direct access to the company. All holders of registered shares (whether fully registered or administered) enjoy double voting rights once their shares have been held in this form for more than two years. Shareholders wishing to hold their shares as registered shares should contact their financial intermediary.

Registered share service contact:

Tel.: +33 1 44 20 11 07
+33 1 44 20 10 73
Fax: +33 1 44 20 12 42
Toll-free: 0805 120 007
(from fixed lines in France)
E-mail:
servicetitres.actionnaires@bouygues.com

Creating value

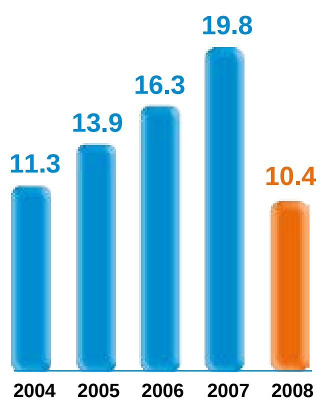
Market capitalisation

Bouygues ended 2008 with a market capitalisation of €10.4 billion, 47% lower than at the end of 2007, in a tough stock market environment. The cancellation of shares acquired by Bouygues meant that the number of shares comprising the share capital was slightly lower year on year. The share price fell by 47% in 2008,


Bouygues' Annual General Meeting held at Challenger

broadly in line with the CAC 40 index, which lost 43% – the worst performance in its history.

Market capitalisation
€ billion, at 31 December

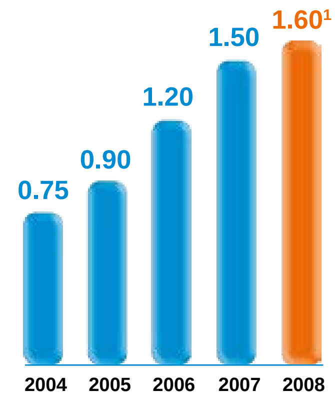


Dividend

Every year since 2003, Bouygues has increased the dividend paid to its shareholders, with dividend growth tracking the rate of growth in recurring net profit. On 3 March 2009, the Board of Directors decided to ask the Annual General Meeting to approve a substantially higher dividend for 2008: the proposed dividend of €1.60 per share represents a 7% increase on the 2007 dividend of €1.50. This proposal reflects the Group's commitment to increase shareholder returns over the long term. This would give a payout ratio of 37%.

At the start of 2005, Bouygues made an exceptional payout of €5 per share, returning a total of €1.7 billion – equivalent to 15% of the market capitalisation at the time – to the shareholders.

Ordinary dividend
€ per share



[1] *To be proposed to the AGM on 23 April 2009*

Share buybacks

Bouygues has a policy of repurchasing its own shares on the market in order to optimise return on equity and offset the dilutive effect of newly-issued shares.

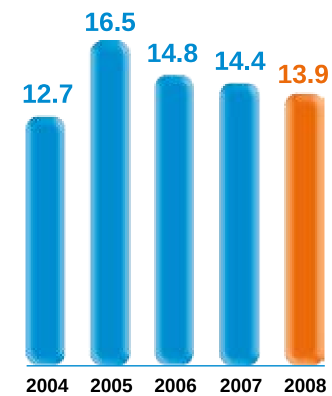
During 2008, the Group acquired and cancelled 7 million of its own shares, to offset the dilutive effect of the *Bouygues Confiance 4* employee share ownership plan (December 2007 and January 2008) and of the issuance of shares on the exercise of stock options.

Return on Capital Employed (ROCE)

One way to measure the value created by a business is to compare the return generated by the capital employed in the business (equity contributed by shareholders and debt provided by banks) with the cost of capital.

In 2008, the Bouygues group reported ROCE of 13.9%, lower than in 2007, mainly due to acquisitions of additional Alstom shares during the year to maintain the Group's stake at around 30%. Over the last twelve years, Bouygues has significantly improved ROCE, from just 8.6% in 1996.

ROCE[1]
(%)



[1] *ROCE = (current operating profit after tax + share of profits/losses of associates) ÷ average capital employed*

NB: average capital employed = shareholders' equity + debt

Share ownership at 31 December 2008

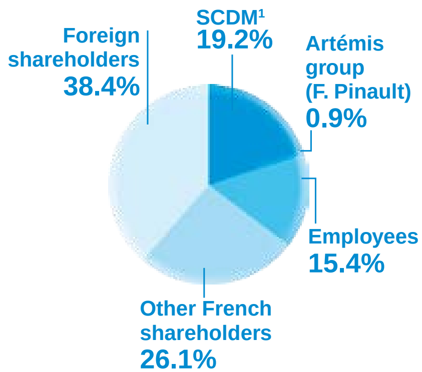
During 2008, there were two minor changes in the ownership structure of Bouygues SA. Firstly, the interest held by employees increased from 14.2% to 15.4%.

Secondly, the stake held by SCDM, a company controlled by Martin and Olivier Bouygues, rose from 18.2% to 19.2% following purchases of shares on the market during the year.

There was no significant change in French or foreign institutional shareholdings.

The difference between percentage ownership and voting rights is due to the fact that long-term investors who hold their shares in registered form for more than two years are given double voting rights.

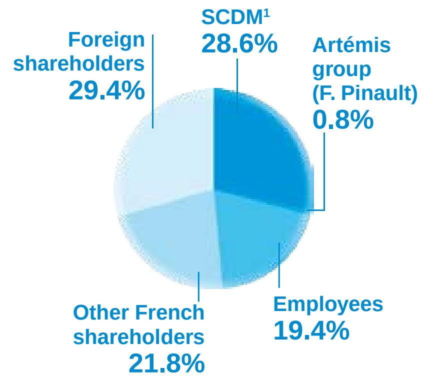
Share ownership
at 31 December 2008



Number of shares: 342,818,079

[1]SCDM is a company controlled by Martin and Olivier Bouygues.

Voting rights
at 31 December 2008

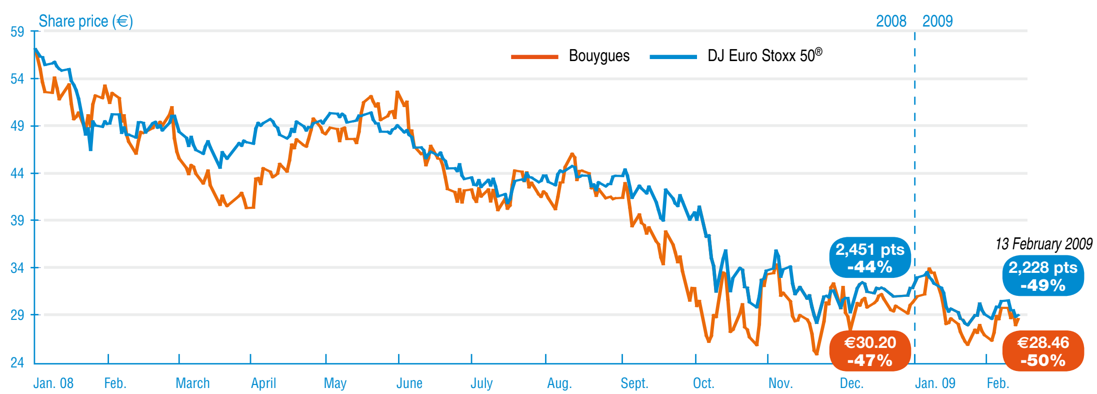


Number of voting rights: 448,594,717

Stock market performance since January 2008

Over 2008, the Bouygues share price fell by 47%, in line with the 43% drop in the CAC 40 index and the 44% fall in the DJ Euro Stoxx® 50 (an index comprising the 50 largest capitalisations in the euro zone, which does not include Bouygues). Since September 2008, the escalating financial crisis has accelerated the decline in all equity markets.

Stock market performance in 2008



Bouygues share factsheet

- **Listing:** Euronext Paris (compartment A)
- **ISIN code:** FR0000120503
- **Identification codes:**
  Bloomberg: EN:FP
  Reuters: BOUY.PA
- **Par value:** €1
- **Stock market indices:**
  - CAC 40, FTSE Eurofirst 80
  - Dow Jones Stoxx 600
- **CSR indices:**
  - Euronext FAS – IAS (Employee Shareholding Index)
  - ECPI Ethical Index Euro
  - Vigeo ASPI Eurozone® sustainable development index
  - Euronext Low Carbon 100 index
- **Sector classification:**
  - MSCI/S&P indices: Communication and Engineering (new classification)
  - FTSE and Dow Jones indices: Construction & Materials
- Eligible for deferred settlement service (SRD) and French equity savings plans *(PEAs)*

Contact

Anthony Mellor
Investor Relations Director
Tel.: +33 1 44 20 12 77
Address: 32 Avenue Hoche
75008 Paris, France
E-mail: *investors@bouygues.com*

Key figures

FINANCIAL HIGHLIGHTS

€ million	2007	2008	2008/2007
Sales	29,588[a]	**32,713**	+11%
EBITDA[b]	3,601	**3,827**	+6%
Current operating profit	2,163	**2,230**	+3%
Operating profit	2,181	**2,230**	+2%
Net profit attributable to the Group	1,376	**1,501**	+9%
Return on capital employed (ROCE)[c]	14.4%	**13.9%**	-0.5 pts
Cash flow	3,519	**3,615**	+3%
Net capital expenditure	1,679	**1,779**	+6%
Free cash flow[d]	972	**954**	-2%
Shareholders' equity (period-end)	8,205	**8,765**	+7%
Net debt (period-end)	4,288	**4,916**	+15%
Net gearing (period-end)	52%	**56%**	+4 pts
Net dividend (€ per share)	1.5	**1.6[e]**	+7%
Number of employees	137,500	**145,150**	+6%

[a]Applying the same accounting policy as in 2008, excluding TF1 third-party sales (€25m in 2007). [b]Current operating profit excluding net depreciation and amortisation expense and changes in provisions, and impairment losses (after reversals of utilised and non-utilised provisions and of impairment losses). [c]ROCE = the ratio of (i) current operating profit after tax and share of profits/losses of associates to (ii) average capital employed (i.e. shareholders' equity plus debt). [d]Cash flow minus (i) cost of net debt, (ii) income tax expense for the year and (iii) net capital expenditure. [e]To be submitted for approval by the Annual General Meeting on 23 April 2009.

Bouygues turned in a solid performance in 2008, in terms of both sales and profit. Sales rose by 11% to €32.7 billion, while current operating profit was up 3% at €2.2 billion and net profit for the year was 9% higher at €1.5 billion.

The difference between operating profit and current operating profit in 2007 comprised €18 million of reversals of non-current provisions, mainly at Bouygues Construction.

The investment in Alstom had a total impact of €199 million on the Group's net profit in 2008.

Dividend

In 2008, Bouygues again increased the returns paid out to its shareholders. Thanks to the year's fine results, the Group is proposing a further rise in the dividend.

The Board of Directors will ask the Annual General Meeting, to be held on 23 April 2009, to approve a dividend of €1.60 per share, a year-on-year increase of 7%. The ex-rights date, record date and payment date will be 28 April, 30 April and 4 May 2009, respectively.

Healthy balance sheet

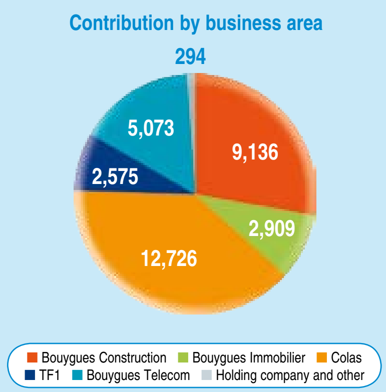
Net debt was €4.9 billion at 31 December 2008, up 15%. Shareholders' equity was €560 million higher at €8.8 billion. Net gearing stood at 56%. Cash flow rose by 3% to €3.6 billion. Free cash flow remained high at €954 million, and close to the 2007 level, despite increased capital expenditure by Bouygues Telecom.

Standard & Poor's confirmed the Group's A- rating with a stable outlook in June and October 2008.

SALES

€32.7 billion (+11%)

[1]Applying the same accounting policy as in 2008, excluding TF1 third-party sales (€25m in 2007).



Bouygues group: Consolidated sales for 2008 were €32.7 billion, up 11% on 2007 both in France and internationally, and 9% higher on a like-for-like basis and at constant exchange rates.

Bouygues Construction: Sales were up sharply at €9,497 million, a rise of 14% (13% on a like-for-like basis and at constant exchange rates). Sales advanced by 9% in France and 21% internationally.

Bouygues Immobilier: Sales surged by 41% to €2,924 million, or by 40% on a like-for-like basis and at constant exchange rates, driven by the high level of reservations in 2006 and 2007.

Colas: Sales reached €12,789 million, an increase of 10% (8% on a like-for-like basis and at constant exchange rates). Sales rose by 5% in France and 16% internationally.

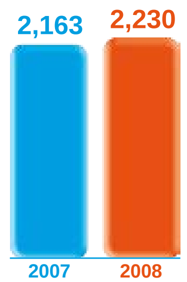
TF1: Sales for the year fell by 5% to €2,595 million. Net advertising revenue for the TF1 core channel was 4% lower at €1,647 million.

Bouygues Telecom: Sales advanced by 6% to €5,089 million, with sales from network up 5% to €4,696 million.

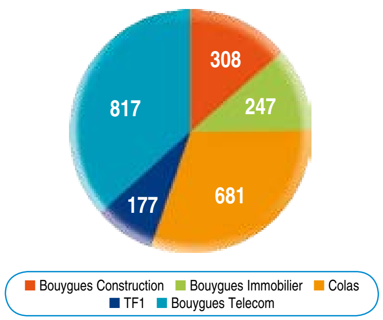
Over the five years from 2004 to 2008, Group sales have risen by 57%.

CURRENT OPERATING PROFIT
€2,230 million
(+3%)

€ million



Contribution by business area



Excluding TF1, the Bouygues group reported 10% growth in current operating profit.

Current operating margins at Bouygues Construction and Colas were slightly lower than in 2007.

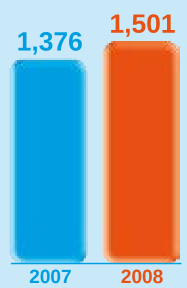
The drop in profitability at Bouygues Immobilier, which accelerated in the fourth quarter, was due to the impact of the crisis and the launch of an action plan in response to the new market conditions.

Despite the costs incurred on the launch of its fixed-line service, Bouygues Telecom posted a 10% rise in current operating profit.

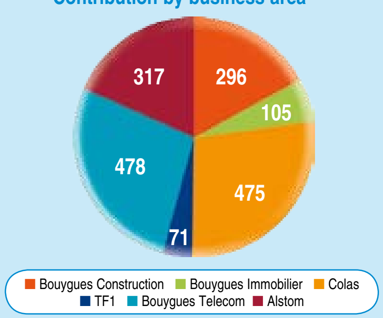
Over the five years from 2004 to 2008, Group current operating profit has risen by 43%.

NET PROFIT ATTRIBUTABLE TO THE GROUP
€1,501 million
(+9%)

€ million



Contribution by business area[1 & 2]



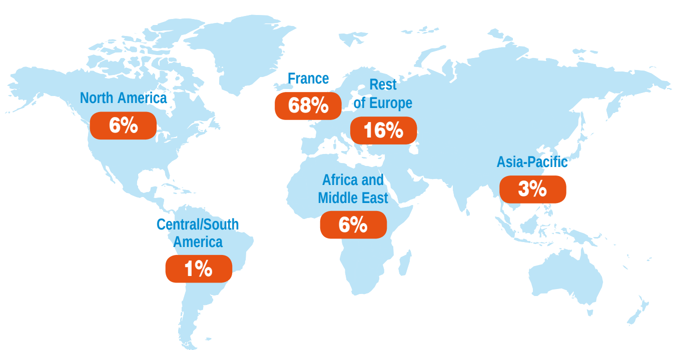
[1] "Holding company and other" reported a net loss of €241 million.
[2] Alstom is accounted for as an associate, its contribution appears on the net profit line only.

Net profit attributable to the Group was 9% higher year on year at €1,501 million. "Holding company and other" showed a higher loss than in 2007 due to a drop in the fair value of financial instruments held in connection with employee share ownership plans.

There was a substantial increase in the contribution to net profit made by Alstom (accounted for as an associate by the equity method), which rose by 70% to €317 million.

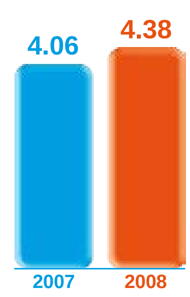
Over the five years from 2004 to 2008, net profit attributable to the Group has doubled.

SALES BY REGION IN 2008



EARNINGS PER SHARE
€4.38
(+8%)

€ per share



Earnings per share was €4.38, 8% higher than the reported figure for 2007.

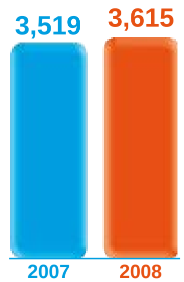
The average number of shares outstanding was slightly higher in 2008 than in 2007 due to the issuance of shares under the *Bouygues Confiance 4* employee share ownership plan.

Over the five years from 2004 to 2008, recurring earnings per share has doubled.

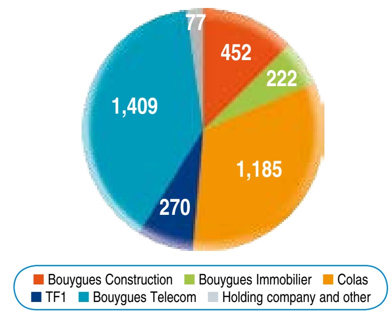
CASH FLOW

€3,615 million (+3%)

€ million



Contribution by business area



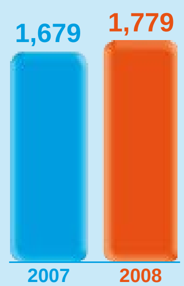
In 2008, consolidated cash flow remained at a high level, rising by 3% year on year. Bouygues retains substantial capacity to fund its future development.

All the business areas, except TF1, contributed to this increase in cash flow.

NET CAPITAL EXPENDITURE

€1,779 million (+6%)

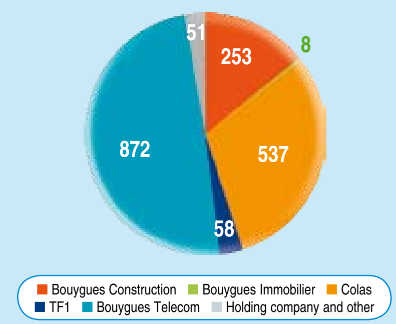
€ million



Net capital expenditure by the Bouygues group in 2008 was €100 million higher year on year.

During 2008, capital expenditure by Bouygues Telecom reached an exceptionally high level, rising by 46% to €872 million due to the accelerated rollout of the 3G+ network and the acquisition of a DSL network on 30 June 2008. These investments are intended to enhance Bouygues Telecom's ability to launch attractive commercial offers: the company's 3G+ network will cover 75% of the French population by the summer of 2009. From here on, capital expenditure by Bouygues Telecom will gradually return to the level of previous years.

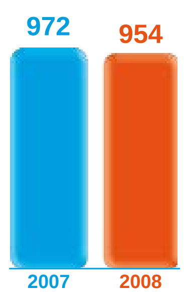
Contribution by business area



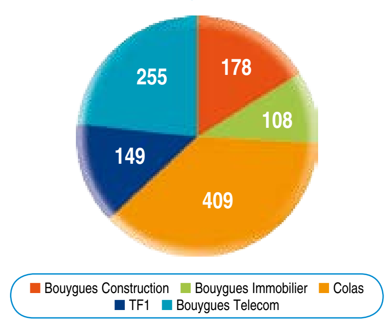
FREE CASH FLOW

€954 million (-2%)

€ million



Contribution by business area[1]



[1] "Holding company and other" reported negative free cash flow of €145 million.

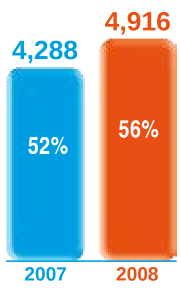
Free cash flow represents the ability of the Group to generate surplus cash after financing the cost of debt, income taxes, and net capital expenditure. It is calculated before changes in working capital requirements.

Bouygues generated cash flow of €3,615 million in 2008, up 3%. After deducting the cost of net debt (€277 million), income tax expense for the year (€605 million) and net capital expenditure (€1,779 million), free cash flow was a healthy €954 million – close to the 2007 figure, despite the increase in capital expenditure at Bouygues Telecom.

NET DEBT
€4,916 million (+15%)

Net gearing

€ million



Bouygues' financial position remained healthy at end-2008: net debt was €4.9 billion, or 56% of equity.

- **Bouygues Construction:** Net cash of €2,592 million, representing a further year-on-year increase of €142 million, thanks to growth of the construction activity that remains cash-positive.
- **Bouygues Immobilier:** Net cash of €1 million, versus net debt of €2 million at end-2007. This is a very healthy position for a property developer, and reflects careful working capital management.
- **Colas:** Net debt of €6 million, versus net cash of €347 million at end-2007. This reflects increased working capital requirements due to the initial effects of the French Economic Reform Act *(LME – Loi de la Modernisation de l'Économie)* and to a policy of storing bitumen.
- **TF1:** Net debt of €699 million, €102 million higher than at end-2007.
- **Bouygues Telecom:** Net debt of €107 million, versus net cash of €188 million at end-2007, largely as a result of increased capital expenditure.
- **Holding company & other:** Net debt was virtually unchanged year on year at €6,697 million, an increase of just €23 million.

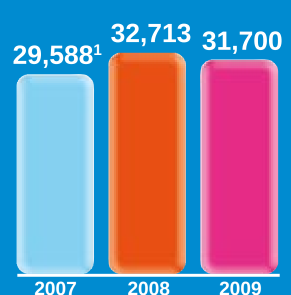
A seven-year €1 billion bond issue, carried out successfully on 3 July 2008, enabled Bouygues to proceed with the early refinancing of the redemption in May 2009 of a bond issue for the same amount.

As of 31 December 2008, Bouygues had €8.4 billion of available cash, comprising €3.4 billion in cash and €5 billion in undrawn credit facilities.

In view of this healthy position, combined with the well-spread debt repayment schedule (most of which is fixed-rate) and excellent liquidity, Standard & Poor's has reiterated its A- rating with a stable outlook for Bouygues.

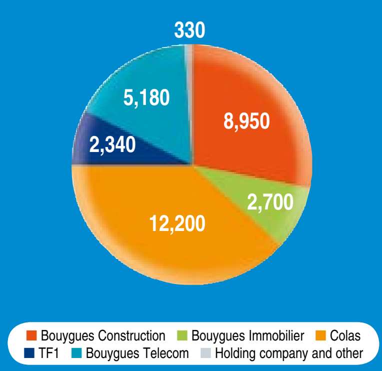
2009 SALES TARGETS
€31.7 billion (-3%)

€ million



[1]Applying the same accounting policy as in 2008, excluding TF1 third-party sales (€25m in 2007)

Contribution by business area



In response to the uncertain economic outlook, Bouygues and its business areas have adopted a pragmatic and responsive approach, setting an overall sales target for 2009 of €31.7 billion (down 3%).

However, the Group's business areas will nonetheless benefit from:

- growth in the world infrastructure market, driven by deep-seated trends and fundamental needs;
- economic stimulus plans in France, the rest of Europe and the USA targeting the construction sector;
- tougher environmental requirements, especially the Grenelle Environment law in France, which become commercial differentiation factors for Bouygues.

Thanks to the range of its business areas and geographical reach, the Bouygues group is well-armed to weather the crisis.

Sustainable development, research and innovation, human resources

Bouygues launched its first national corporate advertising campaign in November 2008 on the theme of sustainable development. The eight visuals illustrate the Group's social, societal and environmental values. Above, the visual for the Francis Bouygues Foundation, which helps motivated high-school leavers facing financial difficulty to continue their studies.

Bouygues has implemented a proactive and structured sustainable development strategy since 2006, drawing on its corporate culture and its research and innovation resources.

Sustainable development in the Group

Our convictions and our policy

Sustainable development is an integral part of the Bouygues group's strategy and that of all its businesses. Since 2006, the parent company and its subsidiaries have been following roadmaps related to the challenges they face, incorporating measurable targets.

The sustainable development challenges facing the Group vary from one business to another and policies therefore have to be adapted accordingly. The Group's parent company sustainable development department, headed by deputy CEO Olivier Bouygues, oversees group-wide projects and ensures that the Group continues to move forward, especially by sharing best practices. The Group regards sustainable development as a source of opportunities and views the new regulatory requirements, mainly introduced as part of the Grenelle laws in France, as a source of growth.

Sustainable construction

Construction is one of the industries most concerned by global warming. As such, Bouygues is anticipating future construction standards, especially those introduced by the Grenelle laws in France. The Bouygues group's construction businesses (Bouygues Construction, Bouygues Immobilier and Colas) have already started to develop technologies that will enable them to design and build low-energy consumption and positive-energy buildings and to improve thermal engineering techniques applied to renovation projects (see the Bouygues Construction, Bouygues Immobilier and Colas sections on this subject).

In 2008, Bouygues developed *Bypedia,* a Web 2.0 collaborative extranet site devoted to sustainable construction. Open to all Group employees, the site provides an opportunity to pool best practice, publish articles that can then be revised and create online working groups on sustainable construction issues like photovoltaic panels, soundproofing, responsible purchasing, etc.

Carbon strategy

A groupwide strategy for reducing CO_2 emissions was defined in 2007. A number of specific software products (CarbonEco™, ÉcologicieL) were developed in 2008 to calculate the carbon balance of construction and roadbuilding projects in both the construction and operational phases. The software is designed to incorporate carbon requirements into tenders so that clients can be offered eco-variants.

In 2009, the Group will draw up the rules of its carbon accounting system with the aim of measuring the direct greenhouse gas emissions of its operating units and calculating the carbon footprint of the Bouygues group as a whole.

The Group's businesses have also taken practical, measurable steps to cut the CO_2 emissions of their vehicle fleets, for example by opting for diesel and the smallest engine sizes and by changing qualification criteria for a company car. An on-line eco-driving training module has also been made available to all employees as part of a road-safety software package.

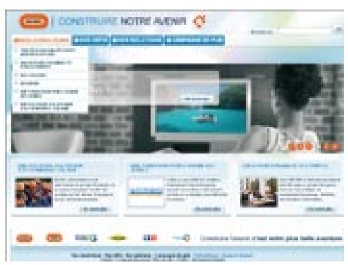
Abby self-assessments

Bouygues SA has developed self-assessment software since 2002. Dubbed Abby, the software enables executives at management committee level to compare themselves with the European Foundation for Quality Management (EFQM) model, using an electronic voting system. Tracking and updating managerial best practice and incorporating a sustainable development element, Abby covers the main contributing factors to measurable overall performance, divided into a number of separate criteria. The self-assessment exercise helps to identify an organisation's strengths and areas for improvement. The steps needed to achieve progress are then discussed and ranked by order of importance. Seven Abby self-assessments were performed in the Group in 2008. Bouygues was a partner and sponsor of the EFQM Forum held in Paris in October 2008.

SRI

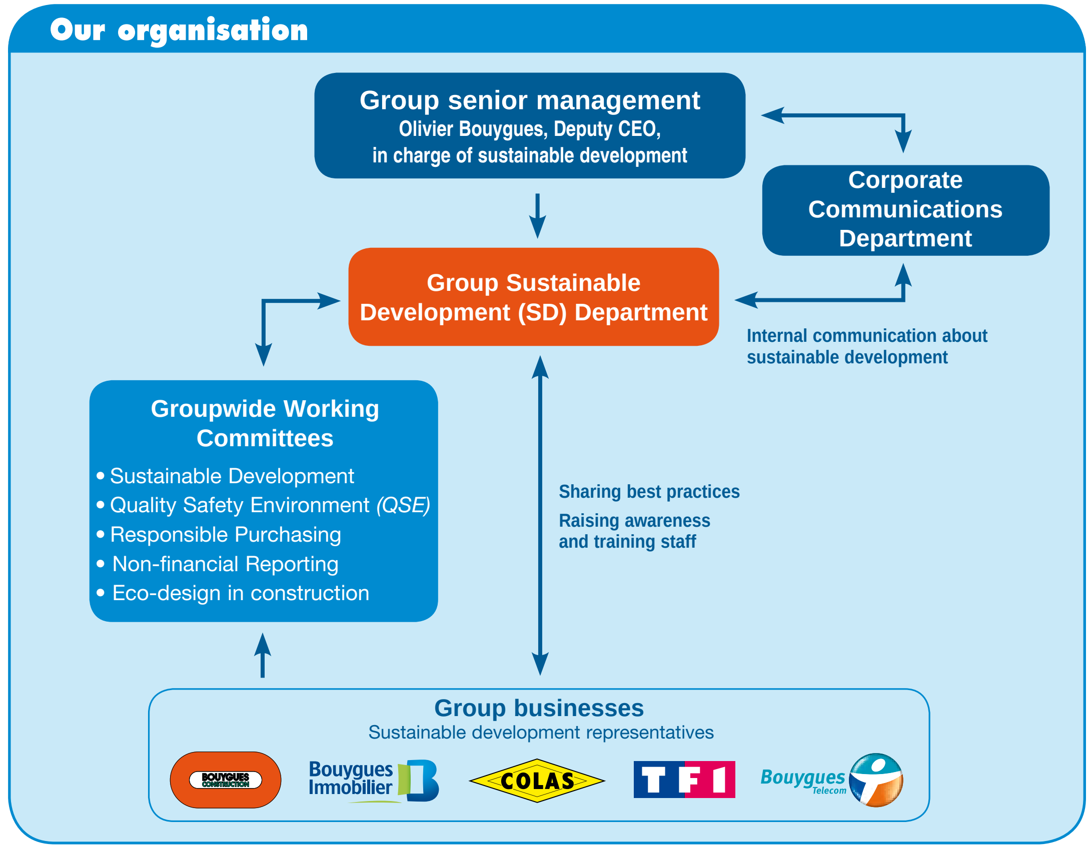
Bouygues is included in four socially responsible investment (SRI) indices: Aspi Eurozone®, ECPI Ethical index, Ethibel Sustainability Index and Low Carbon 100 Europe.

Communication



The Group's policy and actions are regularly explained in the in-house publications of Bouygues *(Le Minorange* magazine and *Challenger Express,* a bi-monthly newsletter) and its subsidiaries. In the Novethic ranking of February 2009, Bouygues was the third ranked CAC 40 company in terms of the extent of employee involvement in sustainable development. In 2008, Bouygues also launched a press and internet corporate communication campaign under the slogan *Building the future is our greatest adventure,* highlighting its sustainable development initiatives. A website, *www.construirenotreavenir.com,* has been launched to back up the campaign and provide more information about the Group's actions and solutions.

The websites of the Bouygues group's subsidiaries also contain comprehensive information about the sustainable development challenges they face and the action they are taking to address them. A list of these sites is available on the *www.construirenotreavenir.com* website ("Media Library" page).



Sponsorship

For almost 20 years, the Bouygues group has played an active part in the economic and social development of the regions and countries in which it operates, through economic action, support for social initiatives and sponsorship. Bouygues SA's sponsorship focuses on education, medical research, social and humanitarian causes and culture.

The Francis Bouygues Foundation, created in June 2005, carries out actions of community-interest in the educational

Bouygues is sponsoring the restoration of works on the Hôtel de la Marine in Paris

sphere. It aims to help motivated high-school leavers facing financial difficulties to enter higher education and achieve an ambitious career plan.

Over 170 students were recipients of grants from the Francis Bouygues Foundation at 1 September 2008.

Other projects sponsored by Bouygues SA include restoration of the Hôtel de la Marine on the Place de la Concorde in Paris. The Group is financing and carrying out restoration work on the peristyle, the Gilded Hall and the two State reception rooms of the Hôtel de la Marine, a listed building, under a skills sponsorship agreement concluded on 26 April 2006 with the Ministry of Defence and the Ministry of Culture. Worth €6.2 million, it is the biggest skills sponsorship project in Paris. Bouygues was awarded the Ministry of Culture's Distinguished Cultural Patron medal in February 2009.

Employee share ownership

Bouygues is the French CAC 40 company with the highest level of employee share ownership. At end-2008, employees held 15.4% of the company's capital and 19.4% of the voting rights through a number of mutual funds and are Bouygues' second-largest shareholder group. Over 50,000 employees own Bouygues shares.

Ethics and training

Bouygues provides its managers with regular training in ethics and sustainable development. Courses on Respect and Performance and Corporate Social Responsibility were attended by 60 and 82 managers respectively in 2008. Over 500 managers have attended the Development of Bouygues Values seminar since its inception in 2002. The Code of Ethics, launched in 2006 and disseminated throughout the Group, is one of Bouygues' internal control measures. In addition to the Ethics and Sponsorship Committee, which meets two or three times a year under the chairmanship of Lucien Douroux, an independent director, ethics officers were appointed in each business area in 2008.

Outlook for 2009

- Creation of a working group on eco-design in construction, incorporating biodiversity amongst other things.
- Deployment of the CarbonEco™ software product in Group businesses and development of a carbon accounting system for the Group.
- Support for subcontractors and training in new sustainable construction technologies for Group staff.
- Continuation of Group actions for responsible purchasing, non-financial reporting, Quality Safety Environment *(QSE)* and environmental communication.

In 2008, Bouygues also drew up a CSR (Corporate Social Responsibility) Charter for suppliers and subcontractors, downloadable at *www.bouygues.com.*

The Minorange Guild

The Minorange Guild, created by Francis Bouygues in 1963 to recognise achievement in the construction trades, had 1,075 members in 16 orders at 1 January 2009.

Finagestion

Finagestion, a Bouygues subsidiary, took over Saur's African activities when the company was sold in 2004. A number of CSR (corporate social responsibility) initiatives launched in 2007 were continued in 2008. In Ivory Coast, a micro-credit and savings policy was introduced for employees of CIE (Compagnie Ivoirienne d'Électricité) and Sodeci (water services). The Mutuelle des Agents de l'Eau et de l'Électricité, a mutual society created in October 2006, offers simple saving schemes and soft loans, including to employees unable to make a personal contribution. In Senegal, Sénégalaise des Eaux (SDE) has provided several local organisations with reconfigured computers to help close the digital divide. SDE is also supporting the implementation of an environment management system on Goree Island, off the Senegalese coast.

Research and innovation

The culture of innovation at Bouygues is directed towards the creation of high value-added products and services in all the Group's businesses. The Group's innovation approach focuses on the development of new products and materials and, to a very considerable extent, involves combining products and services in order to provide an integrated response to customer demand.

Innovation initiatives are closely linked to the particular features of each business and concentrate on finding operational solutions. Most of the Group's research, development and innovation teams are housed within its subsidiaries.

The Group spent €121 million on research and development in 2008.

The key features of the Bouygues group's innovation approach are:

- involving as many staff as possible in the quest for innovative solutions;
- promoting exchanges between players inside and outside the Group.

In order to facilitate exchanges within the Group, in 2005, Bouygues created an Innovation function which brings together some 450 managers from its different businesses in forums that include information seminars and committees focusing on specific issues.

Cooperation between business areas is systematically sought on practical projects put forward by subsidiaries in order to reap maximum benefit from groupwide expertise. In addition to these projects, structured work is carried out on strategic cross-cutting themes. Three such themes were the subject of particular study in 2008: sustainable construction, telecoms/internet/media convergence and the organisation of cooperation with start-ups.

To nurture and develop this innovation culture, each business regularly organises innovation events and forums to showcase their latest achievements and shine the spotlight on employees who have made particularly valuable contributions.

The e-lab

To support innovation within the Group, Bouygues SA offers various services to its businesses through the e-lab, a specialised unit. E-lab services focus on two areas in particular:

- decision support in order to improve the efficiency of complex processes and adjust product and service pricing to the market. Examples include filling advertising slots for TF1, optimising the financial aspect of PPP tenders for Colas and ETDE and planning marketing campaigns for Bouygues Telecom;
- new technologies that can pave the way for innovative products and services, such as the lighting column of the future for ETDE, an internet content recommendation engine, advice on optimising the energy consumption of buildings, etc.

The e-lab has also been given two important assignments for the Group:

- to speed up the assimilation of new technologies in the Group's business areas through extensive cooperation with start-ups, research institutions and other companies;
- to organise and coordinate the Group's Innovation function.

Sustainable development and R&D in the Group's business areas

Human resources

Operating in 80 countries, the Bouygues group has 145,150 employees, of which 20% are managerial, 27% are clerical and technical and 53% are site workers.

It has 77,300 employees resident in France and 67,850 outside France.

The Group will have integrated over 68,000 new employees between 2006 and 2009, 41,000 of them in France. Bouygues Construction and Colas account for over 80% of new hires.

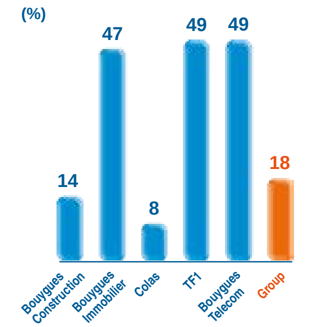
The Group makes a very considerable effort to recruit, integrate and train new staff in order to ensure generation-renewal and adapt skills to ongoing developments in its business areas.

145,150 employees (+5.5%) at 31 December 2008

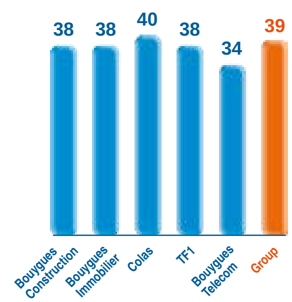
Job category

77,300 employees in France
(53% of the workforce)
95% on permanent contracts
5% on fixed-term contracts

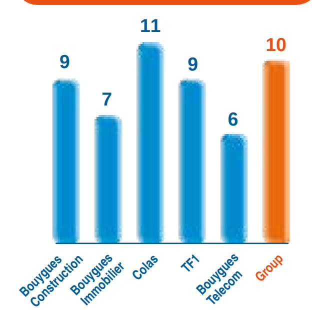
Proportion of women by business area in France



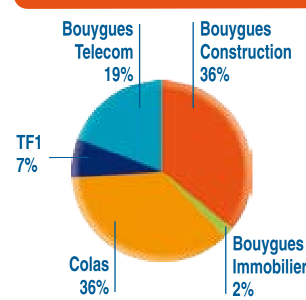
Average age in France: 39

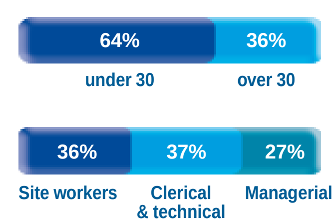


Average seniority in France: 10 years



11,400 people hired in France in 2008



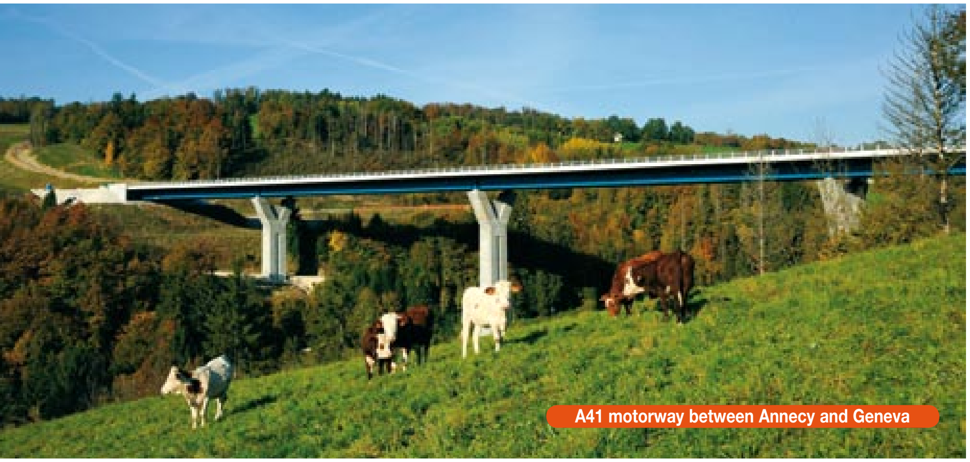


Franck Fontaine,
site superviser
at Bouygues Construction

Business activities and sustainable development

Full-service constructor

Good commercial and financial performance in 2008



A41 motorway between Annecy and Geneva

Bouygues Construction is one of the world's leading construction firms, operating in building, civil works and electrical contracting and maintenance. Combining the strength of a large group with the responsiveness of a network of companies, its know-how includes project financing, design, construction, operation and maintenance.

Highlights

PPP/PFI/concession projects
- Pusan port in South Korea (€217m).
- Bourgoin-Jallieu teaching hospital in France (€196m).
- Surrey Hospital in Canada (€99m).

Major contracts concluded
- Hotel in Turkmenistan (€270m).
- Mozart Tower and Eqwater office buildings[1] (€204m).
- Quayside Hotel in Singapore (€106m).

Projects under construction
- Gautrain rail link in South Africa (€625m).
- Cyprus airports (€515m).
- First Tower in La Défense[1] (€335m).

Completed projects
- A41 Annecy-Geneva motorway (€523m).
- Sail@Marina residential tower blocks in Singapore (€141m).
- Machang Bridge in South Korea (€96m).

Sustainable development
Creation of a sustainable construction skill centre.

[1]Paris region

2008 sales
€9,497m
(+14%)

Current operating margin
3.2%
(-0.3 pts)

Net profit attributable to the Group
€297m
(+4%)

Order book
€12.3bn
(+9%)

Employees
53,700

2009 sales target
€9,300m
(-2%)

Resilient business activity

Order intakes high at €10,668 million, €413 million less than in 2007

In France, order intakes rose by 7% to €6,142 million. Impetus came from the building segment in the Paris region and Public-Private Partnership (PPP) and concession projects for public infrastructure, especially hospitals, justice facilities, public transport and street lighting.

Order intakes outside France remained very high at €4,256 million, though 16% lower than the record level attained in 2007, a year marked by four exceptional projects.

Sharp rise in sales to €9,497 million (up 14%)

Bouygues Construction recorded sales growth of over 10% in 2008 for the fifth year running, driven by a 9% rise in France to €5,384 million and a 21% increase on international markets to €4,113 million.

Net profit up 4% to €297 million

Current operating profit was higher than in 2007 at €308 million. The rise in financial income to €98 million was due to an increase in the average net cash position. After a tax charge of €114 million, net profit attributable to the Group amounted to €297 million in 2008, representing 3.1% of sales.

Continued rise in net cash to €2,592 million, up €142 million

Bouygues Construction saw its net cash position increase by €142 million to just short of €2.6 billion, helping to further strengthen its financial structure.

A decrease in net capital expenditure from €382 million in 2007 to €256 million

After three years of strong growth, net capital expenditure fell back from its 2007 level to €253 million. Investments were mainly assigned to construction works and Axione's broadband networks.

Financial and other investments amounted to €3 million compared with €86 million in 2007 under the combined effect of slower external growth and sale of the stake in Aka, the concession-holder for the M5 motorway in Hungary.

A proactive sustainable development policy

The company took proactive measures

in 2008 to incorporate sustainable development into its core business, including the creation of a sustainable construction skills centre. As well as supervising research and development on the subject, the centre is responsible for ensuring that knowledge is shared throughout the group and has also designed several low-energy consumption (50 kWh/sq m/year) and positive-energy buildings.

Building and civil works

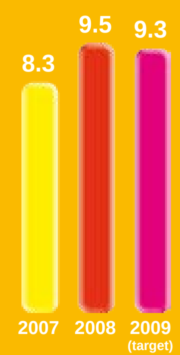
Building and civil works generated total sales of €7,849 million in 2008, an increase of 18%. In France, all group entities contributed to a 12% rise in sales to €4,204 million. Internationally, Bouygues Construction operates in 79 countries. International operations generated sales of €3,645 million in 2008, up 26% on 2007.

France

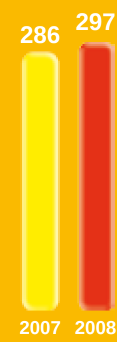
2008 sales: €4,204m
2008 order intakes: €4,638m

After 11 years of growth, the construction market in France, worth €205 billion, shrank by 2% in 2008. This moderate decline was linked to lower investment in civil works in the post-electoral period. However, new housing and non-residential construction starts fell back sharply, by 16% and 19% respectively over one year.

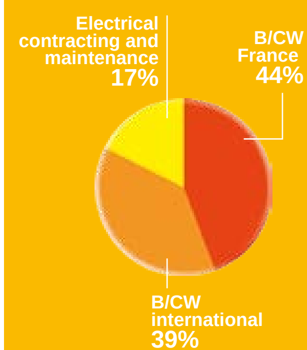
Sales
€ billion



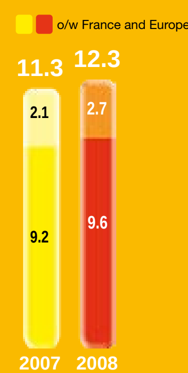
Net profit
€ million



Sales
by segment

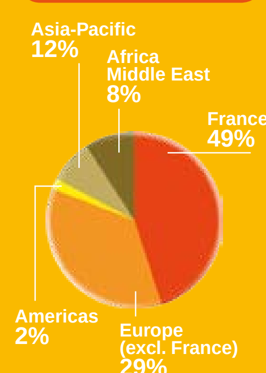


Order book
€ billion



Net cash
€ billion

Order book
by region



Condensed balance sheet at 31 December

ASSETS (€ million)	2007	2008
• Property, plant and equipment and intangible assets	562	670
• Goodwill	395	395
• Non-current financial assets and taxes	315	336
NON-CURRENT ASSETS	1,272	1,401
• Current assets	3,190	3,539
• Cash and equivalents	2,926	3,199
• Financial instruments used to hedge net debt	-	-
CURRENT ASSETS	6,116	6,738
TOTAL ASSETS	7,388	8,139

LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	2007	2008
• Shareholders' equity attributable to the Group	696	756
• Minority interests	11	5
SHAREHOLDERS' EQUITY	707	761
• Non-current debt	356	375
• Non-current provisions	566	646
• Other non-current liabilities	2	2
NON-CURRENT LIABILITIES	924	1,023
• Current debt	6	26
• Current liabilities	5,637	6,123
• Overdrafts and short-term bank borrowings	114	206
• Financial instruments used to hedge net debt	-	-
CURRENT LIABILITIES	5,757	6,355
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,388	8,139
Net surplus cash	2,450	2,592

Condensed income statement

(€ million)	2007	2008
SALES	8,340	9,497
• Net depreciation and amortisation expense	(127)	(154)
• Net charges to provisions and impairment losses	(142)	(168)
• Other income and expenses	(7,778)	(8,867)
CURRENT OPERATING PROFIT	293	308
• Other operating income and expenses	21	-
OPERATING PROFIT	314	308
• Income from net surplus cash	79	93
• Other financial income and expenses	11	5
• Income tax expense	(122)	(114)
• Share of profits and losses of associates	7	2
NET PROFIT FROM CONTINUING OPERATIONS	289	294
• Net profit of discontinued and held-for-sale operations	-	-
NET PROFIT	289	294
• Minority interests	(3)	3
CONSOLIDATED NET PROFIT ATTRIBUTABLE TO THE GROUP	286	297

Renovation of Jussieu University in Paris

Bouygues is one of the three major players in France, with Vinci and Eiffage, the rest of the market being shared by a large number of small and medium-sized regional firms.

Bouygues Bâtiment Ile-de-France, leader on its market, reported 7% growth to €1,661 million in 2008. Social housing and private residential construction continued to expand, by 9% and 4% respectively. The division is also involved in a large number of major new construction and renovation projects, including Jussieu University and the Royal Monceau Hotel in Paris and the Bouygues Telecom Technical Centre in Meudon.

Bouygues Entreprises France-Europe operates on both building and civil works markets in France through six regional subsidiaries. Sales on all markets grew by 19% overall to €2,029 million. GFC Construction acquired Miraglia, a leading construction firm in the Nice area, at the end of 2008. Regional subsidiaries are highly active in the construction of public infrastructure like hospitals (Metz hospital, Toulouse teaching hospital), justice facilities (eight prisons are in progress), schools and leisure facilities (Val d'Isère sports centre, etc.).

Sales in France remained steady for **Bouygues Travaux Publics** (€325 million) and **DTP Terrassement** (€178 million). Civil engineering work continued on the Flamanville EPR nuclear power plant, and the A41 motorway between Annecy and Geneva was opened on 5 December 2008. In partnership with Alstom, Bouygues Construction started work on an 11-km tramway line as part of a public transport concession in Reims. DTP Terrassement is continuing to expand its regional operations through its network of local agencies.

Europe

2008 sales: €1,940m
2008 order intakes: €1,718m

Despite difficult economic conditions, the construction industry in the **United Kingdom** – the second largest market in Europe, worth €213 billion – was sustained by public-sector investment. Bouygues UK targets Private Finance Initiative (PFI) and design/build projects in the London region (Westminster schools, social housing in Brent, etc.). Warings, a subsidiary in the south of England, has a diversified portfolio, much of it in the form of multi-year contracts. Bouygues Travaux Publics is building a new tunnel under the Tyne in Newcastle as part of a concession contract.

The construction market in **Switzerland,** worth €33 billion, continued to grow in 2008. Losinger, the country's second-largest construction firm and the leader in French-speaking Switzerland and the Bern region, is continuing to expand in German-speaking areas. It is involved in complex projects like the École Polytechnique Fédérale de Lausanne, the Prime Tower and the City West development in Zurich.

The construction market in **Spain** shrank by 23% to €188 billion with the bursting of the property bubble and the credit crunch. Bouygues Construction subsidiaries are targeting specific segments like industrial cladding and prestressing.

In **Cyprus,** under a concession agreement, Bouygues Bâtiment International delivered the Paphos airport in September and is continuing work on Larnaka airport.

In **Finland,** Bouygues Travaux Publics is carrying out civil engineering work on the Olkiluoto EPR nuclear power plant for Areva.

In **Poland,** the building and civil works market grew by 12% to €39 billion, a decline in the housing segment being more than offset by increased infrastructure construction. Karmar, a Warsaw-based subsidiary acquired by Bouygues Construction in 2007, is continuing to expand. DTP Terrassement is currently building a 22-km section of the A4 motorway.

The construction market in the **Czech Republic,** worth €20 billion, continued to expand, driven by considerable housing and public infrastructure needs. VCES is one of the country's top ten construction firms, operating in the building and water treatment segments.

The construction market in **Romania,** worth €16 billion in 2007, has continued to be one of the liveliest in Europe. Bouygues Romania works mainly for major private-sector clients in the building segment.

In **Ukraine,** Bouygues Travaux Publics


The Sail@Marina Bay in Singapore: 1,111 luxury apartments

is working in partnership with Vinci on a design-build contract for the new Chernobyl confinement shelter, which will ultimately enable the damaged reactor to be dismantled.

In **Croatia,** Bouygues Travaux Publics in partnership with DTP Terrassement has started work on the widening of the Istria motorway, which it had previously built and which is operated by the Concessions division.

Asia

2008 sales: €765m
2008 order intakes: €1,432m

Established in **Hong Kong** since 1955, Dragages operates in both the building segment (Marriott SkyCity Hotel) and civil works (viaducts and tunnels). Its subsidiary BYME specialises in electrical and HVAC engineering.

Dragages **Singapore** is a prominent builder of luxury condominiums (it delivered the Sail@Marina Bay project in 2008) and is developing skills in new market segments such as hotels and offices.

In **Thailand,** Bouygues Thai specialises in high-rise blocks and is building the North Point residential complex at Pattaya.

In **South Korea,** Bouygues Travaux Publics delivered the Machang Bay cable-stayed bridge and is building the new port at Pusan under a concession contract.

In **Turkmenistan,** Bouygues Bâtiment International delivered the Ministry of Trade and the Stock Exchange project and is building a luxury hotel complex at Ashgabat.

Middle East

2008 sales: €235m
2008 order intakes: €160m

Bouygues Bâtiment International is working on the Ritz Carlton Hotel project in Dubai, where VSL has been involved in the construction of the light rail transit system since 2006.

Americas – Caribbean

2008 sales: €157m
2008 order intakes: €141m

Bouygues Bâtiment International and Ecovert FM, in a consortium with two local firms, won their first PPP project in **Canada,** a hospital in Surrey.

In **Cuba,** Bouygues Bâtiment International is involved in turnkey luxury hotel projects. In ten years in the country, it has won 14 contracts.

In **Trinidad and Tobago,** Bouygues Travaux Publics is part of a consortium, alongside Alstom, that is carrying out design studies for a project to build two express railway lines.

In **Jamaica,** Bouygues Travaux Publics has been involved in developing the island's road and motorway network for several years.

Africa

2008 sales: €548m
2008 order intakes: €356m

In **Morocco,** the construction sector was sustained by major public-sector investment programmes in 2008. The group is currently building the roll-on/roll-off port in Tangiers, due to come into service in mid-2009, and a luxury hotel complex in Marrakech.

In **Equatorial Guinea,** the government has embarked on a major infrastructure modernisation programme. BBGE is involved in building and road construction projects, especially around Malabo airport.

In **South Africa,** Bouygues Travaux Publics is continuing construction work on the 80-km Gautrain rail link between Pretoria, Johannesburg and Johannesburg International Airport under a concession contract.

In **Egypt,** Bouygues Travaux Publics is a member of the consortium building the first phase of Cairo's third subway line, which involves 4.3 km of tunnels and five underground stations.


Gautrain, South Africa: 80 km of railway line

For example, it has won a contract to build and rehabilitate 500 km of power lines and substations in Congo on behalf of an international oil company.

Electrical contracting and maintenance

ETDE contributed €1,648 million to Bouygues Construction's sales in 2008, compared with €1,697 million in 2007. ETDE has three business lines: utility networks (44% of sales), electrical and HVAC engineering (32%) and facilities management (24%). 2008 was a year of consolidation after the sustained external growth of recent years.

France

2008 sales: €1,180m
2008 order intakes: €1,504m

The electrical contracting and maintenance market in France continued to thrive, driven mainly by public spending and large-scale projects to create or upgrade infrastructure. ETDE is one of six major players on an increasingly concentrated market.

ETDE's contribution to Bouygues Construction's consolidated sales remained stable at €1,180m.

Its subsidiary, Axione, is one of France's leading providers of broadband and digital networks. With 4,200 km of optical fibre serving four million inhabitants, it has around 30% of the market.

ETDE won three new PPP street lighting contracts, including for the Paris suburbs of Boulogne-Billancourt and Sèvres. Under a 20-year contract, the company is responsible for street light replacement and maintenance and energy management.

In partnership with the group's construction subsidiaries, ETDE is involved in a number of other PPP projects, including Bourgoin-Jallieu teaching hospital and prisons at Annoeullin, near Lille, and Nantes. Its subsidiary, Exprimm, will provide maintenance throughout the lifetime of the contracts.

International

2008 sales: €468m
2008 order intakes: €719m

International sales were hit by currency fluctuations in 2008, especially the decline of sterling against the euro.

In the **United Kingdom,** ETDE provides facilities management with Ecovert FM, street lighting services with David Webster (five PFI contracts in progress) and HVAC engineering with Icel and Thermal Transfer. Elsewhere in Europe, ETDE also has operations in **Switzerland,** where it is continuing to integrate Mibag, a facilities management specialist acquired in mid-2007, and in **Hungary,** with its HVAC engineering subsidiary Szigma-Coop.

In **Africa,** where it has operated for over 50 years, ETDE does most of its business in Ivory Coast, Congo, Gabon and Senegal. The company provides a full range of services for the design, installation and maintenance of energy networks, street lighting and electrical and HVAC engineering.

ETDE is also involved in major projects with an international dimension.

Research and development

Research and innovation are an integral part of Bouygues Construction's strategy.

A groupwide structure has been introduced to stimulate innovation at all levels and to oversee the group's R&D programme. It defines the group's R&D policy, selects priority themes and determines how studies should be carried out.

Research led to a number of practical applications in 2008, including:

- a multi-drill robot used on the First Tower project;
- an insulating concrete for façades that significantly reduces thermal bridges, developed with Lafarge;
- two construction site noise modelling tools.

In June 2008, Bouygues Construction created a sustainable construction skill centre with four cross-cutting assignments:

- to collect and circulate information about effective solutions;
- to develop innovative solutions for both existing and new constructions;

• to select and recommend methods, software and partners;

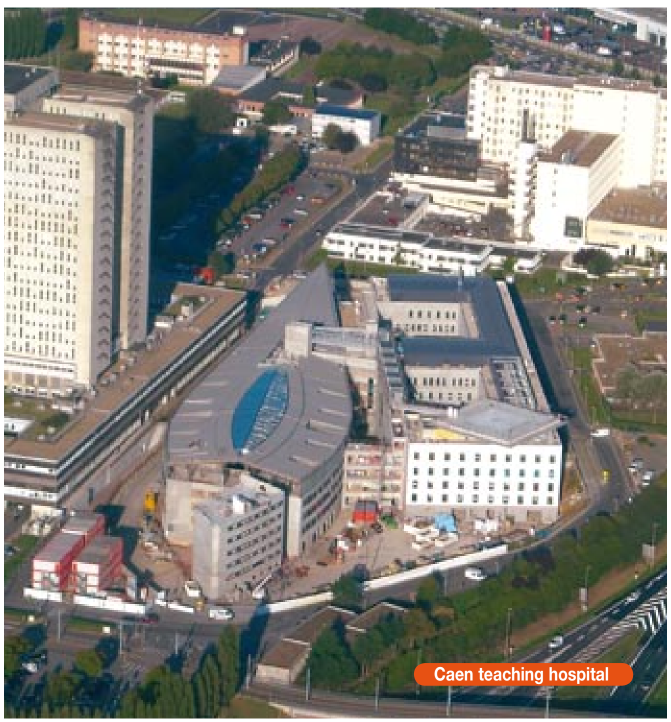
• to oversee research and development projects.

Operating risks

Bouygues Construction has to manage the many risks inherent in its construction activities, such as geological risks, archaeological discoveries, bad weather affecting deadlines, lack of foresight, problems in the performance of contracts due to the failure of a single link in the chain, etc.

Bouygues Construction may also be exposed to specific risks connected with design, operation and maintenance in the context of design-build-operate-maintain contracts. For this type of contract, Bouygues Construction takes a project financing approach which leaves the group with no exposure to the project debt.

Major projects of exceptional size and complexity represent a relatively small proportion of Bouygues Construction's overall activity. On such projects, Bouygues Construction subsidiaries may implement a policy to pool risks and optimise the management of resources.



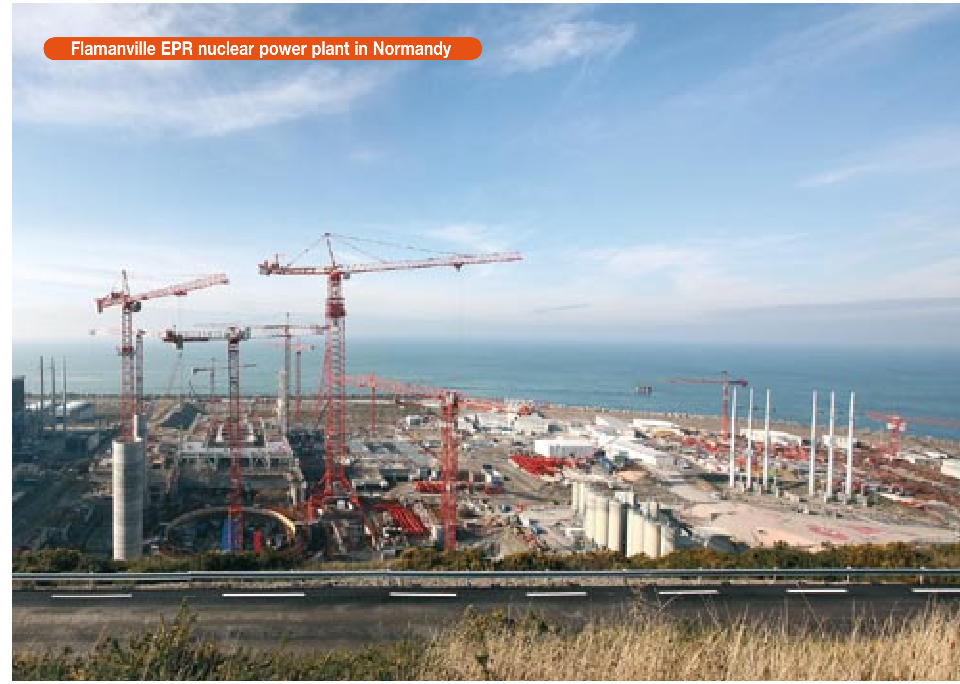
Caen teaching hospital

On the design front, the group has extensive engineering and design capabilities. It continues to be selective in its choice of projects and takes out appropriate insurance cover with first-rank insurers, giving it further control over its main exposures.

Bouygues Construction's legal departments are closely involved in decision-taking and are responsible for formalising the commitments made by group companies in contractual terms, thus helping to limit the main business-related risks. Group companies are also backed up by internal procedures introduced in 2003 with the aim of improving risk identification, control and management. The procedures are reviewed at regular intervals to ensure that they continue to match the different risk profiles.

Following the start of the financial crisis in 2008, Bouygues Construction has increased the attention it pays to its counterparties' quality and solvency.

Bouygues Construction believes that it is not exposed to any specific major environmental risks. As the group does not own any fixed production sites, which would be treated in the same way as permanent industrial facilities, pollution risks are limited to the temporary facilities used on construction sites.



Flamanville EPR nuclear power plant in Normandy

In addition, under current rules most of the waste generated by construction activities is classified as inert. Bouygues Construction is continuing its policy of seeking ISO 14001 certification for group companies. That involves complying with local environmental regulations and optimising waste management, especially through waste sorting and recycling where possible.

Bouygues Construction considers that risks in connection with the storage and transport of waste and toxic materials relate mainly to the use of oils and fuels when pouring concrete and carrying out earthworks. In each project, the group takes the necessary steps to prevent any risk of accidental pollution that may arise and to react as quickly and effectively as possible if an accident should occur. Bouygues Construction ensures that it complies at all times with the regulations in force and implements the necessary prevention and management systems.

In health and safety, Bouygues Construction companies are taking proactive accident prevention measures, including high-profile campaigns to raise awareness among employees.

Sustainable development indicators

	Aim	2008 key figures	Action	Progress[1]	2009 objectives
Financial and business challenges	Foster a trusting relationship with our clients, based on consideration, transparency and innovation.	• Customer satisfaction surveys for **28%** of completed projects.	• Increased use of outside bodies to conduct customer satisfaction surveys (400 surveys carried out by Qualimétrie). • Progress with *QSE* (Quality Safety Environment) certification. • Business ethics: appointment of an ethics officer, training for 554 managers from Bâtiment International. • Implementation of Projection, a software package for evaluating the sustainable development performance of housing projects (150 sales people trained).		• Inform customers of the results of customer satisfaction surveys. • Continue *QSE* certification. • Prepare a corporate ethics training programme. • Draw up a sustainable development sales pitch.
	Incorporate risk assessment into the day-to-day management of the company.	• **82%** of sales in activities where a formal analysis of environmental risk is carried out.	• Development of a common risk analysis methodology (risk identification, and ranking and evaluation of risk control).		• Roll out the risk analysis methodology in every subsidiary.
	Develop balanced relations with suppliers and subcontractors and involve them in the sustainable development policy.	• **70%** of sales generated by European subsidiaries that have adopted the sustainable development charter for subcontractors and suppliers.	• Purchasing policy: catalogues of eco-products and eco-equipment, production of a responsible purchasing handbook, training of 50% of purchasing managers, use of fair-trade materials and equipment. • Continuing rollout of the sustainable development charter appended to contracts. • Social audits of suppliers from emerging countries. • Involvement of subcontractors in the policy (training, working groups, conventions, etc.).		• Evaluate suppliers' CSR[1] practices. • Enhance the catalogue of products evaluated on their environmental performance. • Continue partnerships with subcontractors and suppliers (eg with Millet to recycle joinery product packaging). [1]*Corporate Social Responsibility*
Social/HR challenges	Lead our business sectors in terms of health and safety.	• **82%** of sales in activities with OHSAS 18001 certification. • **12.23%** industrial accident frequency. • **0.49%** industrial accident severity rate.	• Warm-up exercises for site workers (Bouygues Entreprises France-Europe). • More stringent medical check-ups for mobile workers. • Whole-day health assessment on company time every five years for employees of Bouygues Bâtiment Ile-de-France. • Health and safety campaign for 6,000 employees of Bouygues Bâtiment Ile-de-France. • Safety training for site workers validated by a "builder's licence" (Bouygues Entreprises France-Europe) and for supervisory staff. • Involvement of subcontractors in safety campaigns (training, handbook, etc.). • Organisation of a road safety day in France.		• Introduce warm-up exercises on all construction sites in France. • Communicate on addictions (alcohol, drugs, etc.) at Bouygues Entreprises France-Europe. • Extend safety training to contract staff. • Roll out road safety awareness software (Bouygues TP).
	Develop employees' skills.	• **61%** of staff attended a training course during the year.	• Six-day training course for 97 sustainable development correspondents and inclusion of sustainable development in HR, management, works and sales training. • Creation of Bouygues Construction University. • Widespread use of employee satisfaction surveys (12,500 staff surveyed in 2007 and 2008). • Survey of the work/life balance (90 staff). • Voluntary literacy training for site workers.		• Include new sustainable development modules in the group's key training courses. • Draw up an action plan for a better work/life balance.

Measures introduced in 2008 — Ongoing measures in 2008 — Mature measures (continuous improvement)

[1]*Compared with 2008 objectives*

Challenges	Aim	2008 key figures	Action	Progress[1]	2009 objectives
Social/HR challenges	Encourage diversity in the company.	• **18%** of managers in France are women. • **22%** more disabled employees in France (449 in 2007, 547 in 2008). • **1st** construction firm (Quille) to obtain AFNOR equal opportunity certification.	• Appointment of a diversity officer and creation of a committee to coordinate initiatives across the group. • Equal opportunity training extended to operational staff. • Diversity audits carried out in three subsidiaries in France and diversity charter signed by six subsidiaries. • Conclusion of thirteen gender equality agreements with social partners. • Three new agreements on disabled employment concluded by subsidiaries.		• Continue equal opportunity training. • Obtain AFNOR equal opportunity certification for two or three subsidiaries with a view to general certification in France. • Conclude gender equality agreements. • Do more business with the sheltered sector. • Work on the employment of older people.
	Participate in the economic and social life of the regions where we operate.	• **208** partnerships supporting integration, education and health.	• Partnership with EPIDe (French Defence Ministry) for the integration of young people with social and educational difficulties. • "Gateway to Employment" programme in the Paris region (65 people helped, 50 employees involved). • On-site training schemes with ANPE (French employment agency) and AFPA (training organisation). • ETDE employment outreach partnership with the National Neighbourhood Association Liaison Committee, which coordinates 130 local associations. • Conclusion of a partnership with Planète Urgence to give staff leave of absence for charity work.		• Implement the partnership with Care France for the reconstruction of 5,000 houses in Cuba after two hurricanes in 2008. • Creation of a Bouygues Construction Foundation to support health, education and integration projects.
Environmental challenges	Increase consideration given to environmental factors in project design and construction.	• **37%** of total orders taken in the building segment are for buildings under environmental labelling or certification schemes. • **82%** of sales in activities with ISO 14001 certification.	• Creation of a sustainable construction skill centre to oversee R&D and ensure that knowledge is shared (energy efficiency, consumption commitments, lifecycle cost, eco-neighbourhoods, etc.). • Sustainable construction training for 1,000 technicians and salespeople. • Design and construction of several low-energy consumption or positive-energy buildings. • Creation of an international sustainable construction observatory.		• Step up sustainable construction research into renovation and eco-neighbourhoods (PUCA[1] competition to improve thermal engineering techniques). • Increase our involvement in European energy-efficient building programmes. • Finalise the Tikopia concept building (low-energy residential mini-tower block), winner of the PUCA[1] competition. • Prepare the energy-efficient renovation of Challenger, Bouygues Construction's headquarters. [1] *Plan, Urbanisme, Construction, Architecture*
	Reduce the environmental impacts of our activities.	• **82%** of sales in activities with ISO 14001 certification. • **221** *QSE* "Blue Sites" in Europe.	• Common environmental standards for all construction sites. • Development of BY Oasis, noise modelling software, with the CSTB (construction industry research body) to anticipate and reduce noise levels on construction sites. • More site waste recycling (40% at Bouygues Entreprises France-Europe in 2008). • Campaigns to raise awareness of ways in which staff can help to preserve the environment.		• Create a Bouygues Construction environmental certificate for worksites to validate the implementation of standards. • Create eco-equipment (eg site huts with solar power and green roof). • Involve subcontractors in waste recycling.
	Reduce CO_2 emissions related to our activities.	• **65** staff trained to carry out carbon balances. • **40** carbon balances of buildings and structures carried out.	• Development of CarbonEco®, a construction industry software for calculating carbon balances. • Carbon balances of forty buildings and structures. • Reduction of transport-related emissions: less polluting company vehicles, widespread use of Excellium diesel fuel, corporate mobility plans in two subsidiaries.		• Carry out a carbon balance for all projects. • Define action plans to reduce CO_2 emissions from works and activities. • Use an e-learning tool for training in eco-driving techniques. • Implement several corporate mobility.

Measures introduced in 2008   Ongoing measures in 2008   Mature measures (continuous improvement)

[1] *Compared with 2008 objectives*

Cyprus airport: 400 trees moved and replanted

The challenges

Whether in international negotiations on climate change or the conclusions of the Grenelle Environment Forum in France, construction is demonstrably an industry where there is scope for rapid progress. Bouygues Construction also faces considerable challenges on the social front, in terms of the promotion of local employment, integration into the labour market and occupational health and safety.

Since 2007, Bouygues Construction's response to these challenges has taken the form of the Actitudes sustainable development policy. Organised around seven key themes subdivided into 42 actions, it constitutes the common core of the policy for all Bouygues Construction subsidiaries.

Reaching down to the grassroots

The sustainable development department, reporting to the Chairman & CEO, oversees policy implementation. It is supported by a committee made up of representatives from operating units and support divisions. It also coordinates a network of a hundred or so correspondents in group subsidiaries. A sustainable construction skill centre and sub-committees working on specific subjects like diversity and purchasing complete the arrangements.

A training drive

Employees have to adhere to this kind of policy if it is to be successful.

Actitudes: Seven key themes

- Foster a trusting relationship with our clients, based on consideration, transparency and innovation.
- Incorporate risk assessment into the day-to-day management of the company.
- Lead our business sectors in terms of occupational health and safety.
- Develop our employees' skills and promote equal opportunity.
- Establish balanced, long-term relationships with partners, suppliers and subcontractors.
- Ensure that our businesses respect the environment.
- Participate in the economic and social life of the regions where we operate.

That was the thinking behind a major training drive in 2008 which included a special course for the hundred or so sustainable development correspondents, incorporation of the theme into management, human resources, works and sales training courses and a sustainable construction induction course for nearly a thousand technicians and sales staff.

A continuous progress approach

Subsidiaries evaluate themselves on a scale of 1 to 4 and set their targets for progress in relation to the 42 actions in the policy, using a reference framework that specifies expectations at each level of implementation. The purpose of this annual exercise is to steer the policy and track progress.

Bouygues Construction has also implemented a non-financial reporting tool to ensure the reliability of data gathered from a network of about a hundred contributors. In late 2008, the firm commissioned Ernst & Young to carry out an audit of policy implementation.

Balanced development to serve clients better

Forging a relationship of trust with clients

Our clients' trust is founded on the guaranteed quality of our products and production methods, backed up by an integrated Quality Safety Environment *(QSE)* management system (81% of sales were generated in triple-certified operating units in 2008).

Listening more attentively to our customers continues to be a priority, reflected in the systematic introduction of customer satisfaction surveys and greater use of outside organisations to ensure that opinions can be freely expressed (for example, Qualimétrie was asked to conduct 400 surveys for Bouygues Entreprises France-Europe in 2008).

Safety: an ambitious accident prevention policy

An ethics officer was appointed in 2008. A contact point for whistle-blowers, he is also responsible for instigating and coordinating subsidiaries' ethics-related initiatives, including circulating the Code of Ethics to all employees and training managers in competition rules and anti-corruption measures.

Proposing innovative solutions

Bouygues Construction aims to lead its clients towards innovative sustainable construction solutions, especially in its property development and Public-Private Partnership (PPP) activities. One example is the Projection software package, developed in-house. Through a set of 120 questions, it defines the profile of a residential project, measures its eligibility for Habitat and Environment certification and proposes eco-solutions.

The group's sales teams have been given training to strengthen this capacity to deliver advice and will be able to draw on a detailed set of supporting arguments in 2009.

Enhancing risk management

A groupwide risk analysis method was defined in 2008 with the aim of better identifying and ranking risks by measuring their impacts, the firm's capacity to control them and the likelihood that they will occur. The method embraces environmental and social risk management.

Involving suppliers and subcontractors

Bouygues Construction stepped up its responsible purchasing policy in 2008 with measures that included:

- awareness-raising, including the production of a responsible purchasing handbook, and training of 50% of purchasing managers;
- catalogues of eco-products and eco-equipment;
- work clothes made of fair trade cotton;
- partnerships with key suppliers to promote practices like waste reduction at source and recycling (packaging, PVC flooring, etc.).

The firm is continuing to roll out a sustainable development charter for suppliers and subcontractors. Nearly 130 audits of suppliers in emerging countries were carried out in 2008 to ensure that the principles are being applied.

Most subsidiaries have also entered into partnerships with their subcontractors, using training, meetings, working groups and customer satisfaction surveys to encourage and support them in their *QSE* policies.

Corporate social responsibility

Leading the way in health and safety

Bouygues Construction's accident prevention policy is delivered through training, events and action to make staff more responsible. These initiatives form part of a total safety management system with OHSAS 18001 certification that covers 82% of the group's activity.

Various measures have been taken to mobilise the workforce, such as:

- a health and safety convention for 6,000 staff in the Paris region;
- training for site workers, validated by a "builder's licence";
- inclusion of the safety record in calculations for profit-sharing and performance-related pay.

Accident prevention initiatives have been stepped up for temporary staff and subcontractors' personnel.

The accident prevention policy also applies to occupational health. In 2008, Bouygues Entreprises France-Europe introduced warm-up exercises for site workers. Other examples include a thorough medical check-up for Bouygues Bâtiment International's mobile workers and a whole-day health assessment on company time every five years for the employees of Bouygues Bâtiment Ile-de-France.

Developing employees' skills

Bouygues Construction has 53,700 employees and an active recruitment policy (it took on 4,127 new employees in 2008) that gives priority to local employment through original initiatives

TESTIMONIAL

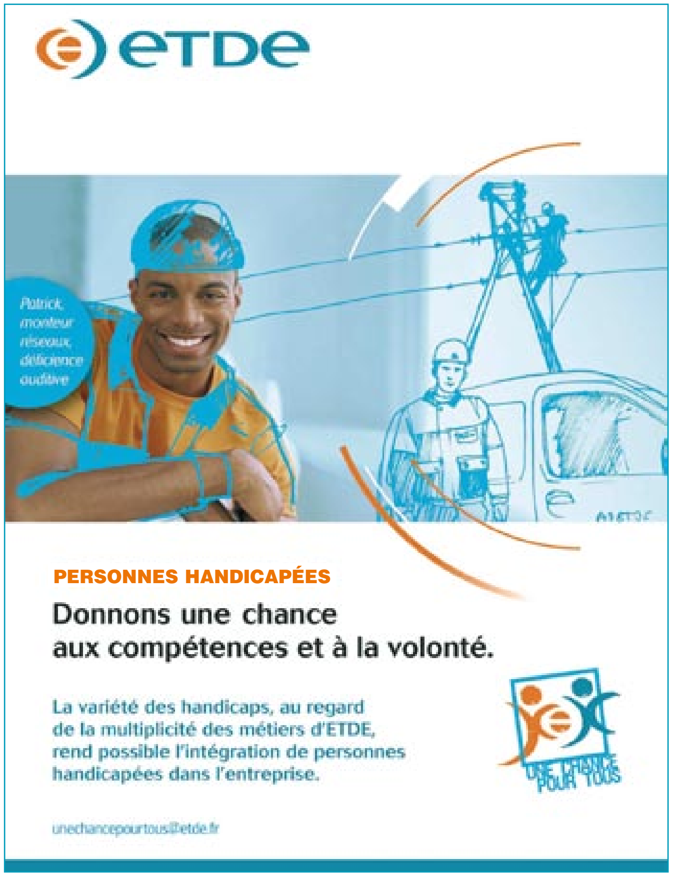
"On the project to build a shopping centre in Aubervilliers, Bouygues Bâtiment Ile-de-France committed to keeping 75% of jobs open for local recruitment, with 20% being earmarked for people in integration schemes.

With the company, we identified a pool of candidates interested in employment or training. Thirty or so were chosen, then sent to a training centre for a three-month course. They will then join the firm on a nine-month skills contract that will give them a vocational qualification as form setters.

In 2007, the operation with Bouygues Bâtiment Ile-de-France resulted in five young people being hired on permanent contracts. On the Aubervilliers project, the target is fifteen hires on work/training contracts.

The system takes young people out of difficult situations. Once they have been trained they can get a job and, in many cases, start a real career."

Xavier Billard,
Integration Officer for Plaine Commune,
an urban community of eight municipalities to the north-east of Paris



like a "Jobs Bus" which has gone to meet potential employees in dozens of areas around France. Internationally, the firm encourages the employment of local site workers and managers, as in Cuba where it also ensures transfer of know-how.

To enhance its employees' skills, Bouygues Construction spends nearly 5% of its payroll on training in France (€37 million in 2007). Managerial and operational training courses are now organised around Bouygues Construction University, created in 2008. The Minorange Guild, which has sister organisations in Switzerland, Morocco, Hong Kong and Cuba, offers another excellent opportunity for career advancement.

Encouraging diversity

A diversity officer was appointed in 2008. Other initiatives include diversity audits in three subsidiaries, the conclusion of a diversity charter in six others and the extension to line managers of equal opportunity training to combat discrimination (140 employees trained).

On the gender equality front, women represent 15% of the workforce and 18% of managerial staff in France. Thirteen gender equality agreements were concluded with social partners in 2008 and Quille became the first construction firm to obtain the AFNOR gender equality certificate.

Integrating disabled workers continued to be a priority (there are 547 disabled employees in French subsidiaries), with three new agreements in 2008 and innovative approaches like the creation by ETDE, with vocational training organisation AFPA, of a technical drawing course for disabled adults who will then join the company.

For older employees, a common working platform for the Bouygues Construction group as a whole is being prepared for 2009.

Participating in the economic and social life of local communities

Bouygues Construction plays an active part in the economic and social life of the regions where it operates, focusing its actions on social integration, education and health. This involvement takes various forms, such as participation in a scheme with EPIDe, an agency of the French Defence Ministry, to help educational underachievers into employment, the "Gateway to Employment" programme **in the Paris region** for people in difficulty and ETDE's employment outreach partnership with the National Neighbourhood Association Liaison Committee, a coordinating body for 130 local associations.

Internationally, various initiatives to support local communities are being put in place. They include the construction of schools in Thailand and Cameroon, a partnership with Care France to rebuild 5,000 houses in Cuba over a two-year period after two devastating hurricanes in 2008, and leave of absence for staff to work with the Planète Urgence charity.

Through its subsidiaries, Bouygues Construction supports 263 charities and works with 208 organisations promoting social integration and employment.

Innovating to protect the environment

Including environmental factors in design

Faced with the challenges of climate change and escalating energy costs,

TESTIMONIAL

"Adelac, the concession-holder for the A41 motorway of which Bouygues Construction is a shareholder, got in touch with us for help with the environmental aspects of the project. We carried out an audit and defined a set of measures to be taken. We identified where attention had to be given to preserving biodiversity and gave advice on what to do. Meetings were held to raise awareness among employees and subcontractors. The *Objectif Air Pur operation,* in which drivers are invited to have their CO_2 emissions checked, has also helped to raise awareness. The relationship of trust we have developed should make future cooperation easier!"

Charles Magnier,
Chief Executive of Prioriterre,
an NGO working to preserve natural resources and the climate

ETDE's future headquarters, a low-energy consumption building

Bouygues Construction offers its clients solutions to make buildings more energy-efficient and limit the impact of works on the environment.

Sustainable construction is the biggest item of expenditure in the firm's R&D programme, accounting for a third of the budget in 2008. Key research themes include energy efficiency for both new and existing buildings, optimisation of the overall lifecycle cost, energy consumption commitments based on thermodynamic modelling and eco-neighbourhoods.

A sustainable construction skill centre was created in 2008 to oversee this research and ensure that knowledge is shared. It draws on a network of twenty or so in-house experts and outside partners like environmental agencies, architects, design firms, industry research bodies and manufacturers. An international sustainable construction observatory has also been created to monitor developments in the field.

Through its subsidiary Elan, Bouygues Construction offers clients advanced project management expertise in High Environmental Quality *(HQE®)* procedures.

Low-energy consumption buildings (BBC[1])

Bouygues Construction is working on several low-energy consumption or positive-energy buildings.

Norpac is building one of France's first positive-energy office buildings, the Archives du Nord public records office in Lille. The future headquarters of ETDE in Montigny, Norpac in Lille and ADEME in Angers, currently under construction, aim to obtain *BBC[1]* low-energy consumption certification (50 kWh/sq m/year).

[1] *BBC – Bâtiments Basse Consommation*

Another area of action is renovation. With only 1% of building stock being replaced each year, meeting the challenge of climate change means making existing buildings radically more energy-efficient. That is what Bouygues Construction is doing for the former Axa Tower in La Défense, the biggest renovation project with High Environmental Quality certification in France.

Bouygues Construction took orders for 141 buildings under environmental labelling or certification schemes in 2008, representing 37% of its order intake in the building segment.

Preserving biodiversity

Particular attention is paid to preserving eco-systems on major infrastructure projects. On the A41 motorway linking Geneva and Annecy, for example, Bouygues Construction created new wetlands and built a viaduct to preserve the habitat of the white-clawed crayfish. It is also studying a plan to install beehives along the route.

Reducing the environmental impact of construction sites

During construction work, Bouygues Construction implements a prevention policy based on an ISO 14001-certified environmental management system that covers 82% of its activity. Bouygues Bâtiment International obtained ISO 14001 certification for its entire business in 2008.

Environmental standards have been defined for construction sites, covering aspects such as waste management, energy and water consumption, the preservation of eco-systems and the limitation of nuisance for local residents. The firm has its own *QSE* "Blue Site" label (in Europe), which covers both in-house and subcontracted work and is awarded to construction sites that meet high environmental, safety and quality standards.

Measures like environmental handbooks and training courses are also used to raise awareness among employees and subcontractors of ways in which they can help to preserve the environment.

Reducing CO_2 emissions

Bouygues Construction is rolling out a strategy to reduce its CO_2 emissions. It has acquired carbon balance expertise: 60 employees have been trained in the proprietary method developed by ADEME, the French environment and energy management agency, and 40 carbon balances of buildings and structures have been carried out using the method.

With ADEME and Carbone 4, the firm has developed CarbonEco®, a construction-specific calculation software that highlights the CO_2 reductions offered by eco-variants. The software will be rolled out in 2009 on all projects from the initial sales phase.

Steps to reduce CO_2 emissions are already being taken in two main areas: energy-efficient building design and mobility, through measures such as less polluting company vehicles, eco-driving training and corporate mobility plans.

Outlook for 2009

To withstand the global economic crisis that is impacting its markets, Bouygues Construction can rely on:

- definite orders at 31 December 2008 for 2009 worth €6.9 billion, covering 74% of forecast sales and giving the group reassuring visibility for the coming year;
- a growing long-term order book (more than five years), standing at €1.4 billion at 31 December 2008;
- an opportunistic international strategy that enables Bouygues Construction to position itself on markets less affected by the crisis, especially in countries that produce energy raw materials;
- a solid financial structure with net cash of €2.6 billion.

A leading property developer

Adapting to changed market conditions. Confidence in the future.


Low-energy consumption buildings in Bordeaux, France

With 35 branches in France and four subsidiaries elsewhere in Europe, Bouygues Immobilier develops residential, commercial and retail park projects. In 2008, the company outperformed a sharply falling housing market.

Highlights

Residential

- Record sales of €1.7bn in France (+19%).
- Increased market share.

Commercial

- More than doubling of sales.
- Reservations for 186,000 sq metres.
- Sale of Eqwater office building[1], CGG Veritas headoffice[1], Woodpark business park[2], Saint-Priest business park[3], Euralille 2 office complex[4].
- Delivery of the Schneider Electric headquarters[1], Spazio office building for Total[1] and Woodstock office building[3].

Sustainable development

- 18,599 housing units with H&E (Habitat & Environment) certification granted or pending.
- 400,000 sq metres of *HQE*® (High Environmental Quality) office buildings under construction.
- Launch of the Positive Energy Consortium.

[1]Paris region [2]Toulouse [3]Lyon region [4]Lille

2008 sales
€2,924m
(+41%)

Current operating margin
8.4%
(-1.7 pts)

Net profit attributable to the Group
€105m
(-15%)

Employees
1,610

2009 sales target
€2,700m
(-8%)

A leading property developer

Bouygues Immobilier operates in all areas of property development, including residential, serviced accommodation, offices, shops and retail parks. The company designs, builds and markets high-quality programmes for its corporate and private customers.

After identifying and buying the land, it draws up the project with the architects and design offices and resolves any technical, administrative and financial issues.

Bouygues Immobilier then develops the project, generally as contracting authority, and markets it to customers, whether private individuals, companies or investors.

Bouygues Immobilier also carries out major urban development projects, working with some of the best-known names in architecture. Christian de Portzamparc, Jean-Michel Wilmotte and Arquitectonica, for example, were commissioned to work on the Seine Ouest business district in Issy-les-Moulineaux.

On a residential segment that fell 38% by volume and a commercial segment that shrank 55% by value, Bouygues Immobilier confirmed its leading position and is adapting to the changed market conditions.

In 2008, the company took reservations for both residential and commercial property worth €1,985 million, including:

- 8,015 housing units (-30%) for €1,310 million;
- 186,000 sq metres of commercial property for €675 million.

Calculated on a percentage of completion basis, sales in 2008 included the completion of orders booked in 2006 and 2007, when the intake rose very sharply. Sales in 2008 therefore amounted to €2,924 million, a 41% increase on the previous year.

The order book totalled €3,212 million, representing 13 months of sales.

Current operating profit amounted to €247 million, giving a margin on sales of 8.4%.

Net profit attributable to the Group was €105 million, 15% down on the previous year.

The company had shareholders' equity of €479 million and net surplus cash of €2 million at 31 December 2008.

Residential property in France: increased market share

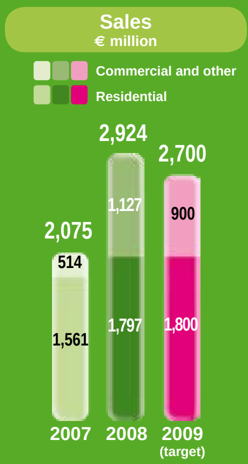
A substantial proportion of demand was stifled in 2008 as household confidence sagged under the combined impact of the financial, banking and economic crisis.

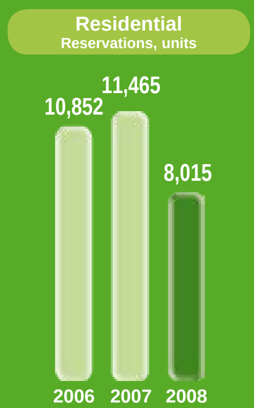
Residential property in France accounts for 60% of Bouygues Immobilier's sales. The company was able to outperform a market that shrank by 38% (79,400 reservations) thanks to its core market positioning, diversification of its distribution channels, a sharp rise in block sales and a highly proactive sales policy. It therefore increased its market share by one percentage point even while suffering a 30% drop in reservations by volume.

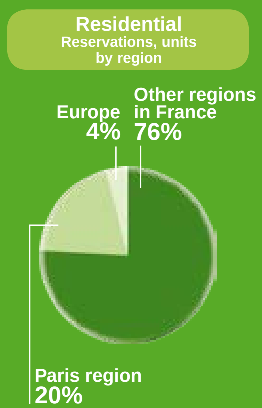
In economic circumstances that can be expected to remain difficult at least until 2010, Bouygues Immobilier has introduced an adaptation plan.

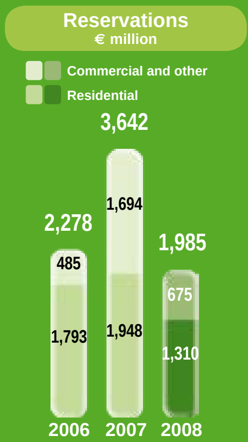
Initial measures were taken to adjust its supply of residential property to solvent demand and minimise the risk of properties remaining unsold after completion. The measures included:

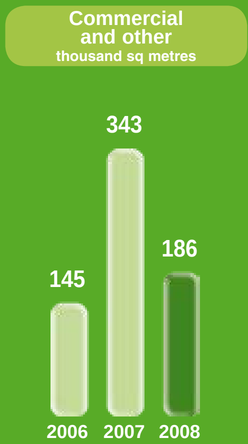
- adoption of a more competitive market stance by designing and marketing smaller, less expensive properties while maintaining a high level of quality;
- diversification of distribution channels and more block sales;











Consolidated balance sheet at 31 December

ASSETS (€ million)	2007	2008
• Property, plant and equipment and intangible assets	15	16
• Goodwill	-	-
• Non-current financial assets and taxes	52	48
NON-CURRENT ASSETS	67	64
• Current assets	2,048	2,082
• Cash and equivalents	233	155
• Financial instruments used to hedge net debt	-	-
CURRENT ASSETS	2,281	2,237
TOTAL ASSETS	2,348	2,301

LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	2007	2008
• Shareholders' equity attributable to the Group	381	472
• Minority interests	3	7
SHAREHOLDERS' EQUITY	384	479
• Non-current debt	116	61
• Non-current provisions	86	78
• Other non-current liabilities	3	2
NON-CURRENT LIABILITIES	205	141
• Current debt	117	77
• Current liabilities	1,640	1,589
• Overdrafts and short-term bank borrowings	2	15
• Financial instruments used to hedge net debt	-	-
CURRENT LIABILITIES	1,759	1,681
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,348	2,301
Net surplus cash	(2)	2

Condensed income statement

(€ million)	2007	2008
SALES	2,075	2,924
• Net depreciation and amortisation expense	(4)	(6)
• Net charges to provisions and impairment losses	(38)	(86)
• Other income and expenses	(1,823)	(2,585)
CURRENT OPERATING PROFIT	210	247
• Other operating income and expenses	-	-
OPERATING PROFIT	210	247
• Cost of net debt	(10)	(17)
• Other financial income and expenses	(12)	(30)
• Income tax expense	(60)	(89)
• Share of profits and losses of associates	-	-
NET PROFIT FROM CONTINUING OPERATIONS	128	111
• Net profit of discontinued and held-for-sale activities	-	-
NET PROFIT	128	111
• Minority interests	(4)	(6)
CONSOLIDATED NET PROFIT ATTRIBUTABLE TO THE GROUP	124	105


Rue du Hâ residential project in Bordeaux, France

- the shelving of planned projects that no longer correspond to the current market situation;
- special deals on completed but unsold properties. The stock of unsold completed properties in France at the end of 2008 was low.

A programme to cut operating costs has been launched with the aim of keeping the company competitive by using manpower and skills planning and management to rightsize the workforce.

In this context, quality and customer satisfaction are more essential than ever. That is why Bouygues Immobilier, awarded ISO 9001 certification in 1996, has introduced a system of more regular and more extensive customer satisfaction surveys that enable operational staff to react rapidly.

A customer and prospective customer segmentation study identified six customer segments in two broad categories: owner-occupiers and investors. Tailored customer approaches and differentiated products and services have been developed as a result.

Paris region

The Paris region gives a concentrated reflection of conditions on the wider market, such as extensive demand, scarce land and concentration in the property development business. High prices exacerbate the problem of customers reaching the limit of their borrowing capability. Reservations taken by Bouygues Immobilier in the Paris region fell in 2008 to 1,581 units.

Despite the difficult environment, Bouygues Immobilier achieved a number of commercial successes in the Paris region, including:

- Capitale 180 in Suresnes: 72% of the 61 units were reserved within four months;
- Cap Capitale in Châtillon: 80% of the 75 units were reserved in three and a half months;
- the Opportunia programme in Le Blanc-Mesnil, the company's first inexpensive entry-level project offering compact apartments for under €200,000: half the 101 units were reserved in the last quarter of 2008.

In all, 24 projects representing 1,338 housing units were completed in the east and south of the Paris region.

Rest of France

The market in the French regions is particularly fragmented, since the top three developers account for only a quarter of the market.

With 31 regional agencies, Bouygues Immobilier is continuing to improve its positions and was able to increase its market share in 2008 by two percentage points to 9.4%.

Bouygues Immobilier completed the acquisition of Urbis, a property developer based in Toulouse and a leading player in the residential rental property market in the south west. The acquisition has enabled Bouygues Immobilier to strengthen its positions in the region.

Several programmes won awards from the French Developers and Builders Federation (FPC), which gives prizes to the best new developments in France on the basis of exacting criteria of know-how, architectural quality, lifestyle quality and innovative construction. Carré Barrio in Toulouse, Atria in Bordeaux and Kanopé in Nantes were awarded regional prizes. Two other projects, Rive d'Ô in Besançon and Campagne Elisabeth in La Valette du Var, also won awards.

Marketing programmes were successfully launched for several major developments in 2008, including:

- Cours Saint-Gervais, a 173-unit development in Rouen;
- Domaine des Pradelles, a 285-unit development at Calas in Provence;
- Carré Royal, a 105-unit development in Lille.

Maisons Elîka

Maisons Elîka offers inexpensive high-quality homes for people earning twice the minimum wage. The attractively priced one- to three-bedroom houses are designed in a village style.

Work on 30 houses has begun at Beaucaire and the first deliveries are scheduled in the spring of 2009.

A 30-house development has started in an urban renovation zone in Dreux, with a reduced rate of VAT of 5.5% that cuts the price to below €130,000.

With the *Pass Foncier,* a government scheme under which acquisition of the house is kept separate from acquisition of the land, the price goes down to €105,000.

Several programmes are currently being developed, including at:

- Dammarie-lès-Lys (16 houses);
- Bourg-lès-Valence (40 houses);
- Saint-Dizier (37 houses).

Serviced residences

Bouygues Immobilier designs and builds several types of residence:

- nursing homes for the dependent elderly;
- sheltered accommodation and homes for disabled people;
- student residences;
- serviced accommodation for business travellers and tourists.

These residences, located all over France, are designed in partnership with professionals with an acknowledged track record in their sector, such as Medica France, Réside Études, Citéa, Pierre et Vacances, etc.

Work began in 2008 on an 87-room nursing home in Saint-Cloud (Paris region), scheduled for delivery in late 2009.

Two student residences were delivered in 2008:

- Le Lauréat, an 80-room residence in Douai;
- Les Académies, a 174-room residence in Vincennes.

EOS Generali in Issy-les-Moulineaux, France

Commercial property in France: cautious and controlled growth

Commercial property in France accounts for 34% of Bouygues Immobilier's sales. Investment in commercial property plummeted in 2008 as the market fell 55% by value. Some investors withdrew entirely from the market and yields increased sharply, causing prices to fall. Bouygues Immobilier took fewer reservations after a record year in 2007.

But although the commercial property market was not spared by the crisis, intense business activity in 2006 and 2007 brought Bouygues Immobilier record reservations. Sales in 2008 more than doubled as a result, to €998 million.

New and major sales were concluded in 2008, including the Eqwater office building in Issy-les-Moulineaux (16,000 sq metres), CGG Veritas head office in Massy (14,600 sq metres) and Euralille 2 office complex in Lille (9,900 sq metres).

Bouygues Immobilier's activity for the next two years is largely assured, with numerous developments under construction. Some major deliveries took place in 2008, including:

- Trianum, the headquarters of Schneider Electric in Rueil-Malmaison (35,000 sq metres);
- Spazio in Nanterre (36,000 sq metres), an office building currently occupied by Total;
- Woodstock, a 35,000-sq metre complex of 14 office buildings in Lyon/Saint-Priest Technology Park, inaugurated in mid-September.

Deliveries due in 2009 include:

- the 60,000-sq metre Bouygues Telecom Technical Centre in Meudon that will house the firm's IT and network staff;
- Spallis, a 39,000-sq metre office building in Saint-Denis;
- the first buildings of the Seine Ouest business district in Issy-les-Moulineaux, notably Eos Generali, the 46,000-sq metre future headquarters of Microsoft France, scheduled for the spring, and Galeo, the 7,330-sq metre future headquarters of Bouygues Immobilier, scheduled for June;
- Axiome, a 10,350-sq metre office building near Rennes railway station.

Deliveries due in 2010 include:

- the 22,000-sq metre Banque Postale headquarters in the *6th arrondissement* of Paris;
- the 45,500-sq metre Mozart Tower, Bouygues Telecom's future headquarters, which has *HQE*® (High Environmental Quality) certification for commercial buildings, and its north and south wings, Farman (27,000 sq metres) and Eqwater (16,500 sq metres) in Issy-les-Moulineaux;


Porte Sud retail park in Orange, France

- Solaris office complex (7,581 sq metres) in Lyon;
- Irisium office building (9,900 sq metres) in Lille, the first *HQE*®-certified commercial building in the Nord Pas-de-Calais region.
- Demolition work and earthworks for the Green Office® project in Meudon, France's first positive-energy commercial building, began in late 2008.

The company is taking a cautious approach to future developments, giving priority to risk-free projects for identified users, like a second 30,000 sq metre building for Total in Nanterre, or designated investors, like Sogecap for the 55,000-sq metre D2 tower in La Défense.

Anticipating the requirements of the Grenelle environment laws, all Bouygues Immobilier's projects in the Paris region with the exception of high-rise blocks will comply with *BBC*[1] (low-energy consumption) standards. In order to qualify for the *BBC* certificate, buildings must consume no more than 50 kWh/sq m/year, about 65% less than the level set in the 2005 thermal regulations (RT 2005).

[1] *BBC – Bâtiments Basse Consommation*

Retail parks: launch of the Orange retail park

Final authorisations were granted in 2008 for the retail park in Orange. Construction of the 30,000-sq metre project will begin in the first quarter of 2009 and the opening is scheduled for early 2010. About 40 of the 50 shops, situated around a central square, have already been let, increasing the town's attraction as a shopping centre that offers high-quality facilities and convenience for shoppers.

The roof of the complex will include 22,000 sq metres of photovoltaic panels, the energy from which (sold to EDF) is equivalent to the electricity needs of 5,000 inhabitants.

Bouygues Immobilier in Europe

The financial and economic crisis is affecting all the European property markets on which Bouygues Immobilier operates. Europe (excluding France) represents 6% of Bouygues Immobilier's sales.

Priority in all subsidiaries is given to completing and selling current programmes. Development opportunities are treated cautiously, with the emphasis on pre-selling or operations carried out on behalf of a third party. In Europe also, staffing levels must be adapted to operating activity so that the company can remain competitive.

In **Spain,** Bouygues Inmobiliaria, which accounts for 3% of Bouygues Immobilier's sales, is refocusing on commercial property.

In the Cristalia business park project in Madrid, Cristalia 1 (12,000 sq metres) was delivered and Cristalia 4 (11,000 sq metres) is under construction, scheduled for delivery in 2009. The last building, Cristalia 4B (11,000 sq metres), has been sold to Deka, thus wrapping up a six-year, 100,000-sq metre project.

A 21,602-sq metre retail park at Oleiros, near La Coruña, was sold to Generali.

In **Portugal,** Bouygues Imobiliária is continuing to develop its retail and office business.

A 12,000-sq metre retail park at Portimão was sold and is scheduled for delivery in early 2009.

Three other shopping centres with a total surface area of 125,000 sq metres are being built at Braga, Portimão and Guimarães. The Portimão shopping centre has been sold to Generali and Klépierre. Work will start in 2009. The Guimarães centre is under construction and is scheduled for delivery in late 2009.

Two office buildings in Lisbon, Espace (10,000 sq metres) and Explorer (5,000 sq metres), were sold to Pramerica.

In **Germany,** the 26,000-sq metre Main Triangle office building in Frankfurt was sold, marking the end of the German subsidiary's business.


Retail park in Portugal

In **Belgium,** Bouygues Immobilier Belgium is continuing to expand its residential and commercial property activities.

Bouygues Immobilier Belgium launched six programmes in 2008, including the West Point development in the Molenbeek district of Brussels, a great success with 95 of the 107 apartments reserved in four months.

A combined commercial/residential project is under way, with 5,400 sq metres of office space, a showroom for the carmaker Fiat and 25 studio apartments.

Bouygues Immobilier is continuing its business in **Poland** with three residential projects currently under construction in Warsaw. Also in Warsaw, the 30 houses in the Villa Moderne programme were delivered and the 107 apartments in the Villa Concorde programme, all sold, will be delivered in 2009.

A key player on the Polish market, Bouygues Immobilier Polska has won three awards for its residential programmes in an annual competition organised by Murator Expo: two first prizes in the Reliability and Attractiveness categories and second prize in the Customer Service Quality category.

Research and development

Innovation in 2008 mostly focused on sustainable development and energy efficiency.

Bouygues Immobilier took the initiative of creating a Positive Energy Consortium, a group of seven partners seeking to improve the energy performance of positive-energy buildings in the operating phase and to increase their capacity to produce renewable energy. The consortium's aim is to develop synergies between the players in the industry in order to make positive energy more accessible.

Thermal renovation of office buildings is a major area of innovation for Bouygues Immobilier. Thermal renovation services for commercial properties have been defined, anticipating the requirements of the Grenelle environment laws, and an energy audit of a set of buildings has been carried out.

As Habitat and Environment certification is now sought for all residential programmes in France, the next step is to make customers more aware of the significance of certification and the importance of good environmental practice. With the Bouygues Group e-lab, Bouygues Immobilier is developing modelling software that will enable buyers to calculate the energy savings they can make.

Operating risks

Bouygues Immobilier has drawn up a risk map to improve its risk management. Updated every year, the risk map ensures a better match between controls and exposure to risk.

This approach is backed up by:

- regular updating of procedures circulated to all staff;
- rollout over the next two years of a process for evaluating the internal control system;
- regular internal audits.

All these measures are part of an internal control project initiated by the Bouygues group in response to the recommendations of the AMF.

Given the current economic climate and market difficulties, Bouygues Immobilier has tightened up its prudential rules. Amongst other measures, it has increased its marketing requirements: now, 40% of reservations must be certain before a programme is launched.

In the processes put in place, Bouygues Immobilier has introduced systematic procedures to manage operating risks like constructability, pollution, asbestos, risk to local residents, geotechnical problems, deadlines, etc.).

Members of the Positive Energy Consortium

Sustainable development indicators

	Aim	2008 key figures	Action	Progress[1]	2009 objectives
Financial and business challenges	Offer customers environment-friendly housing at no extra cost.	• Habitat & Environment (H&E) certification sought for **100%** of residential building permit applications in 2008.	• H&E certification requested for all residential programmes in France since 1 July 2007. • Conclusion of a partnership agreement with GrDF (Gaz Réseau Distribution France) to encourage the installation of energy-efficient natural gas heating in residential properties. • Pilot scheme with Voltalis in the Paris region to equip residential properties with technology to adjust power consumption.		• Continue the policy of H&E certification. • With Cerqual and Certivéa, help to draw up certification requirements for nursing homes and old people's homes. • Implement the partnership agreement with GrDF to encourage the installation of energy-efficient natural gas heating in residential properties.
		• **1,534** customer satisfaction surveys carried out in the third quarter of 2008.	• Introduction of a system to measure customer satisfaction at each stage of a residential programme. • Introduction of a new process to support customers from reservation to delivery, differentiated according to the type of customer (investor or owner-occupier). • Introduction of a new Quality organisation designed to give operational staff greater responsibility.		• Continue measuring customer satisfaction at each stage of a residential programme. • Continue to roll out the process to support customers from reservation to delivery.
	Raise awareness of sustainable construction among all our partners and contribute to the creation of sustainable neighbourhoods.	• **2,150** housing units planned in the Berges du Lac eco-neighbourhood in Bordeaux.	• Commissioning of a TNS Sofres survey to measure the sustainable development expectations of residents in the Paris region. • Cooperation with the CSTB (industry research body) to define guidelines for positive-energy standards.		• Start marketing Phase 1 of the Berges du Lac eco-neighbourhood in Bordeaux. • Continue to cooperate with the CSTB in the positive-energy sphere.
Social/HR challenges	Develop social housing.	• **2,138** housing units sold to registered social landlords.	• Sale of rental housing to registered social landlords and Foncière Logement (social housing agency). • Continuing rollout of Maisons Elîka homes.		• Continue the sale of rental housing to registered social landlords and Foncière Logement. • Deliver the first Maisons Elîka programmes.
	Extend best practice among partner suppliers.	• **270** suppliers given information about Bouygues Immobilier's CSR policy. • **1,000** products listed with ACV.	• Ongoing inclusion of environmental and social requirements in contracts with suppliers. • Introduction of a scheme to evaluate suppliers according to CSR criteria. • Introduction of the V1 Products catalogue with ACV.		• Continue to include environmental and social requirements in contracts. • Roll out the scheme with Ecovadis to evaluate suppliers according to CSR criteria. 13 suppliers will be assessed in 2009. • Issue new versions of the Products catalogue with ACV (updating, addition of new products).
	Favour diversity, non-discrimination and equal opportunity within the company.	• **47%** of women in the workforce. • Mentors for **40%** of new recruits. • **90** staff given disability awareness training.	• Conclusion of a company-wide agreement to assume the full cost of paternity leave. • 29 new work/training contracts introduced in 2008 to encourage the employment of young people. • Introduction of a system for older employees to mentor new recruits. • Conduct of a disability diagnosis in the company. • Introduction of a scheme to raise awareness of disability issues among staff.		• Launch the negotiation between management and labour of a company-wide agreement on diversity, including equal opportunity for women, older people and the disabled. • Encourage subcontracting to companies in the sheltered sector. • Continue the disability awareness policy.

Measures introduced in 2008 — Ongoing measures in 2008 — Mature measures (continuous improvement)

[1] *Compared with 2008 objectives*

	Aim	2008 key figures	Action	Progress[1]	2009 objectives
Social/HR challenges	Motivate and train staff.	• **3.2%** of the payroll spent on training. • **33,521** hours of training dispensed	• 80% of managers received "Respect and Performance" training in 2008. • 23% of training had property-related content. • 25% of training concerned the induction of new employees.		• Continue training in support of operational strategy. • Develop the in-house training school.
	Actively sponsor architectural and cultural initiatives.	• **3** conferences organised in the Observatoire de la Ville forum. • **€786,000** spent on sponsorship.	• Continuation of work by the Observatoire de la Ville, including a conference on using sustainable development to make the Paris region more attractive. • Continuation as a founding partner of the Cité de l'Architecture et du Patrimoine in Paris. • Sponsorship of Ateliers de Montrouge, Arc en Rêves, Saint-Denis Festival. • Consultation of talented young architects selected by the French Ministry of Culture under the NAJAP scheme. • Contribution to the ENSAM/ESTP masters in Sustainable Construction and Housing.		• Continue the work of the Observatoire de la Ville. • Create a Bouygues Immobilier foundation dedicated to architecture and sustainable development. • Continue to sponsor young architects (NAJAP) and other cultural initiatives. • ENSAM & ESTP: offer internships, provide educational input.
Environmental challenges	Design, market and build environment-friendly property development programmes.	• **18,599** housing units with H&E certification granted or pending. • **400,000** sq metres of office space with *HQE®* (High Environmental Quality) certification granted or pending. • **62 kWh/sq m/year:** planned energy consumption of the Green Office® building in Meudon.	• H&E certification sought for all housing units for which building permit applications were submitted after 1 July 2007. • *HQE®* certification sought for all major commercial property development projects since 1997. • Creation of the Green Office® brand to develop positive-energy buildings. • Start of demolition work on the building that previously occupied the site of the first Green Office® building in Meudon. • Launch of the Positive Energy Consortium.		• Continue H&E certification. • Continue *HQE®* certification. • Anticipate Grenelle low-energy consumption requirements for office projects launched in the Paris region in 2009. • Launch a second Green Office® project in the Paris region. • Launch working groups within the Positive Energy Consortium.
	Control and limit the environmental impacts of our activity.	• **4** carbon balances of property development programmes carried out.	• Systematic use of environmental impact studies. • Conduct of a carbon balance of Bouygues Immobilier. • Development of software to evaluate the carbon impact of property development projects throughout their lifecycle. • Conduct of four carbon balances of property development projects including Galeo, Bouygues Immobilier's future headquarters. • Introduction of environmental classification of purchased products based on lifecycle analysis (LCA).		• Continue the systematic conduct of an environmental impact study for each property development project. • Roll out the carbon impact evaluation tool in order to develop low-carbon programmes. • Continue the environmental classification of purchased products based on lifecycle analysis (LCA).
	Inform customers and motivate staff.	• **100%** of residential customers provided with information about small ways in which they can help protect the environment. • **90%** of staff with access to video-conferencing facilities.	• Inform customers and raise awareness at all stages of the marketing processes. • Continuation of the scheme to involve staff in practical measures to promote sustainable development.		• Continue the policy of raising stakeholders' awareness of sustainable development. • Continue the scheme to involve staff in practical measures to promote sustainable development. • Continue to raise awareness of eco-driving techniques among staff.

Measures introduced in 2008 — Ongoing measures in 2008 — Mature measures (continuous improvement)

[1] *Compared with 2008 objectives*

Green Office® in Meudon, France

Bouygues Immobilier's approach

In 2008, Bouygues Immobilier continued the sustainable development policy on which it embarked in 2006. It is a major challenge, as the figures for the sector in France show: building accounts for 43% of final energy consumption and a quarter of CO_2 emissions.

Bouygues Immobilier has set itself clear, quantified goals: H&E certification for all its residential development projects, *HQE*® certification for its office projects and a reduction in its greenhouse gas emissions.

Bouygues Immobilier also intends to remain an attractive firm, open to society. Having signed up to the Global Compact in 2006, it is committed to acting responsibly with regard to its employees and all its stakeholders (customers, suppliers, service providers, local authorities, local residents).

The marketing, communication and sustainable development division was strengthened in 2008 by the creation of a sustainable development and *QSE* (Quality Safety Environment) department. Its mission is to define and develop the company's sustainable development, quality and health and safety policy and report to the general management committee on progress with the roadmap for each of these areas.

Financial and business challenges

Offer customers environment-friendly housing at no extra cost

Bouygues Immobilier confirmed its green credentials in 2008 by seeking H&E certification for all its residential development projects.

H&E certification offers customers a reduction of at least 10% in their energy consumption in relation to conventional housing that complies with the prevailing thermal regulations (RT 2005).

It also gives owners practical benefits such as better insulation and reduced noise, electricity and water savings and enhanced property value as a result of greater energy efficiency.

Guarantee customers a high level of quality and service

Quality has always been a key element in the strategy adopted by Bouygues Immobilier, the first property developer to obtain ISO 9001 certification in 1996.

In order to further strengthen its customer-centred culture, Bouygues Immobilier introduced various measures in 2008 to support customers and increase their satisfaction. They included a new organisation designed to give operational staff greater responsibility for quality targets based on customer perception, a separation of roles between customer service and sales administration staff, strengthened quality/after-sales service in branches and new customer satisfaction surveys carried out during the acquisition phase and after delivery.

Contribute to thinking about sustainable neighbourhoods

The development of eco-neighbourhoods is one of the major challenges facing local authorities in the coming years.

In order to contribute to this change in urban living patterns, Bouygues Immobilier, together with various stakeholders, is contributing to thinking about innovative solutions and initiatives that can be proposed to those responsible for urban planning.

In 2008, the Observatoire de la Ville, a think tank created in 2006 by Bouygues Immobilier with AMC-Le Moniteur and the Cité de l'Architecture et du Patrimoine, looked into the subject of whether and how sustainable

TESTIMONIAL

"Facing the environmental challenges of a building sector that accounts for 43% of energy consumption and 25% of greenhouse gas emissions, Bouygues Immobilier has acquired software and earmarked resources that will enable it to offer its customers low-carbon programmes. In 2008, Carbone 4, a carbon audit and strategy consultant, helped Bouygues Immobilier to develop CarbonEco®, a software tool, and carried out carbon balances for a number of projects including Galeo, Bouygues Immobilier's future headquarters. We are also supporting Bouygues Immobilier in broader thinking about the urban fabric and eco-neighbourhoods in the Berges du Lac project in Bordeaux, in which Bouygues Immobilier is involved as the developer of the future eco-neighbourhood."

Jean-Marc Jancovici,
CEO of Carbone 4, energy and climate specialist

development can help to make the Paris region more attractive.

The Berge du Lac project in Bordeaux also reflects Bouygues Immobilier's eco-neighbourhood ambitions. The programme, which will ultimately comprise 2,150 housing units, 20,000 sq metres of public buildings, offices and shops, contains every aspect of sustainable development, such as social diversity, preservation of biodiversity and energy efficiency. Marketing of the first phase of the project will begin in 2009 (for further information: *www.developpementdurable-bouyguesimmobilier.com/home.html).*

Environmental challenges

Design, market and build environment-friendly property development programmes

Bouygues Immobilier aims to limit the environmental impact of all its programmes.

The firm endeavours to build sound and comfortable buildings that will consume as few resources as possible during the operating phase. In addition, it is careful to preserve the landscape, respect biodiversity, clean up sites and manage site waste.

To achieve this objective, Bouygues Immobilier has decided to use well-known benchmarks and standards and to make a voluntary commitment to seek environmental certification for all its development projects.

Certification is delivered by officially accredited independent bodies, Cerqual for housing and Certivéa for commercial properties.

At 31 December 2008, Bouygues Immobilier had 18,599 housing units with H&E certification granted or pending and almost 400,000 sq metres of *HQE*®-certified office space under construction.

Innovate through green building

For Bouygues Immobilier, promoting sustainable development means choosing to innovate.

Consequently, the company has developed highly innovative and environmentally ambitious pilot programmes.

Green Office® in Meudon is the first large-scale positive-energy building. A real technological showcase, this office building which anticipates the Grenelle environmental regulations by more than ten years will produce more energy than it consumes thanks to 4,200 sq metres of photovoltaic panels and a biomass combined heat and power generation system. Demolition work on the building that previously occupied the site began in late 2008 and construction work will start in 2009.

To extend its approach and improve the performance of positive-energy buildings in the operational phase, in October 2008 Bouygues Immobilier launched the Positive Energy Consortium. The consortium's working groups will carry out research in areas like lighting, the energy consumption of office equipment, catering, solar energy, etc.

Led by Bouygues Immobilier, the Positive Energy Consortium comprised seven major industrial firms by the end of 2008, each one a key player in its particular sphere (energy management, lighting, office equipment, etc.). The consortium may have up to 15 members.

Reduce our environmental impact

Keen to reduce its CO_2 emissions, Bouygues Immobilier first has to identify and measure them.

The firm carried out its own carbon balance in 2008 and, with the Bouygues group and Carbone 4, developed a specific software tool, CarbonEco®, to measure the CO_2 emissions generated by its property development projects. A carbon balance was carried out on four development projects and an emission reduction plan drawn up. From 2009, these measures will gradually be extended to all programmes.

Internally, Bouygues Immobilier is promoting a scheme that encourages employees to do things that help to protect the environment on a daily basis. The scheme is coordinated by the sustainable development and quality department through a dedicated intranet site and specific events like sustainable development and mobility weeks and conferences. An eco-driving awareness-raising programme launched in December 2008 aims to reduce greenhouse gas emissions from work-related travel,


Training purchasing staff

which accounts for 36% of Bouygues Immobilier's direct greenhouse gas emissions.

Motivate partners

Through its partners, Bouygues Immobilier provides work for tens of thousands of people. Bouygues Immobilier asks partners to sign its responsible purchasing charter, under which they commit to taking all necessary measures to preserve the environment and to comply with social requirements. They also have to comply with the principles of the United Nations Global Compact, of which Bouygues Immobilier is a signatory.

In 2008, Bouygues Immobilier stepped up measures to motivate its suppliers by launching an evaluation campaign with Ecovadis based on Corporate Social Responsibility (CSR) criteria. Bouygues Immobilier has also embarked on an environmental classification of the products it buys.

Social/HR challenges

Make housing widely accessible

The Maisons Elîka programme, launched by Bouygues Immobilier in 2007, aims to open the housing market to those on low incomes. In all, 38 homes were reserved in 2008 and will be delivered in 2009. They offer a unique bargain in terms of value for money.

In July 2008, the reorganisation of the residential investors department underlined Bouygues Immobilier's aim of expanding block sales to social landlords. The fact that these investors are looking for increasingly energy-efficient buildings also encourages the company in its sustainable development approach. Bouygues Immobilier sold 2,138 H&E-certified housing units to social landlords in 2008.

A culture of consultation and dialogue helping to withstand the crisis

Bouygues Immobilier can draw on a deeply-rooted culture of dialogue based on consulting and listening to the social partners.

There are two main forums for dialogue, the works council and the health & safety committee. There is a single works council for all Bouygues Immobilier's establishments in France with the exception of SLC, Maisons Elîka and Urbis.

Two company-wide agreements were negotiated in 2008. The first concerned duty periods to cover urgent maintenance and intervention in the event of IT failures. The second, on pay, hours and working conditions, covered extra days off and the extension to technical and clerical staff of the compensation rules for managerial staff (deemed more favourable) related to discontinuous sick leave lasting more than 90 days.

With economic conditions likely to remain difficult until at least 2010, the works council was consulted on a project to use a manpower and skills planning scheme to adapt the workforce to the amount of activity with the aim of keeping the company competitive. Such schemes, introduced by legislation in 2005, favour consultation and dialogue and are thus perfectly suited to Bouygues Immobilier's situation and culture. Provision is made for support measures to redeploy staff within the company or the Bouygues group. Voluntary termination will be facilitated for those wishing to pursue their career interests in other ways.

Motivate and train staff

In the current economic environment, the expertise and multiple skills of staff are more necessary than ever. Bouygues Immobilier had 1,610 employees at end-December 2008. Internal mobility played an important part in 2008, since 10% of staff were offered another position within the company.

Bouygues Immobilier continues to invest heavily in training and devoted 3.2% of its payroll to training in 2008 (twice as much as the 1.6% statutory minimum), dispensing 33,521 hours of training. 1,154 employees benefited from training in 2008, representing 72% of the total workforce.

Following the conclusions of an in-house survey of all Bouygues Immobilier's employees carried out in 2006, the human resources department set up groups of representatives from the firm's various structures in order to think about well-being at work and the notion of "working better" (the B.I. and Me project). The steering committee put forward six priority measures approved by senior management for rollout in 2009. They relate to the training of managers, the management of priorities and the effectiveness of meetings.

Open up to diversity

A balanced age pyramid is one key

TESTIMONIAL

"At a time when France is committed to reducing its greenhouse gas emissions, we are very proud to be associated with the construction of Green Office®, the first large-scale positive-energy building. The technological quality of Green Office® clearly gives Meudon and the Arc de Seine area as a whole a very good image. Our residents are highly conscious of the need to protect the environment: a positive-energy building sends a strong signal not only to those who work there, but also to those who see it. In France and around the world, we are all aware of everything we have to do, together, to preserve not just our towns and cities but the entire planet. By acting on the building, we can be sure of doing something of practical benefit to the environment."

Hervé Marseille,
Mayor of Meudon,
Vice-President of the Hauts-de-Seine Council

aspect of diversity in the firm. The integration of young people is one area to which Bouygues Immobilier pays particular attention. In 2008, Bouygues Immobilier welcomed 47 young people on work/training courses and 182 interns. Older employees transmit experience and the corporate culture to young recruits through an 18-month sponsorship.

The human resources department appointed a disability officer to implement a suitable disability policy at Bouygues Immobilier. Initial practical measures included a disability diagnosis and a campaign to raise awareness of disability issues. Some 90 employees were given training in the subject in November and December 2008 and the initiative will be continued in 2009.

A meeting between management and labour will take place in the first quarter of 2009 to launch the negotiation of a company-wide agreement on diversity, including equal opportunity for women, older people and the disabled.

Strengthen health and safety measures

In 2008, Bouygues Immobilier strengthened its health and safety measures with the appointment of a health and safety coordinator. Reporting to the sustainable development and *QSE* department, his first assignment was to carry out a health and safety audit of half Bouygues Immobilier's establishments (headquarters and branches). The other half will be audited in 2009.

Bouygues Immobilier appoints an outside health and safety coordinator for each of its programmes, responsible for ensuring that the worksite is properly organised from a health and safety standpoint and that suitable health and safety measures have been planned and implemented in the building.

Actively sponsor architectural and cultural initiatives

In 2008, Bouygues Immobilier continued its sponsorship agreement with the Cité de l'Architecture et du Patrimoine, of which it is a founding partner. It helped to sponsor talented young architects chosen by the French Ministry of Culture for the New Albums for Young Architects and Landscape Designers (NAJAP) initiative.

As well as strengthening its links with architects, the company raises awareness of architecture among its staff and partners through exhibitions, seminars and conferences.

With the same aim, Bouygues Immobilier decided in late 2008 to create a corporate foundation to promote architecture and urban planning in the service of the environment and the community. The foundation will be launched in the first quarter of 2009.

In order to anticipate future needs for sustainable development skills, in 2008 Bouygues Immobilier, with the Bouygues group, contributed to the creation of a specialist masters in Sustainable Construction and Housing on the initiative of ENSAM (École Nationale Supérieure des Arts et Métiers) and ESTP (École Spéciale des Travaux Publics). The five-year partnership takes the form of a financial contribution, internships, input into the course curriculum and classroom contributions from Bouygues Immobilier staff.

Bouygues Immobilier spent €786,000 on sponsorship in 2008.

Outlook for 2009

Bouygues Immobilier intends to consolidate its position as a leading property developer in France by adapting to the changed market conditions.

- **Residential:** become even more price-competitive in order to match what customers can afford and develop block sales to registered social landlords.
- **Offices:** in a crisis context, ensure that developments are backed by users or investors.
- **Sustainable development:** continue the policy of H&E certification with exacting standards for residential properties in France and launch low-energy consumption buildings *(BBC)* for major office projects.
- **Protect profitability** and preserve a solid financial structure by optimising the organisational structure.

The world's leading roadbuilder

Rise in sales and net profit attributable to the Group

Colas operates in all segments of roadbuilding and transport infrastructure. It also spans the full range of upstream industrial activities, from aggregates, asphalts and ready-mix concrete to emulsions, waterproofing membranes, road safety equipment and bitumen.

Highlights

External growth

- First acquisition in Australia.
- In France, acquisition of materials production companies in Auvergne (central France) and the Antilles.

Some projects

- A41 North motorway (France).
- Start of work on the Reims tramway (France).
- Zénith concert venue in Saint-Étienne (France).
- 70-km pipeline on the Artère de Guyenne (France).
- M6-M60 motorway (Hungary).
- Port of Anchorage in Alaska (United States).
- Rabat tramway (Morocco).
- Sherritt mining project (Madagascar).
- *Route des Tamarins* Road (Reunion Island).

Sustainable development

Launch of the CSR website *www.colas-rse.com.*

2008 sales
€12,789m
(+10%)

Current operating margin
5.3%
(-0.2 pts)

Net profit attributable to the Group
€490m
(+3%)

Order book
€5.8bn
(-11%)

Employees
70,500

2009 sales target
€12,300m
(-4%)

Present in all roadbuilding activities

In 2008, Colas again pursued all of its business activities on broadly favourable markets where demand for infrastructure construction, upgrading and maintenance remained high.

However, 2008 fell into two contrasting halves. Sales climbed steadily until the summer, driven by a continuing rise in order intakes as well as by higher raw materials prices. From August, sales growth and orders slowed for various reasons: in France, local authorities shelved investment decisions in the post-electoral period; overseas, a number of exceptional projects were completed. The effects of the economic and financial crisis also began to bite.

Consolidated sales increased by 10% on 2007 to €12.8 billion. Despite a significant deterioration in economic conditions worldwide, the group's subsidiaries all performed as well as if not better than in the previous year.

France

The group's **roads** business is highly diversified. Each year, Colas completes around 57,000 projects involving the construction and maintenance of transport infrastructure (motorways, national and local road networks, airports, seaports, railway hubs and reserved-lane public transport). They also include small-scale civil engineering and drainage works, often linked to road projects.

Upstream, the group is an industrial producer of aggregates and roadbuilding materials such as asphalt mixes, binders, emulsions and ready-mix concrete.

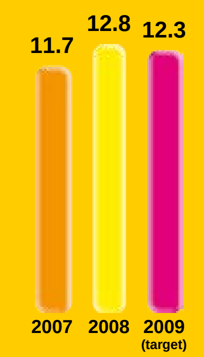
The group has five other complementary activities. **Road safety and signalling** comprises the manufacture, installation and maintenance of safety equipment, road marking, lights and traffic/access management systems. The **pipes and mains** business includes the laying and maintenance of large- and small-diameter pipes for transporting fluids (oil, gas, water). **Waterproofing** comprises the production and sale of waterproofing membranes in France and on international markets, the waterproofing of roadways (mastic asphalt) and the waterproofing, cladding and roofing of buildings. The **railways** sector comprises the design and engineering of complex, large-scale projects, the construction, renewal and maintenance of rail networks, including high-speed lines, conventional track, tramways and subway lines (infrastructure, overhead lines, electrifica-

tion, signals), specific works and a rail freight business. **Building** comprises a construction business on Reunion Island and in the Paris region and a demolition and construction business in the Paris region and other French regions.

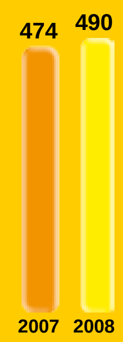
On roadbuilding and civil engineering markets, Colas subsidiaries are in competition with Eurovia (Vinci group), Eiffage TP (Eiffage group), NGE, large regional firms and 1,600 small and medium regional and local firms. Cement makers like Lafarge, Cemex and Ciments Français are competitors on the aggregates and ready-mix concrete markets.

Subsidiaries operating in complementary activities compete with the specialist units of French and international construction firms, plus a

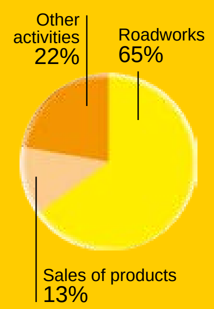
Sales
€ billion



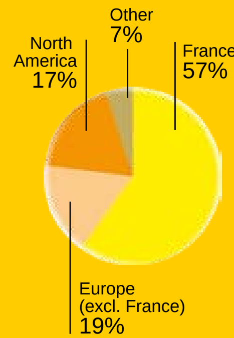
Net profit
€ million



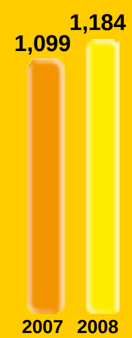
Sales
by segment



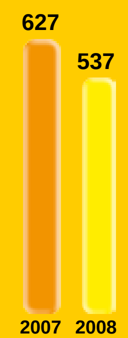
Sales
by region



Cash flow
€ million



Net capital expenditure
€ million



Consolidated balance sheet at 31 December

ASSETS (€ million)	2007	2008
• Property, plant and equipment and intangible assets	2,250	2,411
• Goodwill	447	469
• Non-current financial assets and taxes	588	649
NON-CURRENT ASSETS	3,285	3,529
• Current assets	4,017	4,030
• Cash and equivalents	673	425
• Financial instruments used to hedge net debt	3	11
CURRENT ASSETS	4,693	4,466
TOTAL ASSETS	7,978	7,995
LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	2007	2008
• Shareholders' equity attributable to the Group	1,964	2,140
• Minority interests	41	37
SHAREHOLDERS' EQUITY	2,005	2,177
• Non-current debt	149	186
• Non-current provisions	590	648
• Other non-current liabilities	74	79
NON-CURRENT LIABILITIES	813	913
• Current debt	45	53
• Non-current provisions	4,980	4,649
• Other non-current liabilities	129	183
• Financial instruments used to hedge net debt	6	20
CURRENT LIABILITIES	5,160	4,905
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,978	7,995
Net debt	(347)	6

Condensed income statement

(€ million)	2007	2008
SALES	11,673	12,789
• Net depreciation and amortisation expense	(412)	(466)
• Net charges to provisions and impairment losses	(150)	(153)
• Other income and expenses	(10,473)	(11,488)
CURRENT OPERATING PROFIT	638	682
• Other operating income and expenses	(3)	0
OPERATING PROFIT	635	682
• Cost of net debt	(11)	(22)
• Other financial income and expenses	4	6
• Income tax expense	(209)	(217)
• Share of profits and losses of associates	62	46
NET PROFIT FROM CONTINUING OPERATIONS	481	495
• Net profit of discontinued and held-for-sale operations	-	-
NET PROFIT	481	495
• Minority interests	(7)	(5)
CONSOLIDATED NET PROFIT ATTRIBUTABLE TO THE GROUP	474	490


Route des Tamarins Road, Reunion Island

host of regional, national and foreign firms of all sizes.

Colas leads the field in roadbuilding and railways and ranks No. 2 for the production of aggregates and waterproofing. A ranking for other activities would be meaningless.

International

Colas' international roads business is very similar to its activity in France and includes civil engineering work in some countries. The group's complementary activities are essentially pipes, mains, civil engineering and railways in Europe and building and civil engineering in the Indian Ocean. In Asia, Colas is expanding into the storage, transformation and trading of oil products, especially bitumen, mostly for roads.

Colas has prime positions in the roadbuilding sector in all the countries or regions where it operates. In each country, it is in competition with local firms or subsidiaries of large international firms.

The roads business is highly seasonal, both in France and elsewhere, although the seasonal influence is more marked in some countries than others.

Higher sales in 2008

France

Consolidated sales in France rose by 5% on 2007 to €7.3 billion.

Mainland France

On a roads market that grew by about 4% (though it contracted slightly if allowance is made for higher raw materials prices), Colas and its 16 **regional subsidiaries** reported a 2% rise in sales to €5.1 billion.

After a good first half of the year, continuing the impetus from 2007, business started to slow as local authorities held back investment in the post-electoral period. The level of activity fell slightly after the summer. As orders became scarcer, pressure on prices increased in the fourth quarter.

The investment programme was adapted to cushion the slowdown, felt all the more acutely since it came after several years of strong growth, and the ongoing programme to optimise plant and equipment was stepped up. Some acquisitions were made in the materials production (aggregates, concrete) and roadbuilding segments.

Safety and signalling subsidiaries reported a 14% rise in sales as a result of acquisitions and some major road safety projects.

Sales in the **pipes and mains** segment remained at the same level as in 2007. There was sustained demand in the energy sector.

Waterproofing subsidiaries reported a 13% increase year-on-year in sales, benefiting from a buoyant market despite a steady ten-month rise in the price of bitumen and hence in the cost of waterproofing membranes.

Sales in the **railway** sector rose by approximately 5% like-of-like. 2008 was a year of transition for the new division created by the merger of Seco-Rail and Spie Rail.

French overseas departments

Sales on Reunion Island rose slightly compared with 2007 despite a decrease in earthworks and civil engineering work on the *Route des Tamarins* Road, now nearing completion.

In the Antilles, the group acquired Gouyer and its subsidiaries specialising in the production and sale of construction materials. Sales fell in Guadeloupe, were steady in the early part of the year then slowed in Martinique and remained strong in French Guiana.

Total sales in French overseas departments rose by 7%.

International markets and French overseas territories

Sales on international markets and in French overseas territories amounted to €5.5 billion, a 16.3% increase on 2007 (15.7% like-for-like and at comparable exchange rates).

Europe

Sales in Europe (excluding France) rose by 24% on 2007 to €2.4 billion. Sales in Northern Europe increased. In Central Europe, sales growth was driven by ongoing work on the M6-M60 motorway in Hungary and a thriving market in Romania.

In **Belgium,** sales in the roads and railways sectors showed solid growth. In **Denmark,** the move to refocus on roadbuilding has been completed. In the **United Kingdom,** the roads subsidiary Colas Ltd reported higher sales (at constant exchange rates), driven by work on airports and the start of a contract to manage and maintain the Area 10 road and motorway network. Colas Rail Ltd's railway business benefited from a contract to renew the rail network in the west of England. In **Ireland,** sales remained at the same level as in 2007. In **Switzerland,** sales rose. In the **Netherlands,** the subsidiary that makes and sells road paints reported a further increase in exports.

In **Hungary,** in a sharply contracting market, sales rose strongly on the back of a PPP contract to build a 78-km section of the M6-M60 motorway. Business was stable in the **Czech Republic.** Sales rose slightly in **Slovakia** with ongoing work on large-scale road and motorway projects, including major engineering structures. In **Romania,** sales rose sharply in a thriving market.


M6–M60 motorway in Hungary

North America

Sales amounted to €2.1 billion, representing a 6% increase like-for-like and at constant exchange rates.

In the **United States,** in an unfavourable economic and financial environment compounded by a sharp rise in the price of oil products, especially bitumen, subsidiaries were able to preserve margins while adapting to markets where the level of activity remained broadly satisfactory. The effect of lower overall volumes of business was offset by buoyant markets in the south-eastern states, Wyoming and Alaska, continuation of the long-term federal programme and ongoing efforts to control operating costs and cope with rising raw materials prices. Small-scale acquisitions were made in Nevada (the firm's first in that state), Colorado and Ohio.

Sales in **Canada** rose, driven by a flourishing economy and ongoing infrastructure programmes in all the provinces, especially Alberta, although there was a slowdown in the property and logging sectors and the oil sector marked time. Acquisitions were made in Quebec and British Columbia.

Rest of the world

In **Morocco,** all subsidiaries again reported a sharp rise in sales in 2008 as a result of the many large-scale infrastructure projects on which the country has embarked.

Sales rose in **West Africa** (Benin and Gabon).

Growth continued in the **Indian Ocean,** boosted by a major mining project under way in **Madagascar.**

In **Asia,** Colas operates in nine countries and focuses on the production, distribution and sale of bitumen products. Business activity in 2008 was disrupted, except in India and Indonesia, by wildly fluctuating prices, falling demand, a political crisis in Thailand and difficulties in supplying the refinery in Malaysia.


Highway 138 in Quebec, Canada

Colas established a foothold in **Australia,** acquiring a company that specialises in bitumen and bituminous binders.

About 1 million tonnes of bituminous binders were distributed in the Asia/Oceania region from thirteen depots, shipped by seven bitumen carriers.

All in all, about 112,000 projects were completed in over 40 countries in 2008, including the following examples.

France:

- construction and maintenance of motorways (sections of the A6, A10, A25, A40 and A41 North) and roads (Carcassonne bypass, Tignes bypass);
- urban amenities in Strasbourg and Nantes;
- start of roadworks for the Reims tramway;

Zénith concert venue in Saint-Étienne, France

- laying of a 70-km gas pipeline on the Artère de Guyenne;
- roof and façades of the Zénith concert venue in Saint-Étienne;
- renewal of overhead power lines on the South-East high-speed rail line;
- completion of the *Route des Tamarins* Road on Reunion Island.

International:

- maintenance contract for the Area 10 road and motorway network in the UK;
- construction of a section of the M6-M60 motorway in Hungary;
- construction of a section of the D47 motorway in the Czech Republic;
- construction of the Trstena bypass in Slovakia and the Suceava bypass in Romania;
- development of the Anchorage seaport terminal in Alaska, United States;
- widening of Highway 63 in Alberta, Canada;
- construction of the Rabat-Salé tramway in Morocco;
- infrastructure work for the Ambatovy mining project in Madagascar.

Colas continued its policy of expanding the production and sale of construction materials, especially aggregates.

Total output in 2008 amounted to 118 million tonnes from 685 quarries and gravel pits spanning the full range of the group's operations. Colas either directly owns or has rights to reserves totalling 2.9 billion tonnes, equivalent to roughly 24 years' production.

Research and development

Research has been a strategic priority for Colas for many years.

With a portfolio of 153 patents for products used in France and around the world, the group continues to pioneer new roadbuilding techniques suited to the different needs of an ever-changing global market.

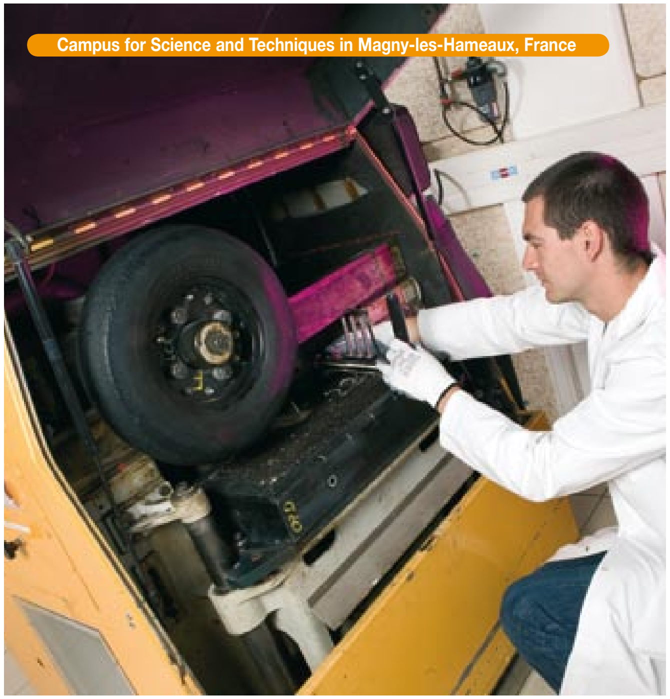
Colas spent €70 million on R&D in 2008, 60% of which in France (according to the OECD definition, which includes organised research, technical laboratory activities, IT and engineering consultancy).

The aim of Colas' R&D policy is to anticipate and respond to the needs of public or private transport infrastructure clients, users and local residents in terms of quality, safety, environmental protection and cost. Colas also seeks to improve existing technologies, design new products and extend the range of services on offer.

Colas has an extensive international network of in-house technical staff, expanding continuously as new companies join the group. A driver of innovation, the network has close links with operational divisions and teams in the field. At its heart, the Campus for Science and Techniques (CST) in Magny-les-Hameaux, to the west of Paris, is the road industry's biggest private research centre and spearheads the group's innovation policy.

Some 50 or so decentralised laboratories and about 100 engineering departments work in liaison with the Campus in France and in other countries, contributing to the group's research effort and providing site teams with technical support adapted to the local context.

In all, about 2,000 men and women work in the Colas technical network (45% in mainland France), including 1,000 people in the group's laboratories and over 900 in its engineering departments.



Risks

Colas is not greatly exposed to any particular major risks, given the nature of its businesses, the geographical distribution of its profit centres and the large number of projects carried out. Colas constantly adapts and improves its risk management procedures and includes risk management in its training policy.

Colas takes particular care to identify and prevent risks by monitoring incidents and analysing their causes. Risk management forms an integral part of the management systems used by subsidiaries, since that is the level at which risks can best be identified, prevented, controlled and managed.

Operating risk

Systematic procedures were introduced in 2008 to elicit feedback about incidents costing more than €80,000. Reporting tools help to identify the various risks and centralise feedback so that a risk management policy can be developed and appropriate preventive action taken. Risk analysis and monitoring and the feedback process have been formalised as a result of new measures introduced in September 2007 to establish an internal control system compliant with the recommendation issued by the AMF. The group's French subsidiaries drew up an initial risk map, which produced a table summarising the twenty principal risks they face. A risk mapping process was launched in international subsidiaries in September 2008. An initial self-assessment of the principles underlying the internal control system was carried out and the results analysed in October.

Manufacturing activities in France must comply with regulations governing classified industrial facilities and quarries. Commitments to rehabilitate quarries are an integral part of operating licences. The same principle applies in other countries. Provisions for such commitments are made in the financial statements and reviewed at regular intervals. These risks are also managed through a groupwide policy of ISO 14001 certification and a global checklist system rolled out over the last year. Covering 50% of industrial sites, it provides a basis for consolidating action plans.

Colas is sensitive to variations in the supply and cost of mostly petroleum-based raw materials in its roads business (bitumen, fuel, oils, etc.) and other raw materials like steel and aluminium used in its safety and signalling and waterproofing businesses.

A large number of road construction contracts and the commitments they involve are of short duration. Wherever possible, contracts contain price review clauses which provide protection from or limit the impact of price rises. In certain circumstances, longer-term purchasing contracts or hedges may be negotiated on a case-by-case basis.

Despite fluctuations of unprecedented sharpness and scale in the price of oil and oil-based products, all the group's subsidiaries came through without significant adverse effects, though they incurred extra costs as a result.

Technical risk

Technical risks are limited because of the number of contracts carried out each year. Patents and technologies do not carry any risks of obsolescence and Colas' R&D policy allows for continual renewal and modernisation.

Personal risk

Colas has long taken a proactive line on preventive measures and training to reduce industrial accidents and improve road safety. Safe driving software was made available to staff online in 2008 and speed limiters were introduced for the truck and van fleet in France.

Sustainable development indicators

	Aim	2008 key figures	Action	Progress[1]	2009 objectives
Financial and business challenges	Promote and develop concessions and Public-Private Partnerships (PPP) to favour a lifecycle cost approach for the benefit of customers.	• **6** contracts in progress or concluded in the United Kingdom (roads), Hungary (motorways) and France (lighting, tramway, motorway).	• Creation of cross-cutting teams to work on these projects.		• Keep five to ten contracts of this type on the books.
	In most countries, propose variants that reduce greenhouse gas emissions.	• Variants offering a **40,000**-tonne reduction in greenhouse gas emissions proposed in 2008 (15,000 tonnes actually saved as a result of customer choices).	• Rollout of EcologicieL, a software modelling tool that uses lifecycle analysis (LCA) to simulate energy consumption and greenhouse gas emissions.		• In France (roads): systematically study an ÉcologicieL variant for projects worth more than €250,000 for which variants are allowed. • Internationally (roads): finalise the bilingual version of ÉcologicieL with databases adapted to each country.
Social/HR challenges	Promote local dialogue and the acceptance of production sites through consultation and dialogue with local communities and residents.	• **23%** of sales from Colas' industrial output in 2008 covered by a local dialogue structure.	• Action plans based on indicators, awareness-raising measures in subsidiaries and in the field.		• The equivalent of 50% of sales from Colas' global industrial output covered by a local dialogue structure by 2010.
	Give staff first-aid training: employees with first-aid training are more attentive to occupational health and safety and the training also has wider family and social benefits.	• **24%** of the workforce worldwide had a first-aid qualification in 2008.	• Staff training and indicator-based monitoring.		• Ensure that one-third of the Colas workforce worldwide has a workplace first-aid certificate by the end of 2010.
Environmental challenges	Recycle as much asphalt mix as possible during production in order to save aggregates and bitumen and reduce greenhouse gas emissions.	• **8%** recycled asphalt pavement used in production in 2008, for a saving of 175,000 tonnes of bitumen and a 70,000-tonne reduction in greenhouse gas emissions (CO_2 equivalent).	• Upgrading asphalt plants when needed, organisation of the recovery of planed materials (recycled asphalt paving, RAP).		• Average RAP rate of 10% worldwide by 2010.
	Promote 3E asphalt mixes to save energy and reduce greenhouse gas emissions.	• **10%** to **30%** saving on fossil fuels in production (asphalt or mixing plant).	• Upgrading asphalt plants when needed, training of technical and sales staff, promotion to customers.		• 10% of 3E asphalt mixes in Colas' production in France in 2010.

Measures introduced in 2008 — Ongoing measures in 2008 — Mature measures (continuous improvement)

[1] *Compared with 2008 objectives*

More women in managerial positions on construction sites

Our policy

As the leading player in the construction and maintenance of transport infrastructure and urban and leisure amenities, Colas improves the living environment, makes it easier for people and goods to move around, contributes to economic development and in doing so helps to satisfy essential needs and aspirations.

This contribution has to be a responsible one that takes account of the major issues now facing society, like climate change, social cohesion and protection of the environment.

Colas expresses its commitment in this field on its corporate social responsibility website, *www.colas-rse.com,* which contains detailed, up-to-date information.

Colas has organised its priorities according to three key strategic challenges and five additional major challenges.

Colas' branches, subsidiaries and divisions also carry out actions rooted in their local context. The variety of these actions bears witness to the mobilisation of staff (examples may be found on the *www.colas-rse.com* website).

Three strategic challenges

The three strategic challenges are of major importance for the development of Colas, which has real freedom of action and initiative in these areas.

Renewing and enhancing human resources

Recruitment

Colas devotes considerable resources to meeting its staffing needs, covering aspects such as retirement, market growth, acquisitions and new lines of business. In France as in many other countries, Colas is one of the companies that recruits the most people. It hired 7,450 new staff in 2008, after 8,150 in 2007, bringing the total workforce up to 70,500.

Diversity is regarded as a key factor for enhancing the group's collective intelligence. The proportion of women is rising (8% in France in 2008, up from 7.5% in 2007) and more is being done to integrate people in social difficulty (partnership with EPIDe, a French Defence Ministry integration agency, jobs charters with local authorities for most subsidiaries in France, work with ex-offenders in the United Kingdom, etc.). Measures are also being taken to encourage the employment of older people and the disabled. A short film about disabled employees won a special prize at the 2008 Fimbacte construction film festival.

Colas hosted 3,500 interns in 2008 (2,600 in 2007), 660 of them outside mainland France (600 in 2007) and 870 on work/study contracts (600 in 2007). The internships, which take place under agreements with educational institutions, last less than 12 months and interns are paid at significantly better than market rates.

Loyalty

Colas is very keen to ensure staff loyalty through measures such as welcoming and integrating newcomers, protection, working conditions, mobility and internal promotion. Colas ensures equal pay in each country and maintains an attractive pay policy. The group's welfare programmes, including health insurance, retirement and provident schemes, are among the best in France and around the world. Length of service indicators, which are currently being standardised and made more reliable on a global scale, confirm the substantial average length of careers in the group. Social dialogue is conducted at local level in the wide variety of representative forums specific to each country.

Professional development

A commitment to lifelong professional development is reflected in spending

Phitsanulok emulsion plant in Thailand

on training (4% of the total payroll), which greatly exceeds statutory requirements where they exist. Over 50,000 courses representing nearly one million hours of training were dispensed, divided equally between France and elsewhere, more than a third being devoted to safety.

In France and North America, the workforce is large enough for common core programmes to be developed in-house (Colas University Phases 1, 2 and 3), together with a more diversified range of courses offered by Colas Campus.

Colas is continuing to expand its tutoring scheme, training several hundred tutors in 2008.

Care is taken to ensure that investment in training is spread between all categories of staff, encouraging advancement in all types of career.

Societal acceptance of production sites

Colas has a vertical integration strategy for the production of construction materials (aggregates, ready-mix concrete, asphalt mixes, emulsions, binders, waterproofing membranes, road paints, etc.). With the acceptance of production sites becoming increasingly difficult, it is essential to strengthen dialogue with local communities. Measures include:

- seeking to behave in an exemplary fashion, especially with regard to biodiversity, emissions, nuisance and prevention, and going beyond simple regulatory compliance, with the help of an environmental certification policy;
- measuring progress and documenting it reliably. A worldwide checklist system has been introduced. Over 50% of sites were covered by the end of 2008, making it possible to start consolidating action plans;
- promoting regular dialogue, including listening to expectations, explaining the practical requirements of the work involved and moving forward in a constructive manner. An indicator has been developed to track progress.

The direct environmental impacts of Colas' works activities are relatively slight.

New construction works account for only a small proportion of activity: the maintenance, renewal or upgrading of existing roads without any increase in surface area is estimated to represent over 80%. Environmental impacts are assessed by contracting authorities at the design stage. Colas then implements and enhances its customers' environmental protection plans during the construction phase.

Environmental issues in day-to-day business (the price tag for an average project is still under €100,000) are mostly limited to the management of liquid products and waste, most of it inert.

In their quest for progress, staff tend to be motivated by the societal expectations of local residents and users.

Business ethics

Colas considers compliance with business ethics to be an inalienable principle. Fair and open competition allows Colas to take advantage of its organisation, technology and know-how and to develop relationships of trust with its customers.

Colas has taken a number of practical ethics-related measures, teaming up with independent partners like Association Qualité Pesage (a French quality association), Socotec and Veritas for weighing at asphalt plants and Tracfin, the French money-laundering watchdog, for the sale of second-hand equipment.

Training in competition law continued throughout 2008 and was dispensed to nearly 700 employees. Some 500 operations managers attended sessions at which they were reminded of the rules applicable within the group.

In all, 72 participants from Colas attended the "Developing Bouygues Values" seminar.

With the help of outside consultants, similar training measures have been organised in French overseas departments and other countries outside France, attracting 180 participants.

Colas University

Safety induction software for new employees

Five other major challenges

For these five additional challenges, Colas does not always have the same freedom of action as for the three strategic challenges. Where energy is concerned, for example, it does not control alternative energy sources, and the same applies to alternative engine types for plant and equipment.

However, Colas is highly sensitive to these issues and does what it can to the best of its ability.

Safety

Preventing industrial accidents

Colas has over 1,000 accident prevention coordinators divided equally between France and international operations. Specific software tools have been developed to facilitate the induction of new site workers and measures have been taken to make equipment safer, such as the installationof video cameras, front-view mirrors and insulated grips.

Over 17,000 employees (14,000 in 2007), including 10,000 in France, have workplace first-aid certificates. A great number of subsidiaries and profit centres have been awarded prizes by external organisations in France (the prestigious DuPont Safety Award for Business Impact in the Europe/Middle East/Africa zone), Thailand and Ireland. In Madagascar, 8 million hours were worked without accident on a major project.

Road safety

A committed supporter of the road safety cause in France since 1997, Colas signed up to the European Road Safety Charter in 2005. The results reflect a level of commitment and motivation equal to the scale of this emblematic challenge for the world's leading roadbuilder.

North-South responsibility

With operations in a number of southern hemisphere countries, Colas has a duty to behave there in a suitably responsible way. In Morocco and Madagascar, for example, where the group has been present for over 50 years, Colas has an opportunity to contribute to growth, economic, social and cultural development and environmental protection. Its actions in these areas are described in greater detail in the Colas annual report and on the CSR website at *www.colas-rse.com.*

Comparable action is being taken in other countries, like Gabon, Benin, Djibouti and South Africa, where Colas has less extensive operations.

Energy

Energy consumption

The first priority is to reduce fossil fuel consumption. Finding indicators is not easy: for identical revenue, two projects may have very different energy content, depending on the proportion of subcontracted work, the nature of the work itself, the distance from resources and materials, etc.

Work is advancing with the help of methods like carbon balances and lifecycle analysis, leading to practical action.

- **Industrial sites:** internal reference systems used in management systems (eg ISO 14001) have been reinforced to offer each site a tailor-made energy-saving programme. For asphalt plants, a burner consumption tracking indicator led to a 7% average improvement for all asphalt mix production worldwide in 2008, representing a 40,000-tonne reduction in CO_2 emissions.
- **Vehicles and equipment:** tests are being conducted with about a thousand trucks and items of equipment specially equipped to track fuel consumption. The devices led to savings of around 10% in the first year. Other measures include training and awareness-raising in areas such as calm driving techniques, especially with the Scope software tool, time spent with engines idling, etc.

Energy content of products and techniques

- *ÉcologicieL* is a software tool that uses carbon balance techniques to propose variants for road structures. New versions have been developed for international use and for pipe-laying projects. The results after the first year of regular use in France are encouraging: customers chose options that reduced CO_2 equivalent emissions by 15,000 tonnes out of the 40,000 tonnes proposed.
- *Néophalte BT* is a mastic asphalt mix produced at about 100°C lower than the usual temperatures, giving an energy saving of 30%.


Rebuilding the Queen's Palace in Madagascar

Laying 3E asphalt mix on the Le Mans ring road, France

It accounts for over 40% of Colas' asphalt production and is exported to international markets.

- *3E asphalt mix* is manufactured at temperatures 40 to 50°C lower than conventional mixes, giving energy savings of 10 to 20%.
- *Végéroute* is a range of products that replace oil-based components with plant-based substitutes while also reducing temperatures and in some cases the quantities required. The range includes Végéflux®, a fluxing agent, Végécol®, a binder used on 340 projects in France and elsewhere in 2008, and Ostréa®, a road-marking product made from oyster shells and plant-based binders.
- *Innovative roofing solutions:* 70,000 sq metres of Tecflor™ green roofing were installed in 2008 and the photovoltaic roofing business grew strongly, with 21 projects totalling almost 10,000 sq metres, representing output of 1,015 kWp.

Recycling

Recycling is a fundamental priority, since Colas is a major producer and user of construction materials.

Figures for 2008 were stable in comparison with 2007. 10 million tonnes of materials were recycled in France and elsewhere, equivalent to the output of 32 quarries. Colas' production of asphalt mixes incorporated 8% of recycled asphalt pavement (RAP), representing a saving of almost 3.5 million tonnes of aggregates and about 175,000 tonnes of bitumen, equivalent to the output of a medium-sized refinery. In situ recycling amounted to almost 5 million sq metres of road surface, the equivalent of a road between Strasbourg and Brussels.

In France, following the Grenelle Environment Forum, Colas undertook to triple its RAP rate by 2010.

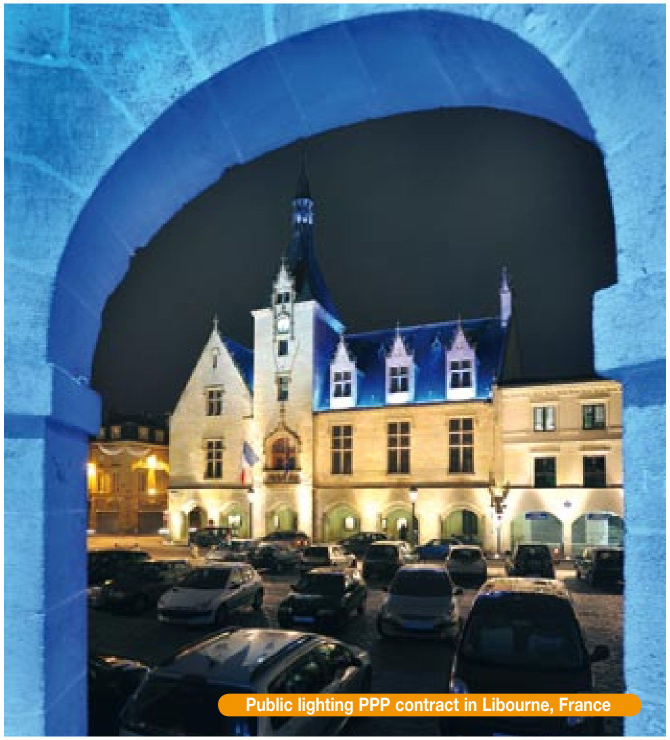
Chemical hazards

Going beyond mere regulatory compliance, Colas aims to actively control the risk of chemical hazards.

For example, over half Aximum's production of road paint is covered by an environmental labelling scheme and about 50 products carry the *NF Environnement* label. Other actions include:

- **solvants:** scrapping the use of solvents in laboratories, scrapping the use of solvent-based degreasing fountains, scrapping the use of toluene including in professional paint (the entire range is available in a solvent-free option);
- **pigments:** scrapping the use of heavy metal-based pigments in paints, research into a non-powder formulation;
- **non-stick products:** scrapping the use of fuel oil for the application of asphalt mix and replacing it with plant-based alternatives;
- **bitumen vapours:** in France, on the basis of available information the risk can be classed as "low and sufficiently reduced" under French labour law and according to occupational health guidelines, ruling out the need for further medical screening;
- **resins:** launch of the Greencoat research project with several partners and support from the French national research agency.

Recycling asphalt pavement in North America



Dialogue with civil society

Private enterprise and infrastructure

Colas defends an approach based on partnership that focuses on lifecycle cost and favours innovative forms of public procurement like Public-Private Partnerships (PPP), the Private Finance Initiative (PFI) in the United Kingdom and concessions. Infrastructure that is designed and built for the long term and regularly maintained offers the best return on investment and reduces the consumption of resources.

A number of successes in 2008, including a PPP public lighting contract in Libourne (France), the opening in record time of the A41 North motorway between Geneva and Annecy and the National Partnership Prize awarded by the United Kingdom road authorities to Colas for its PFI project in Portsmouth, bear witness to the high level of satisfaction among the public and contracting authorities, whether with regard to savings, compliance with deadlines or the satisfaction of users and local residents.

Responsible purchasing

Colas has drawn up a typology of its suppliers and subcontractors and identified areas in which it can take action and priority measures in favour of sustainable development with:

- local subcontractors and materials providers;
- global suppliers of raw materials (bitumen, energy, cement, oil and hydrocarbon compounds, etc.);
- national and international suppliers of industrial equipment (for quarries and asphalt plants) and machinery (heavy plant, vehicles);
- national and international service providers (temporary employment agencies, plant hire firms, transport firms, etc.);
- miscellaneous suppliers.

Depending on the circumstances, actions and partnerships focus on safety, quality, compliance with regulations, the control of illegal working, the design and proper use of plant and equipment, etc. The issue of relocation to countries with low labour costs or slack environmental requirements is marginal as far as Colas is concerned, but the issue of responsibility arising from Colas' presence in southern hemisphere countries is real and has been raised.

Outlook for 2009

Colas continued its profitable growth strategy in 2008.
The order book at end-January amounted to €6.3 billion, still a high level, although 8% lower than at end-January 2008.

It is impossible from orders in hand and the information currently available to predict how markets will evolve since that will depend on contradictory factors, including the consequences of the economic and financial crisis, oil prices and stimulus measures that should favour Colas' businesses.

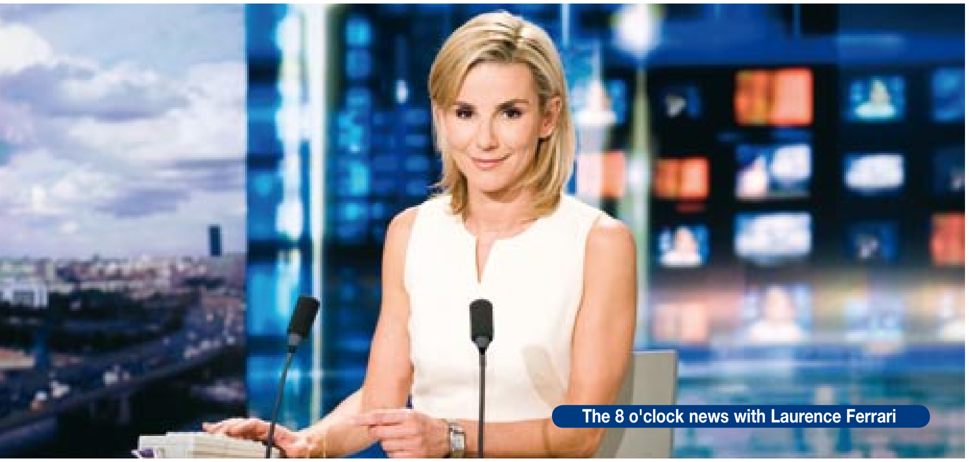
- **In France,** the direction of local authorities' investment policy will be decisive. The start of new tramway programmes is a positive factor, prospects for renovating the railway network are favourable and the waterproofing order book is good.
- **In North America,** the outlook in Canada is bright and subsidiaries in the US could well be prime beneficiaries of the massive stimulus package announced there.
- **In Europe,** business activity is likely to be comparable to the level expected in France, with a possible expansion of PPP projects in Central Europe.
- **In Africa and the Indian Ocean,** activity is likely to hold up well, despite the completion of some exceptional projects, since new projects will come on stream in 2010.

Under these circumstances, an initial sales projection of €12.3 billion has been set for 2009. The solidity of Colas' subsidiaries and businesses should enable the group to adapt to this level of activity if the assumption proves to be correct. Even more so than in the past, Colas will base its strategy on profitability rather than volume. Essential investment will be maintained and budgets will be adjusted gradually and pragmatically.

Thanks to its financial solidity and flexible organisation, Colas will continue to pursue its sustainable development objectives, especially in relation to energy savings and safety, and is ready to respond to infrastructure needs around the world.

TF1 No. 1 television group in France

A key leader in a context of keener competition



The 8 o'clock news with Laurence Ferrari

TF1 is France's leading TV channel, historically at the forefront of current events. The group's multi-channel offering now includes 13 TV channels, fast-growing new media and a range of diversification activities such as e-commerce, digital content, audiovisual production, rights distribution and TV shopping.

Highlights

- Excellent audience for TF1 of 12.7 million viewers[1] for the Euro 2008 France-Netherlands match.
- Successful launch of TF1, Ushuaïa TV and Eurosport in high definition.
- Merger of TF1 and LCI editorial teams in order to improve efficiency.
- Average national audience share of 2.1%[1] for TMC.
- TF1 Network: France's eighth most popular web network[2].
- Creation of TF1 Publicité 361, the first cross-media advertising sales agency in France.
- TF1, a model of corporate social responsibility, with a sustainable development compliance and awareness score of 91% (2008 Meedat report on the publication of environmental information in media sector annual reports).

[1]Médiamétrie Mediamat (2008)
[2]NNR panel

2008 sales
€2,595m
(-5%)

Current operating margin
6.8%
(-4.3 pts)

Net profit attributable to the Group
€164m
(-28%)

Employees
4,000

2009 sales target
€2,360m
(-9%)

2008, a turning point

In 2008, TF1 group's consolidated sales fell back 5% to €2,595 million.

Net advertising revenue from the TF1 core channel declined 4% to €1,647 million, hit by the deteriorating global economy and changes in the regulation of TV advertising in France which caused advertisers to hold off on investment.

Revenue from other activities dropped 7% to €948 million, due in particular to a lower contribution from the audiovisual rights division, buoyed in 2007 by the success of the Edith Piaf biopic *La Vie en Rose*. Stripping out this effect, the fall was 4%. Sales at Téléshopping, TF1 Entreprises and TF1 Vidéo were hit directly by the decline in purchasing power and household consumption. Eurosport International reported a further rise in revenue, driven by the ongoing rollout of the channel on all broadcasting media (satellite, ADSL and DTT), the launch of Eurosport HD and a year rich in sporting events.

Programming costs for the TF1 channel rose 0.8% to €1,032 million. Excluding sporting events (Euro 2008 and the 2007 Rugby World Cup), programming costs remained virtually unchanged at €978 million.

Current operating profit amounted to €177 million, compared with €307 million a year earlier. Attributable to lower sales and the impact of the cost of the Olympic Games for Eurosport, the figure was nevertheless boosted by the group's three-pronged cost optimisation plan:

- 15 million reduction in external expenses;
- renegotiation of the group's contracts (excluding audiovisual rights), generating a saving of €8 million;
- discontinuing of non-profitable activities, generating savings of €9 million.

It was adversely affected by a €42 million reorganisation charge. The operating margin was 6.8%.

Net profit from continuing operations fell 28% to €164 million, hit by slower business, costs incurred in 2008 in connection with screening major sporting events and reorganisation charges.

The cost of net debt over 12 months rose slightly to €23 million, mainly due to a rise in the average debt level following the acquisition of a 33.5% stake in AB Group in April 2007 for €230 million.

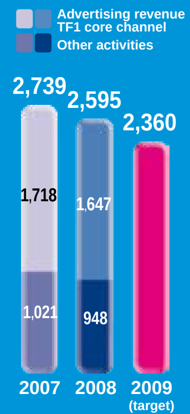
Other income and expenses amounted

2007 is shown applying the same accounting policy as in 2008, excluding third-party sales (€25m in 2007).
The change in policy (IAS 18) has had no impact on net profit. It mainly concerns the ad space selling organisation and 1001listes.

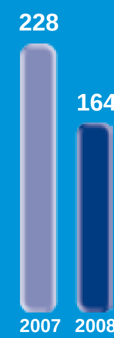
to €41 million. The main components of this item were a revaluation of the fair value of the TF1 group's option to sell its 9.9% stake in Canal+ France, provisions for the impairment of non-recurring financial assets and the positive effect of dollar-denominated currency hedges.

Shareholders' equity amounted to €1,377 million for a balance sheet total of €3,740 million. Net debt amounted to €705 million, giving net gearing of 51%. A bond issue maturing in November 2010 accounts for €500 million of the debt figure, the remainder consisting mainly of drawdowns of confirmed credit lines. TF1 has a put option on its shares in Canal+ France that it can exercise in February 2010 for a guaranteed minimum amount of €746 million.

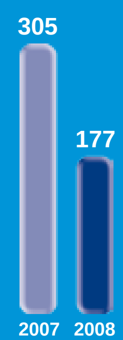
Sales
€ million



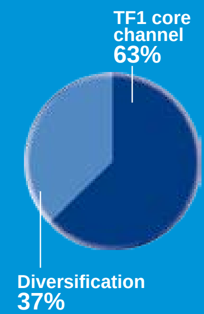
Net profit
€ million



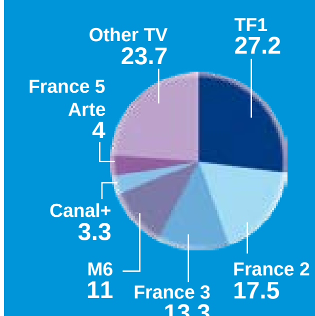
Operating profit
€ million



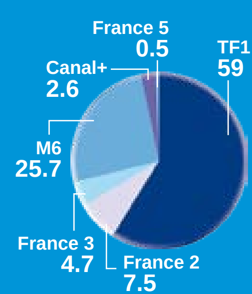
Revenue 2008



Audience share 2008[1] Individuals aged 4 and over (%)



Share of advertising market 2008[2]
(%)



[1]Médiamétrie
[2]TNS raw data – Terrestrial TV

Consolidated balance sheet at 31 December

ASSETS (€ million)	2007	2008
• Property, plant and equipment and intangible assets	368	346
• Goodwill	510	506
• Non-current financial assets and taxes	966	1,017
NON-CURRENT ASSETS	**1,844**	**1,869**
• Current assets	1,768	1,837
• Cash and equivalents	39	12
• Financial instruments used to hedge net debt	1	7
CURRENT ASSETS	**1,808**	**1,856**
• Assets held for sale	0	15
TOTAL ASSETS	**3,652**	**3,740**

LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	2007	2008
• Shareholders' equity attributable to the Group	1,394	1,377
• Minority interests	-	-
SHAREHOLDERS' EQUITY	**1,394**	**1,377**
• Non-current debt	618	696
• Non-current provisions	34	57
• Other non-current liabilities	1	3
NON-CURRENT LIABILITIES	**653**	**756**
• Current debt	10	4
• Current liabilities	1,586	1,564
• Overdrafts and short-term bank borrowings	5	19
• Financial instruments used to hedge net debt	4	5
CURRENT LIABILITIES	**1,605**	**1,592**
• Liabilities held for sale	0	15
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,652**	**3,740**
Net debt	597	705

Condensed income statement

(€ million)	2007	2008
SALES	2,739	2,595
• Net depreciation and amortisation charges	(88)	(95)
• Net charges to provisions and impairment losses	(41)	(53)
• Other income and expenses	(2,305)	(2,270)
CURRENT OPERATING PROFIT	305	177
• Other operating income and expenses	-	-
OPERATING PROFIT	305	177
• Cost of net debt	(21)	(23)
• Other financial income and expenses	29	41
• Income tax expense	(93)	(41)
• Share of profits and losses of associates	8	10
NET PROFIT FROM CONTINUING OPERATIONS	228	164
• Net profit of discontinued and held-for-sale operations	-	-
NET PROFIT	228	164
• Minority interests	-	-
CONSOLIDATED NET PROFIT ATTRIBUTABLE TO THE GROUP	228	164

The NRJ Music Awards, screened in high definition

Broadcasting — France

Sales from French channels fell 4% in 2008 to €2,104 million. Operating profit amounted to €164 million, down 35%, giving an operating margin of 8%.

TF1 channel
(source: Médiamétrie)

Over 2008 as a whole, TF1 had an audience share of 27.2% for the category "individuals aged four years and over" and of 30.9% for the category "women under 50". Despite the proliferation of channels and other changes in the audiovisual sector, TF1 confirmed its leading position and obtained 96 of the top 100 TV audience ratings in 2008.

Reflecting its mission as a general-interest channel, TF1 screened all types of content. US series (it has the franchise for *CSI, Grey's Anatomy, Dr. House,* etc.) continued to attract large audiences, with a record 10.2 million viewers for an episode of *CSI: Miami* on 8 January 2008.

Exclusive coverage of sporting events, like Euro 2008, remained a prime feature of TF1's schedules: 12.7 million viewers watched the France-Netherlands match on 13 June 2008.

The viewing figures regularly prove the popularity of films like French family comedies *(Les Bronzés 3: Amis pour la Vie,* 11.2 million viewers) and American blockbusters *(The Legend of Zorro,* etc.).

Favourite programmes on the channel also included gala evenings like the charity fundraiser Les Secrets des Enfoirés, the election of Miss France and the NRJ Music Awards, light entertainment, news and French fiction *(Julie Lescaut, Joséphine Ange Gardien).*

Some 89 programmes in 2008 were watched by over 8 million viewers.

Advertising
(source: TNS Media Intelligence)

Plans for new legislation in the audiovisual sector and the introduction of a new pricing structure by France Télévisions in early 2008, compounded by a deteriorating economic environment, prompted advertisers to adopt a wait-and-see attitude, reflected in a 4% drop in net TV advertising revenue.

The TF1 channel's share of the advertising market amounted to 59%[1].

Advertising by the food & drink industry, the leading advertiser on TF1 with 22% of gross advertising revenue, fell 9%. The sector was particularly affected by volatile commodity prices. Mass retailers now account for 6% of advertising expenditure, which held up better against the economic slowdown, rising by 1%.

Automobile advertising rose 12% over the year as a result of the launch of new models, spinoffs from the Paris Motor Show and the introduction of the *eco-pastille* green tax system.

Advertising by the healthcare sector rose 24%, making it the ninth largest advertiser on TF1.

[1] *TNS raw data — Terrestrial TV*

The cast of CSI

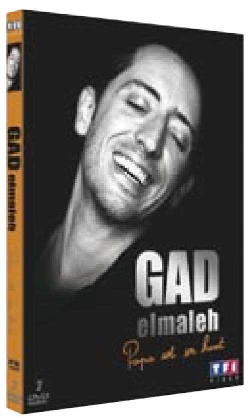
French theme channels

(source: Médiamétrie)

French theme channels generated sales of €188 million in 2008, a reduction of 0.4%.

While the penetration rate of free channels on DTT rose rapidly, pay channels on cable, satellite and ADSL were hit by a reduction in advertising expenditure due to the economic slowdown.

TMC, positioned and recognised as a general-interest family channel, took 2.1% of the national audience in 2008. The leading DTT channel, TMC now attracts over 27 million viewers every week, representing an additional 10 million viewers over one year.



Eurosport France confirmed its position as the most attractive complementary channel in France with an audience share of 1.6% excluding DTT channels (source: Médiamétrie MédiaCabSat survey, theme channel audience figures between 31 December 2007 and 15 June 2008). Eurosport France has been available in high definition on CanalSat since 5 December 2008.

The theme channels division generated an operating profit of €4 million compared with €2 million a year earlier, impacted by screening of the Olympic Games.

AB Group

The AB Group has an extensive catalogue of rights for French-language TV programmes and owns 22 TV channels, including RTL9, AB1, NT1 and TMC in France and AB3 and AB4 in Belgium. The AB Group contributed €11 million to TF1's net profit.

TV-related activities

Téléshopping

The Téléshopping group's contribution to consolidated sales in 2008 fell 8% to €126 million, mainly due to unfavourable economic conditions and slower household consumption.

The Téléshopping group reported an operating profit of €5 million.

TF1 Entreprises

TF1 Entreprises and its subsidiaries reported a 10% drop in sales in 2008.

Music and publishing activities, heavily dependent on prevailing economic circumstances, accounted for most of the decline.

TF1 Entreprises posted an operating loss of €0.4 million in 2008.

Production

The production division contributed €31 million to the group's sales in 2008 and saw its operating profit increase to €3 million.

e-tf1

e-tf1 reported a 7% drop in sales to €60 million. Despite the success of activities related to shows on air, like *Secret Story,* the division was hit by a fall in interactivity operations and a flagging advertising market.

e-tf1's other activities held up well, benefiting from the growing number of visitors to TF1 websites, which attracted 15.7 million unique visitors in December 2008 (source: Nielsen NetRatings).

e-tf1 made an operating loss of €4 million in 2008.

Audiovisual rights

The audiovisual rights division reported a 35% drop in sales to €174 million and an operating loss of €11 million.

The catalogue business generated €55 million, down 46%, due to an unfavourable basis of comparison (release of Edith Piaf biopic *La Vie en Rose* in 2007) and a lag in film releases.

TF1 Vidéo's contribution fell 28% to €119 million. In a shrinking DVD market, the division saw a 20% drop in sales by volume as one-off successes like *La Vie en Rose* and *The Departed* were not repeated in 2008. However, revenue from video-on-demand (VOD), while still relatively low, doubled in 2008.

Broadcasting — International

Eurosport International reported a 14% increase in sales to €312 million, driven by an 11% rise in sales of subscriptions and a 17% increase in advertising revenue.

Reaching 108.9 million households in 59 countries at end-2008, Eurosport had 66.4 million paying subscribers (up 9%), two-thirds of whom in Central and Eastern Europe.

The TF1 group strengthened its offering with the launch of Eurosport in high definition in May 2008. Complementing Eurosport 2, the "new generation" sports channel, the sporting news channel Eurosport News and the sporting events organiser Eurosport Events, the HD version of Eurosport illustrates the group's capacity for innovation, know-how and responsiveness.

France 24, in which TF1 has a 50% stake, contributed €4 million to the division's sales and broke even in 2008. TF1 finalised the sale of its stake in France 24 to the state-owned holding company Audiovisuel Extérieur de la France on 12 February 2009.

The magazine *Sept à Huit*

The LCI studio

A secure external backup site is operational for three processes: broadcasting programmes, preparing news bulletins (TF1 and LCI) and producing advertisements for the TF1 core channel.

All emergency resources were brought together on a single site at the end of the first quarter of 2008.

TF1's programmes are broadcast to French homes:

- by analogue signals in Secam from TDF's 112 principal transmitters and 3,070 rebroadcast stations;
- by satellite in unscrambled Secam from a transponder on Eutelsat's Atlantic Bird 3 operated by Globecast;
- by free-to-air DTT SD signal from the 112 principal transmitters and 210 secondary transmitters operated by TDF, Towercast and Onecast;
- by free-to-air DTT HD signal from the 51 principal transmitters operated by TDF, Towercast and Onecast;
- by free-to-air digital satellite signals from SES Astra 1 in the DTT SAT offering;
- by cable (cable operators have an analogue must-carry obligation) in analogue Secam;
- by cable in digital SD;
- by satellite in digital SD in the platforms of CanalSatellite (SES Astra 1) and AB (Eutelsat AB3);
- by phone line (ADSL) and optical fibre, where relevant, in digital SD, by all internet service providers (Orange, Free, Neuf, SFR, Bouygues Telecom, Darty, etc.);

Research and development

Most R&D spending corresponds to activities relating to the market launch of a new product, service or programme. TF1 also carries out some in-house development work for efficiency reasons.

R&D spending in 2008 amounted to approximately €14 million, including creation and innovation costs for light entertainment, drama and films.

Technological innovations in 2008 concerned interactive services for internet/TV/telephone boxes, new web video advertising formats, internet video, content protection, anti-piracy measures and cinema digitisation.

The TF1 group launched TF1 Outdoor (giant screens in public places) and filed licence applications for three digital radio stations, LCI Radio, Wat Radio and Plurielles Radio.

In 2008, TF1 developed Process News & Sports 2 (PNS2), a software package that will modernise the production of news bulletins and sports magazines. It also invested in a very high quality broadcasting system for the Discovery division based at Lorient in Brittany. The system offers automated management of screen formats (16/9, 4/3, etc.) and time-shifted viewing.

Other areas of R&D included high-definition digital terrestrial TV (HD DTT), personal mobile TV and preparations for the end of analogue broadcasting in late 2011.

Operating risks

Industrial and environmental risks

The Réagir committee, created in 2003, continued to monitor and forestall major risks and to verify business continuity plans in the event of interruption of the broadcasting signal or non-accessibility of the TF1 building.


The French series *Julie Lescaut*

- by cable, satellite and ADSL in digital HD in a growing number of networks.

Because there is no genuinely comparable alternative to TDF's technical resources, TF1 is dependent on TDF to broadcast its signal.

For the transmitters with the widest coverage, TDF ensures secure transmission by using both free-to-air and satellite networks to carry the signal.

Redundant transmitters greatly enhance transmission security. In contrast, the mast system is not immune from incidents, while the power supply is the responsibility of electricity utility EDF and can escape TDF's vigilance.

The signal can be lost for technical reasons (transmitter or power failure) or for reasons specific to TDF, such as strikes. Contractual penalties are not commensurate with TF1's potential operating losses when such incidents occur.

That is why TF1 has negotiated a deal to ensure very rapid intervention by TDF technicians if an incident occurs and has asked for emergency measures to be stepped up. Apart from one incident involving a local site, no long-term transmitter failure has occurred to date.

Eurosport has infrastructure in the UK which enables the channel to secure the broadcasting of its programmes.

Regulatory risk

Broadcasting licence. TF1 is an audiovisual communication service requiring a licence. Its initial licence to use frequencies was renewed in 1997 and 2002. In 2007, under Article 82 of Act 86-1067 of 30 September 1986 (Freedom of Communication Act) as amended, the licence was automatically extended until 2012, because of the requirement to simulcast in DTT. By a decision of 10 June 2003, the CSA (French broadcasting authority) amended TF1's licence and contract in order to include provisions relating to broadcasting in DTT.

TF1's broadcasting licence was extended for two five-year periods by Act 2007-309 of 5 March 2007. The first is in compensation for the early cessation of analogue transmissions on 30 November 2011, provided that the channel operator is a member of the public-interest grouping implementing the measures paving the way for analogue switch-off. The second is in compensation for the requirement to provide 95% of the French population with DTT coverage.

The TF1 group has given various undertakings relating to general broadcasting obligations and investment in production. Any tightening of the requirements currently imposed on TF1 by the prevailing regulations could have an adverse effect on the group's profitability.

Modernisation of audiovisual regulation. Decree No. 2008-1392 of 19 December 2008 amending Decree No. 92-280 of 27 March 1992 setting the general principles that define the obligations of service providers with regard to advertising, sponsorship and teleshopping came into effect on 1 January 2009. It introduced a number of changes that affect TF1.


Ushuaïa TV in HD

- Increase in permitted daily advertising time from 144 to 216 minutes and from 6 to 9 minutes per hour on average over the whole day and 12 minutes in any one clock hour (the calculation per 60-minute period has been scrapped), plus:
  - authorisation of sponsorship by drug companies,
  - opening of new broadcasting windows for TV shopping.
- New rules relating to the production of audiovisual works. On 22 October 2008, TF1 concluded an agreement with four organisations representing producers (USPA, SPFA, SACD and SCAM) intended to replace the regulations on the sourcing of audiovisual works stipulated in Decree No. 2001-609 of 9 July 2001. Before it can take effect, the agreement must be transposed into the regulations and agreements that govern TF1.
- Amendment of the Freedom of Communication Act (Act 86-1067 of 30 September 1986). Act 2009-258 of 5 March 2009 on audiovisual communication and the new public television service introduces the following changes:
  - organisation and operation of France Télévisions:
    - ✓ creation of a single enterprise, France Télévisions;
    - ✓ appointment of the chairmen of public audiovisual enterprises by decree;
    - ✓ abolition of advertising between 8.00pm and 6.00am from 5 January 2009 and of all advertising after the switch-off of analogue broadcasting in late 2011. The government will pay compensation to make up for lost advertising revenue;
  - new taxes on TV advertising and services provided by electronic communication operators;
  - transposition of the EU Audiovisual Media Services Directive by:
    - ✓ introduction of a new definition of media services on demand;
    - ✓ authorisation of product placement in programmes under conditions determined by the CSA;
    - ✓ authorisation of a second advertising break in audiovisual works.

The draft legislation on Creation and the Internet should provide some answers to the problem of internet piracy of content belonging to the TF1 group.

Any tightening of the requirements currently imposed on TF1 by the prevailing regulations could have an adverse effect on the group's profitability.

TF1 Sustainable development indicators

	Aim	2008 key figures	Action	Progress[1]	2009 objectives
Financial and business challenges	Guarantee compliance with the CSA[1] Charter and ARPP[2] recommendations. Reflect the diversity of the public, act and promote action for solidarity, raise viewers' awareness of environmental issues. [1]*French broadcasting authority* [2]*French advertising regulator*	• **100%** compliance with programming and broadcasting quota obligations. • **70%** of programmes subtitled. • **74** charities given airtime. • Over **450** items about the environment in news bulletins in 2008. • **147,000** calls from viewers treated within 48 hours.	• Introduction of audio description. • Showing of prime-time charity fundraising events and short features about the environment. Free airtime for charities. • Online launch of the *www.ushuaia.com* website. • Editorial policy of Ushuaïa TV devoted entirely to sustainable development.		• Continue to screen charity fundraisers, communicate more about the need for new forms of behaviour and new modes of consumption. • Extend programme accessibility to all distribution networks.
Social/HR challenges	Maintain a high-quality working environment. Favour equal opportunity (gender equality, diversity, disability). Support staff throughout their career. Encourage employee involvement in good causes.	• **€221,794** in sales with the sheltered sector. The group has 49 disabled employees. • **289** requests for training granted under the *DIF* (individual right to training) scheme. • **500** parcels donated to 13 charities at Christmas 2008.	• Negotiation of a government-approved agreement on the integration and retention of disabled workers. • TF1 Foundation scheme to help young people from disadvantaged neighbourhoods learn about the company (eight of them recruited). • Incorporation of the *DIF* (individual right to training) scheme into the training plan in order to expand the range of training on offer. • Organisation of in-house events to support charities *(www.jeveuxaider.com).*		• Continue negotiations on the jobs and skills planning agreement and on equal opportunity. • Step up internal communication about sustainable development and encourage greater staff involvement.
Environ-mental challenges	Take practical steps to limit the group's direct environmental footprint. Raise awareness among staff and suppliers of the need to behave differently.	• **4%** less water consumption than in 2007. • After the carbon balance for broadcasting activities in 2007, preparation of a groupwide carbon plan to reduce CO_2 emissions by 20% by 2020.	• Continuation of all actions to reduce energy, water and paper consumption. • Coordination of an intranet *(mygreentv)* to raise awareness of sustainable development among staff.		• Continue the technology watch and awareness-raising measures for TV set power consumption and low-energy displays. • Raise producers' awareness of the environmental impact of their activities: launch of Ecoprod, a dedicated website including best practices and a specially adapted calculator for audiovisual and film production.

Measures introduced in 2008 — Ongoing measures in 2008 — Mature measures (continuous improvement)

[1]*Compared with 2008 objectives*

Challenges

As a leading media operator, TF1 has a duty to address the challenges of sustainable development. The group has identified four major challenges:

- responsibility for content (produced and broadcast);
- raising public awareness of major social and environmental issues;
- virtuous and supportive management of human resources;
- reducing the environmental footprint of activities.

Organisation

The current organisation is designed both to root corporate social responsibility (CSR) in the group's processes and to steer the policy at the highest level. It includes:

- a director responsible for policy steering, reporting directly to the Chief Executive Officer;
- a full-time CSR coordinator responsible for implementing the policy in operational departments, keeping track of indicators and collecting data and feedback;
- a CSR officer in subsidiaries like Téléshopping and TF1 Entreprises whose businesses have different societal and environmental impacts.

All those involved, including communication departments, meet once a quarter to review the roadmaps.

Recognition of non-financial performance

Several non-financial rating agencies have recognised the ethical and responsible nature of the TF1 group's action. TF1 is included in four sus-

Dialogue with stakeholders

Stakeholders	Player(s) in TF1	Examples of types of dialogue
Regulator	Compliance department, corporate secretary, external communication, broadcasting and TF1 Publicité divisions.	• Meetings, participation in task forces, reviews, proposals.
Viewers	Viewer feedback centre.	• A special unit with a dedicated website answers all individual contacts (e-mails, phone calls, letters).
Advertisers	TF1 Publicité sales department, calling on in-house CSR expertise.	• Dialogue on CSR issues with the French advertisers' association. • Publication of our general conditions of sale on the website *www.tf1pub.fr.*
Employees and trade unions	Management, HR and Labour relations managers.	• Dialogue and negotiation of agreements with employee representatives (50 meetings a year); provision of an intranet for trade unions; internal communications (printed materials, intranet including a site devoted to sustainable development, suggestion box, etc.); annual appraisal; conferences, films, poster campaigns, etc. • Provision of internal documents (company regulations, Eticnet).
Producers	Programme units and compliance department.	• Compliance department in attendance at all shoots.
Charities, NGOs	Broadcasting, Solidarity Committee, Labour relations (including disability task force).	• Consideration given to all requests for free airtime via SNPTV (French TV advertising association) and the Solidarity Committee. • Dialogue and participation in round tables organised by charities (eg, on disability). • Long-term contracts (JVA, FNH, Défi Intégration). • Partnerships (eg Action Innocence), memberships (Tremplin).
Suppliers and service providers	Central Purchasing Department.	• Inclusion of suppliers in cross-functional processes (risk management, CSR) through constant and personalised dialogue.

Over 450 items about the environment in news bulletins in 2008

tainable development indexes: DJSI Stoxx, ASPI Eurozone®, FTSE4Good Europe Index and, since 2007, Ethibel Europe.

Television for all: responsible programmes and broadcasting

Commitment

Guarantee compliance with the CSA Charter and ARPP recommendations and contribute to thinking about social responsibility in the media and advertising.

Actions

Programme compliance department

TF1 has established a programme compliance department, reporting directly to the broadcasting division. As well as ensuring that programmes to be aired comply with CSA regulations, it handles relations with the broadcasting authority. Areas of particular vigilance are rules on alcohol advertising (Evin Law), respect for personal rights, child protection and covert advertising. The department's legal staff advise journalists, producers and directors, attend shoots (live and recorded) and watch and validate recorded content like news items.

Ethical reporting

The news division guarantees editorial independence through dialogue and argument. Editors pay great attention to the quality of picture sources and will not use amateur video footage if the source cannot be verified. Regular seminars on freedom and responsibility are organised for staff involved in preparing news bulletins on TF1 and LCI.

Responsibility for internet content: child protection on the TFOU website

Special safety measures are taken for *TFou.fr,* the website for children aged 4 to 10, including restricted links from the site, supervised chat rooms and forums that are controlled before publication. A parents' charter drawn up with Action Innocence, an internet child protection group, provides parents with information about responsible behaviour. In early 2009, TFOU will roll out a new website, *TFOU s'engage,* dealing with internet security amongst other things.

Accessibility of programmes to the disabled

As a key family channel, TF1 has a duty to ensure that its programmes are accessible to all, especially those whose disabilities isolate them. Subtitling was extended in 2008 to the weather forecast after the news and to the weekly magazine *Sept à Huit.* Over 70% of programmes were subtitled by the end of 2008, compared with 60% in 2007.

TF1 has taken account of the 1 million French people with impaired vision by developing audio description, a technique that enables blind or sight-impaired people to experience a film through an appropriate voice description of the action and setting.

A major role to play in raising public awareness of social and environmental issues

Commitment

Using its position as a leading media operator, TF1 plays a part in revitalising social cohesion by reflecting diversity, acting and promoting action for solidarity and raising viewers' awareness of environmental issues.

Actions

Diversity on air

Representing the diversity of cultures and origins is a constant concern of the broadcasting division in all programme schedules. News and sports teams at TF1 and LCI include journalists and presenters from visible minorities. The TF1 Foundation helps to encourage talented young people to join the group's technical and editorial staff.

■ **Supporting charities**

TF1 Publicité and the TF1 channel offer charities both direct help and greater visibility, including special prime-time fundraisers, free adverts and advertising slots and the donation of game-show winnings *(Attention à la Marche, Who wants to be a Millionaire?* Programmes for charities).

Donations in 2008 amounted to €16,574,600 (optimisation of airtime,

TESTIMONIAL

"Charities made us understand the importance of television as a social link for the sight-impaired. We are committed to introducing audio description, still very under-developed in France, into TF1's schedules. As the narrative framework of fiction lends itself particularly well to the technique, we have decided to provide audio descriptions of popular French films screened in prime time."

Eric Jaouen,
Head of Broadcasting, TF1

donations made during game shows, free advertising slots for campaigns, direct gifts to charities).

The environment on TF1

Over 450 items relating to climate change concerns were aired in TV news bulletins in 2008. *Ushuaïa Nature,* the flagship environment programme produced and presented by Nicolas Hulot, is shown in prime time four times a year. Weather forecasts and short features regularly contain messages on things people can do in their everyday lives to protect the environment.

■ **Ushuaïa TV and *ushuaia.com:* a sustainable development channel and website**

Ushuaïa TV, whose editorial policy is devoted entirely to sustainable development, shows innovative programmes to encourage ecological behaviour and new documentary series exploring solutions introduced all over the world.

In 2008, TF1 launched the *www.ushuaia.com* website, which offers general-interest and exclusive multimedia content on environmental subjects, including a comprehensive round-up of green news and many practical reports and features containing text, photos and videos.

Virtuous and supportive management of human resources

Commitment

Maintain a high-quality working environment by promoting well-being, security and fulfilment, promote equal opportunity (diversity, gender equality, disability), support staff throughout their career, encourage employee involvement in good causes

Action: promoting equal opportunity

Encouraging the integration of disabled employees

TF1 has stepped up action to accommodate and integrate disabled employees and to use more services provided by the sheltered sector. Demonstrating its desire to go further down this road, it signed an agreement with the social partners in 2008 relating to the integration and continued employment of disabled people. A disability task force created

Free airtime for 74 charities in 2008

The documentary *Kilimandjaro: au-delà des limites*

in December 2007 coordinates action in this sphere.

Diversity: the actions of the TF1 Foundation

Created in 2007 and focusing on diversity, integration and employment, the TF1 Foundation recruited its first intake in 2008.

■ The Foundation's first intake

After submitting a filmed presentation of their reasons for seeking a career in the audiovisual media, eight candidates chosen by a panel of professionals were offered a two-year apprenticeship in the TF1 group plus training and individual mentoring. The scheme will be repeated every year *(www.fondationtf1.fr).*

■ Dialogue in high schools in problem areas

So that the media world and young people from disadvantaged neighbourhoods can meet other than in times of upheaval, the Foundation organises dialogue by encouraging members of editorial staff to visit high schools in problem areas. Reporters, newsreaders and senior editors talk about what they do and answer questions from young people in schools in the Paris area and around France.

Promoting equal opportunity

TF1 is continuing its policy of not discriminating between men and women and respecting the principle of gender equality, especially in recruitment, access to training, promotion and pay. The works council's gender equality committee has carried out a comparative review of the situation of TF1 SA employees according to a range of criteria such as headcount, leave, training and pay, so that identified discrepancies can be rectified on the basis of precise indicators.

■ Maintain a high-quality working environment

For many years, TF1 has gone beyond its statutory obligations in order to create high-quality labour relations that promote employees' well-being and safety. The social rules introduced by the TF1 group lay the foundations for a pleasant and fair working environment. A profit-sharing agreement has been concluded with most of the trade unions in order to motivate staff, the targets being negotiated each year.

■ Support staff throughout their career

From recruitment to retirement, TF1 has implemented resources and procedures to support staff throughout their working life. Attention is paid to staff's career paths, particularly through training, to which TF1 devotes 3% of its payroll each year.

A jobs and skills planning agreement is being negotiated within the TF1 group.

■ Motivating staff

TF1 encourages staff to support actions for solidarity by organising in-house events and donations of equipment through the good causes portal *www.jeveuxaider.com.*

Responsible purchasing

The TF1 group spends about two-thirds of its revenue on purchases. Implementation of the responsible purchasing policy rolled out in 2008 thus has a considerable impact on the group and its partners. The central-

TESTIMONIAL

"We get the feeling that we are providing a showcase that brings hope for the young people who embody success, for the associations that support them and for the entire neighbourhood concerned. There are a lot of skilled and motivated young people in problem areas. Our action must serve to prove it and to break down the barriers."

Samira Djouadi,
Director of the TF1 Foundation

ised purchasing department's action plan includes greater use of firms in the sheltered sector, the inclusion of social and environmental issues in specifications, rollout of the Bouygues Group CSR Charter for suppliers and assessment of suppliers according to their sustainable development commitments.

Reducing the environmental footprint of activities

Commitment

Team up with suppliers and staff to turn environmental initiatives into best practice, take practical steps to limit the group's direct ecological footprint and raise awareness among staff and suppliers of the need to behave differently.

Environmental policy

Through its general services department, the TF1 group takes a proactive environmental stance in all areas where it can exert control in terms of activities, property management and technical systems. All aspects, such as energy, water and paper consumption, greenhouse gas emissions, waste management, etc., are treated within the framework of an environmental management system.

Actions following the carbon balance

The action plan covers each source of greenhouse gas emissions, whether internal or external. The focus in 2008 was on two main sources:

- The power consumption of TV sets. TF1, through its participation in working groups on standards and technologies (Simavelec, High Definition, etc.) with electrical equipment manufacturers, has contributed to thinking about the ecological design of TV sets and their power consumption in operation and on standby and about low-energy displays in stores. This action is reflected in the proposals of the Grenelle Environment Forum. The technology watch is continuing in 2009.
- External programme production. Programme purchases were the second largest source of greenhouse gas emissions in the carbon balance after the power consumption of TV sets. In late 2008, TF1 and its partners launched an Ecoprod campaign targeting producers. A dedicated website will contain best practice guides and a simplified carbon balance calculator adapted to the audiovisual sector. These resources will be presented to players in the sector in April 2009.

ecoPROD

■ Raising awareness among employees: *mygreentv*

To support the changes in behaviour needed to protect the environment and natural resources, a collaborative intranet called *mygreentv* has been introduced. Mobility, catering and energy are some of the subjects treated in the form of tests of equipment and services, surveys, a suggestion box and portraits of individual employees committed to the environmental cause.

Fundraising for charity

Outlook 2009

In a severely shaken economic environment, TF1 has projected a 9% decrease in consolidated sales in 2009. A €60 million cost reduction plan has been introduced in response to the downturn.

In 2009, the TF1 core channel will continue measures to keep programme costs down while attracting a wide spectrum of viewers and offering advertisers the kind of exposure they cannot find anywhere else.

The TF1 group aims to further refine its business model by stepping up its global-media *(360°)* strategy, rationalising diversification activities and taking advantage of TF1's capacity to break new ground, especially on the internet.

These changes and TF1's position as key leader will leave the group ideally-placed to bounce back after the crisis.

Telecommunications operator

Good performance. Move into the fixed-line and DSL markets.

In 2008, while continuing to expand on the mobile phone market, Bouygues Telecom became a fixed-line operator by acquiring a DSL network. Top of the mobile phone customer relations league table[1] for the second year running, Bouygues Telecom had 9.6 million customers at year-end.

Highlights

- **November:** launch of 3G+ products and services with a new mobile internet portal, new USB modems and notebook PCs.
- **October:** launch of the Bbox for consumers and business users.
- **September:** launch of Neo.2 with extended unlimited services at no extra cost; launch of business fixed-line services.
- **June:** acquisition of a DSL network in accordance with the agreement signed with Neuf Cegetel in 2007; conclusion of an MVNO agreement with KPN.
- **March:** overhaul of Neo call plans, offering unlimited voice calls in five time slots.

2008 sales
€5,089m
(+6%)

Current operating margin
16.1%
(+0.5 pts)

Net profit attributable to the Group
€534m
(+9%)

Employees
8,650

2009 sales target
€5,200m
(+2%)

Another year of growth

Astute strategic choices were again reflected in Bouygues Telecom's results in 2008, with sales rising 6.1% and the current operating margin up 0.5 percentage points to 16.1%.

Sales from network amounted to €4,696 million, a rise of 5.2% despite an 8% cut in call termination charges from 1 January 2008. Growth was mainly due to a 1.7% increase in the number of consumer SIM cards over the year and a strong 14.8% increase in the business customer base.

Average revenue per user (ARPU, calculated for a rolling 12-month period on the ARCEP[2] base excluding machine-to-machine SIM cards), rose to €498 in 2008 despite the cut in call termination charges.

Consolidated EBITDA amounted to €1,405 million, 29.9% of sales from network, 0.1 percentage points higher than in 2007. EBITDA was adversely affected by the costs of the fixed-line business begun in 2008. In contrast, the EBITDA margin in the mobile business was 31%, one point higher than in 2007.

Amortisation and depreciation expenses remained virtually the same as in 2007. The impact of the high level of capital expenditure in 2008 was offset by the fact that the oldest components of the mobile phone network have now been fully depreciated.

Operating profit was up 10% on 2007.

Consolidated net profit was up 9% on 2007 at €534 million.

Capital expenditure in 2008 amounted to €872 million and mainly concerned improvements to and extension of the mobile network and the acquisition of the DSL network.

- Rollout of the HSPA (high speed packet access) third generation network was speeded up in 2008 in order to cover 75% of the French population by the summer of 2009.
- On 30 June, Bouygues Telecom acquired a DSL network from Neuf Cegetel comprising 622 subscriber nodes with access to a further 545 nodes. Altogether, the network covers 50% of French households and 60% of Bouygues Telecom's customers.

Bouygues Telecom paid a dividend of €500 million in May 2008 and ended the year with net debt of €107 million.

[1] TNS Sofres - BearingPoint mobile phone customer service league table (April 2008)
[2] French electronic communications and postal service regulator

Diversification into fixed-line services

The mobile phone market

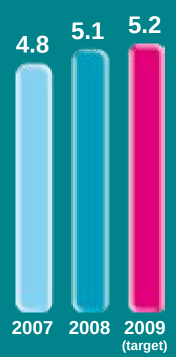
The French mobile phone market recorded marked growth in the number of SIM cards — up 4.9% — fuelled by an 8.1% rise in the number of contract customers. All three operators lost prepaid customers to mobile virtual network operators (MVNOs).

The contract SIM segment contains a growing number of machine-to-machine devices such as machines that exchange data via a SIM card or 3G USB modems that connect a PC to the internet.

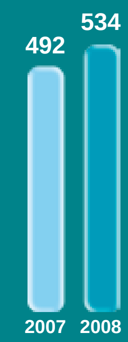
MVNOs captured a smaller share of the net increase in the SIM base in 2008 (10.9% compared with 33% in 2007). Their share of the SIM base at end-2008 rose only slightly, by 0.3 points, some of them having been taken over by their host operator during the year.

Over the year as a whole, Bouygues Telecom accounted for 15.2% of net growth in contract customers. The proportion of contract customers in the customer mix increased by 2.1 points to 75.2%. Again, Bouygues Telecom accounted for over 20% of the revenue generated by the three incumbent operators.

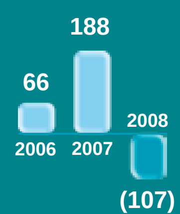
Sales
€ billion



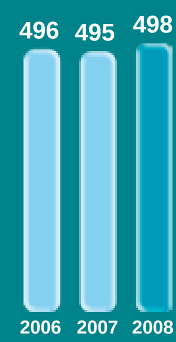
Net profit
€ million



Net cash
€ million

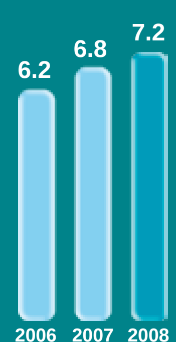


ARPU[1]
€ per year

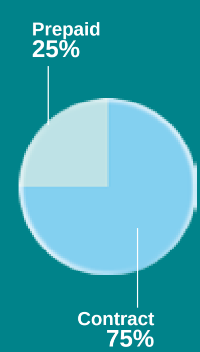


[1]Average revenue per user, rolling 12-month period, excluding machine-to-machine SIM cards

Contract customers
in millions



Customer base
at 31 December 2008



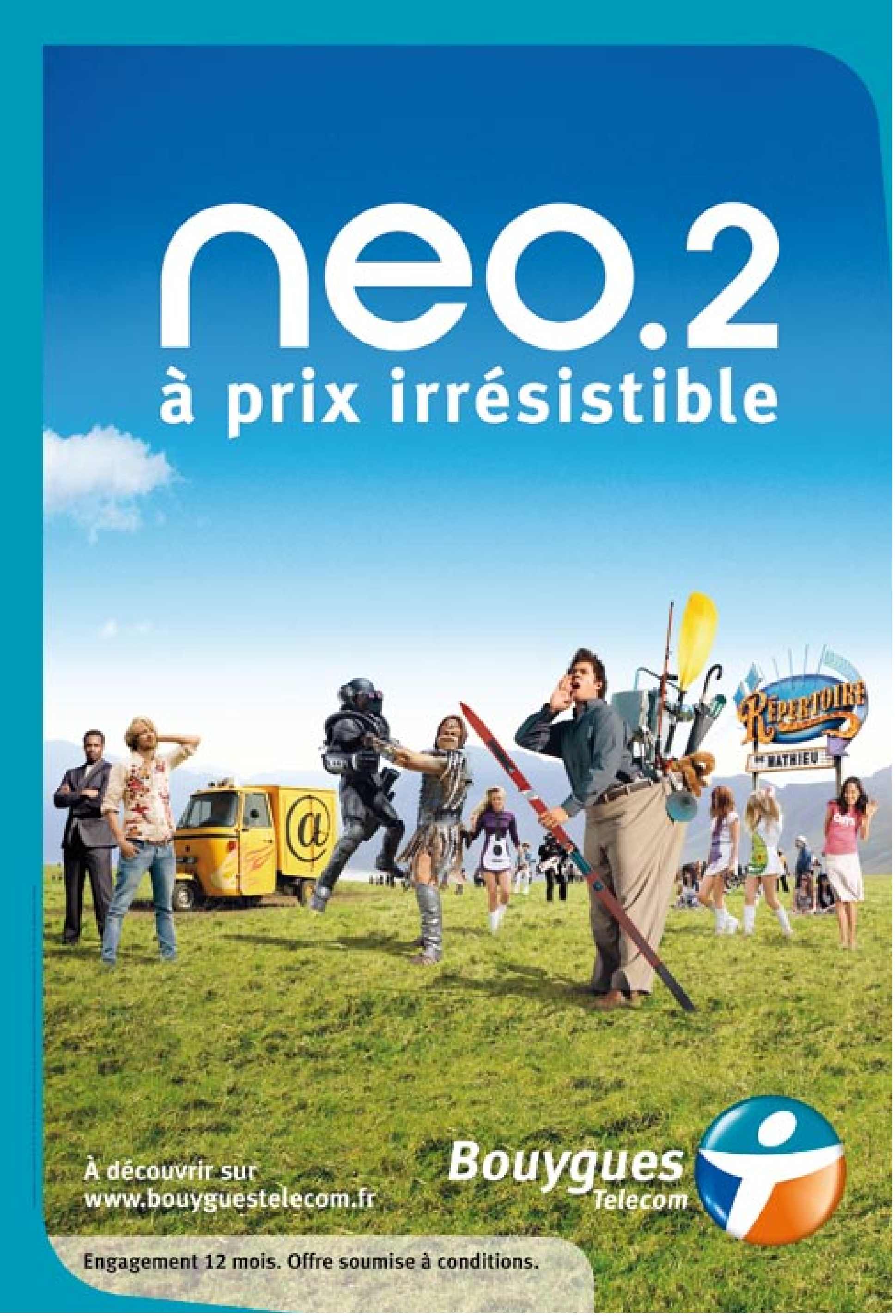
Consolidated balance sheet at 31 December

ASSETS (€ million)	2007	2008
• Property, plant and equipment and intangible assets	3,060	3,376
• Goodwill	8	8
• Non-current financial assets and taxes	12	27
NON-CURRENT ASSETS	3,080	3,411
• Current assets	1,114	1,256
• Cash and equivalents	210	14
• Financial instruments used to hedge net debt	-	-
CURRENT ASSETS	1,324	1,270
TOTAL ASSETS	4,404	4,681

LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	2007	2008
• Shareholders' equity attributable to the Group	2,370	2,396
• Minority interests	-	-
SHAREHOLDERS' EQUITY	2,370	2,396
• Non-current debt	17	105
• Non-current provisions	96	139
• Other non-current liabilities	-	-
NON-CURRENT LIABILITIES	113	244
• Current debt	5	7
• Current liabilities	1,916	2,025
• Overdrafts and short-term bank borrowings	-	9
• Financial instruments used to hedge net debt	-	-
CURRENT LIABILITIES	1,921	2,041
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,404	4,681
Net debt	(188)	107

Condensed income statement

(€ million)	2007	2008
SALES	4,796	5,089
• Net depreciation and amortisation charges	(579)	(585)
• Net charges to provisions and impairment losses	(34)	(24)
• Other income and expenses	(3,437)	(3,663)
CURRENT OPERATING PROFIT	746	817
• Other operating income and expenses	-	-
OPERATING PROFIT	746	817
• Cost of net debt	3	(3)
• Other financial income and expenses	(1)	(1)
• Income tax expense	(256)	(279)
• Share of profits and losses of associates	-	-
NET PROFIT FROM CONTINUING OPERATIONS	492	534
• Net profit of discontinued and held-for-sale operations	-	-
NET PROFIT	492	534
• Minority interests	-	-
CONSOLIDATED NET PROFIT ATTRIBUTABLE TO THE GROUP	492	534



Products and services

On 1 July 2008, in accordance with the agreement signed with Neuf Cegetel in September 2007, Bouygues Telecom acquired its own DSL network.

Since that date, and after extensive preparation, Bouygues Telecom's networks and IT services staff have operated the DSL network from a control room, using a dedicated information system. The network provides DSL access to 300,000 Neuf Cegetel customers.

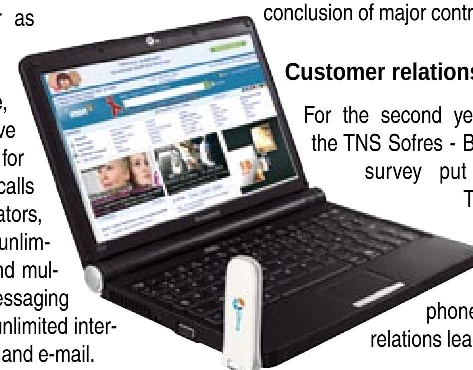
On 20 October, Bouygues Telecom launched its own consumer ADSL services. With the Bbox, Bouygues Telecom is targeting its mobile phone customers first, offering an exclusive advantage to contract customers. To differentiate itself from other providers, Bouygues Telecom's package includes fixed-to-mobile call time (all operators) as a permanent feature. Bouygues Telecom also highlights the quality of its customer service.

In 2008, Bouygues Telecom enhanced its mobile phone services in order to meet consumers' needs.

On 3 March, it launched a new Neo range in which unlimited call time is the key factor in choosing a call plan: customers can choose the time when their unlimited calls start (between 6.00pm and 9.30pm). Calls to all operators are unlimited from that time every day until midnight. One highly successful contract offers unlimited calls in the evening from 6.00pm and all weekend.

In contrast to what happened when Neo was launched in 2006, the other two operators reacted by offering rival packages to the new Neo range: SFR on 12 March with its Illimythics range and Orange on 24 April with its Origami range, to which SFR responded on 28 May.

Neo.2 was introduced in September as an addition to the Neo range, offering five time slots for unlimited calls to all operators, including unlimited text and multimedia messaging plus 24/7 unlimited internet surfing and e-mail.



From June, Bouygues Telecom's range of card services was enhanced with two new options offering extended call time and unlimited text messaging.

A new Universal Mobile restricted call plan introduced in June offers unlimited text messages in certain time slots and unlimited legal downloads of all new Universal Music releases.

Stepping up the rollout of the 3G+ HSPA (high speed packet access) network paved the way for the launch in November of new internet access/ mobile services marketed jointly with USB modems or notebook PCs.

The range of business services was substantially enhanced with:

- a special Bbox package for professionals,
- private IP voice/data networks for businesses.

Bouygues Telecom has also signed an MVNO agreement with KPN.

The number of machine-to-machine devices is expanding following the conclusion of major contracts.

Customer relations

For the second year running, the TNS Sofres - BearingPoint survey put Bouygues Telecom at the top of the mobile phone customer relations league table.

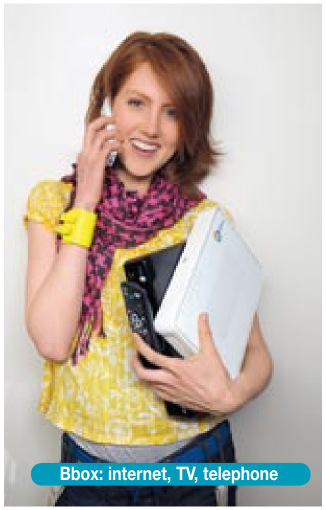
The French quality and standards organisation AFAQ-AFNOR renewed for a further two years its certification of the consumer call plan operations of Bouygues Telecom's customer service centres.

Subsidiaries

Réseau Clubs Bouygues Telecom (RCBT)

There were 593 stores in the Bouygues Telecom Clubs network at end-2008, 209 of them in shopping centres.

Alongside the network of stores operated by partners, RCBT continued to expand its branch network, cre-



Bbox: internet, TV, telephone

ated in 2005, increasing the number of branches from 151 at end-2007 to 197 at end-2008.

RCBT reported an 18% increase in sales in 2008 to €423 million.

Extenso Telecom

Extenso Telecom was created from the merger of the subsidiaries Téléciel and Stock Com on 1 July 2008. A wholesale distributor of telecommunications products and services, Extenso Telecom coordinates and supplies a network of 3,000 sales outlets.

In 2008, Extenso Telecom continued to develop Phonéo, an umbrella brand for 111 outlets, 17 of which belong to its Phonéo Distribution subsidiary created in early 2008.

Extenso Telecom reported sales of €177 million in 2008.

Bouygues Telecom Initiatives

Bouygues Telecom Initiatives is a subsidiary created in December 2008 to support innovative new firms in the communication services sector. Co-development agreements have already been concluded with two companies promoting environment-friendly services (car pooling and lower energy consumption).

Regulatory environment

Licences

Fourth UMTS licence

After the only application for a fourth UMTS licence, submitted by Iliad, was rejected in October 2007, in May 2008 the government asked ARCEP, the French telecommunications regulator, to undertake a public consultation before issuing a new call for bids. After completing the consultation exercise, ARCEP submitted the report containing its proposals to the government at the end of September.

On 12 January 2009, the government announced that it was recommending the allocation in 2009 of three blocks of frequencies, one of them reserved for a new entrant, and on 5 February 2009, that the allocation procedure would take place in two stages. A third of the frequencies would be reserved for a newcomer and allocated during the summer for a price of approximately €206 million. The other two-thirds would be allocated before the end of the year under conditions to be defined at a later stage.

Renewal of Bouygues Telecom's GSM licence

On 7 December 2007, ARCEP informed Bouygues Telecom of the terms for the renewal for 15 years of its authorisation to use 900 MHz and 1800 MHz frequencies, valid from 8 December 2009. As part of the procedure, Bouygues Telecom will submit a formal application before 1 June 2009. In 2008, Bouygues Telecom brought an action before the *Conseil d'État* challenging the timetable for restitution of 900 MHz frequencies ahead of its rivals if a fourth UMTS licence is awarded.

Legislation

Consumer affairs

Act 2008-3 of 3 January 2008 on the development of competition to benefit consumers contains a large number of measures relating to the electronic communications sector, including a reduction in the notice period for terminating contracts to ten days, the requirement to offer all call plans with a 12-month commitment and the possibility of cancelling any call plan running for more than 12 months after the 13th month (with compensation limited to one quarter of the amounts remaining due).

The measures came into effect on 1 June 2008.

Development of high-speed and very high-speed fixed and mobile broadband

Act 2008-789 of 4 August 2008 on modernisation of the economy contained several measures designed to encourage the rollout of and access to optical fibre in buildings. It strengthens ARCEP's powers to sanction failure to comply with coverage obligations, allows the government to auction licences to use frequencies, requires mobile service operators to introduce lifeline rates and prohibits the use of premium-rate numbers for helpdesk or after-sales services. In 2009, ARCEP has been asked to define the conditions for implementing a shared 3G network beyond a certain level of coverage by operators.

Regulation

Voice call termination

ARCEP set voice call termination rates from 1 July 2009 to 30 June 2010 at €0.045 per minute for Orange and SFR (30.8% less than the previous rate) and at €0.06 for

Even more unlimited services with Neo.2

Machine-to-machine devices: Vélib' bicycles in Paris are fitted with SIM cards

Bouygues Telecom (29.4% less). With the new rates, the difference between Bouygues Telecom and its rivals is reduced from €0.02 to €0.015. Call termination rates have been set at €0.03 and €0.04 respectively from 1 July 2010 to 31 December 2010.

International roaming

The European Commission has published a draft regulation to cut the wholesale and retail price of text messages and data exchange services in the European Economic Area as of 1 July 2009. The regulation provides for a Eurotariff of €0.11 excluding VAT per text message for customers and a wholesale price of no more than €1 per megabyte for data transfers. The draft regulation, which has been approved by the Council of telecom ministers and of the European Union, is likely to be adopted by the European Parliament before the end of April 2009 and come into effect in the summer.

GSM coverage

The programme to cover blind spots continued. At 31 December 2008, over 96% of the 3,000 municipalities concerned were covered by one of the three operators. The operators have agreed to cover a new list of 364 municipalities in order to complete the blind spot coverage programme by the end of 2011.

Under the terms of a nationwide agreement concluded on 27 February 2007, Bouygues Telecom should complete coverage of 57,000 km of priority arterial roads by the end of 2010.

Digital dividend

The transition from analogue to digital television will free up frequencies in the UHF band (470-862 MHz) by the end of 2011.

On 16 November 2007, the international telecommunications authorities decided to allocate the 790-862 MHz band to mobile services in Europe, a decision which the government confirmed for France in 2008. ARCEP has been asked to conduct a public consultation in 2009, followed by a call for tenders for allocation of the frequencies.

Personal mobile TV

The provisions of Act 2007-309 of 5 March 2007 on the modernisation of broadcasting were supplemented by the order of 24 September 2008 endorsing DVB-H and DVB-SH as standards for the mobile personal television signal.

The list of 13 mobile personal TV channels selected by the CSA after a call for bids was published on 27 May 2008.

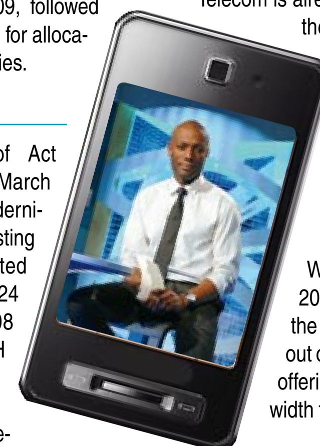
The government has recently set up a task force to resolve the outstanding difficulties between the various parties involved in mobile personal TV.

Research and development

Through a proactive innovation policy, Bouygues Telecom anticipates and prepares the future of its business as a telecommunications operator and internet service provider.

Bbox

The Bbox launch demonstrated Bouygues Telecom's capacity to implement new technologies and competences (ADSL, IPTV, box, etc.) in a very short time-frame. Bouygues Telecom is already preparing to use these technologies to develop new services for both consumers and business customers.



Network

Work carried out in 2007 and 2008 paved the way for the rapid roll-out of a 3G HSPA network offering users high bandwidth from the outset.

Handsets/New services

Bouygues Telecom is actively developing the necessary technologies for future mobile phone services such as:

- Mobile TV (DVB-H standard): Bouygues Telecom is participating in ongoing work alongside other players in the mobile TV world, especially within the Mobile TV Forum.

- Contactless applications: Bouygues Telecom is taking part in the emergence of contactless applications (payment, transport, etc.) on mobile handsets using the NFC (near field communications) standard, which requires a considerable amount of development work on both handsets and SIM cards.

Under partnership agreements, the company is also helping manufacturers to develop mobile phone handsets. Bouygues Telecom has created a specific portal for embedded applications for the BlackBerry® Bold™ handset.

Development work by Bouygues Telecom has enabled the company to stake out a position on the fast-growing machine-to-machine market.

Innovation awards

Prizes are awarded each year for significant innovations in products and services, operating processes and working methods.

Operating risks

Counterparty risk

The financial crisis increases the risk of default by contracting parties, whether customers, suppliers or commercial partners. Customers facing difficulty may tend to reduce their consumption or even default on payment. Major equipment suppliers may declare themselves unable to maintain their products. Retail partners may reduce their presence on the ground or even disappear altogether. Bouygues Telecom specifically monitors each of these risks and prepares contingency plans that can be rapidly implemented if need be. A contingency plan was introduced, for example, after Nortel got into financial difficulty. Its subsidiary Nortel Networks SA, which maintains part of Bouygues Telecom's GSM network, has been under a UK administration order since 14 January 2009.

209 Bouygues Telecom Club stores in shopping centres

Competition

The appearance of a fourth operator under conditions that would enable it immediately to offer low-cost services would represent a break with continuity for the market as a whole and for Bouygues Telecom in particular. Bouygues Telecom is studying all possible radical change scenarios so that it is able to respond effectively to new competition, while preserving the interest of its customers, staff and shareholders.

Technology

Bouygues Telecom has drawn up a comprehensive business continuity plan ensuring that critical elements of the mobile phone network are backed up and that an acceptable level of service can be maintained during the time needed for repairs. The plan is tested and updated at regular intervals. A similar process is under way for the fixed-line network.

Fraud

Fraudulent use of its networks is a constant threat for Bouygues Telecom because of the sensitive nature of the data they carry. Bouygues Telecom has earmarked resources to ensure permanent and effective monitoring of its networks.

Specific internal control measures have been introduced to monitor financial flows and ensure a high level of security.

Health

Mobile telephony uses radio waves to carry communications. No adverse health effects from base stations or handsets have been proved to date. However, the company appreciates the importance of addressing legitimate concerns expressed by the public and users about the possible health effects of radiofrequencies. Some studies suggest the possibility of a risk following intensive mobile phone use. Health and safety authorities, taking account of the uncertainties that emerge from the conclusions of current scientific studies, propose precautions of an individual nature with the aim of reducing exposure. Bouygues Telecom applies all these measures, provides information in various formats (brochures, *www.bouyguestelecom.fr,* etc.) and systematically supplies hands-free kits. It also helps to finance the French Health and Radiofrequencies Foundation, which defines, promotes and funds research into the effects of exposure to radiofrequencies.


A business continuity plan to back up the network

Natural disasters

Network infrastructure is exposed to natural disasters like storms and flooding. Bouygues Telecom has developed disaster recovery procedures to guarantee the resumption of normal service as soon as possible depending on the severity of the event. Bouygues Telecom's insurance covers this risk.

Sustainable development indicators

	Aim	2008 key figures	Action	Progress[1]	2009 objectives
Financial and business challenges	Purchase responsibly.	• **100** major suppliers assessed for CSR[1]. • **11** social audits carried out with suppliers in 2008. *[1]Corporate Social Responsibility*	• CSR self-assessment of major suppliers using the Ecovadis scorecard system. • Creation with other large firms of Pas@Pas, an association to promote purchasing from the sheltered sector.		• Use scoring and lifecycle analysis as a basis for dialogue with suppliers. • Continue to help suppliers improve the CSR profile of their sources of supply.
	Honour the service pledge and support customers in their mobile phone use.	• **No.1** in the 2008 TNS Sofres - BearingPoint mobile phone customer relations league table for the second year running. • Renewal of customer service centre quality certification granted by AFNOR Certification in 2006. • **10%** decline in the number of referrals to the customer complaints department compared with 2007. • **20%** of calls to customer service centres led to consumption analysis and optimisation of the service offering. • Over **100,000** parental controls activated (37,000 in 2007).	• Coordination of the quality policy in a homogeneous multichannel framework and extension of the ISP offering at year end. • Creation of a user mutual help forum on the *www.bouyguestelecom.fr* website. • More communication with customers about mobile phone best practice (hands-free kit, road safety, etc.). • Extension of parental control access on Wap and the internet. • Study of tighter parental control according to various profiles (children, teenagers). • Systematic inclusion of sustainable development messages to customers in communication supports (identified by a specific pictogram).		• Guarantee customers the same service quality whatever the contact channel and support for fixed-line services. • Extend the user mutual help forum to the fixed-line service, internet access, etc. • Introduce parental control for text messaging. • Implement the Grenelle Environment provisions on radiofrequencies and health. • Provide the public with instructive and educational guides about issues relating to electromagnetic fields. • Improve information and training for store sales staff about issues relating to electromagnetic fields. • Raise awareness and convey messages to customers about environment-friendly behaviour, products and services.
Social/HR challenges	Give as many people as possible access to Bouygues Telecom services.	• **2,792** municipalities[2] covered by Bouygues Telecom as part of the blind-spot coverage programme. • **254** Bouygues Telecom Club stores with disabled access (40% more than in 2007). • **350** talking screen-readers provided to sight-impaired users in 2008 (16% more than in 2007). *[2]ARCEP data (January 2009)*	• Continuation of the rollout programme to cover 3,000 blind-spot municipalities and over 1,000 km of priority transport routes. • Improved disabled access to Bouygues Telecom stores and the Bouygues Telecom website. • Creation of a guide *(Mobile phones make life easier)* to highlight mobile phone functions that make it easier to cope with disability.		• Complete the blind-spot coverage programme and continue to extend coverage of priority transport routes. • Enhance the range of handsets for disabled users according to criteria validated with associations representing the disabled and manufacturers. • Introduce disability awareness training for sales staff. • Continue work to make Bouygues Telecom Club stores more easily accessible to people with reduced mobility.
	Develop employees' skills and favour equal opportunity.	• **90%** of employees given training. • **33%** of managerial staff are women (end-2008). • **24%** more disabled employees – up from 121 in 2007 to 150 in 2008 – 29% more sales generated with the sheltered sector than in 2007.	• Conclusion of a jobs and skills planning agreement. • Rollout of the disability task force to coordinate and follow up action to promote the integration and retention of disabled workers. • Appointment of an equal opportunity and diversity officer.		• Introduce anonymous CVs. • Continue training to anticipate future developments and encourage the enhancement of employees' skills. • Conduct an employee satisfaction survey. • Continue recruitment and diversity training.

Measures introduced in 2008 — Ongoing measures in 2008 — Mature measures (continuous improvement)

[1]Compared with 2008 objectives

	Aim	2008 key figures	Action	Progress[1]	2009 objectives
Social/HR challenges	Monitor employee health and safety.	• **2.21[1]:** workplace accident frequency rate. • **0.062[1]:** workplace accident severity rate. • **2,000** health and safety training actions. *[1]Based on information provided by social security organisations as at 25 February 2009*	• Development of e-learning tools for occupational risk prevention (safety measures, emergency procedures, evacuation). • Ongoing participation of health and safety committees in workplace design.		• Continue to develop initiatives to promote well-being at work and raise employee awareness of first aid measures in connection with the installation of defibrillators at all sites.
	Support good citizenship initiatives.	• **3,500** employees and 160,000 customers involved in the Earth Challenge. • **€1,000,000** spent on sponsorship in 2008. • **420** volunteer employees in 2008.	• Renewal for three years of support for the Nicolas Hulot Foundation's Earth Challenge. • Publication of the first novel to win the Bouygues Telecom Foundation prize. • Regular employee involvement in associations.		• Communicate on the issue of biodiversity with the Nicolas Hulot Foundation. • Renew the operation to clean up beaches and rivers. • More systematic support for employee involvement in good causes. • Organise the second edition of the Bouygues Telecom Foundation prize for a first novel. • Renew support for the Petits Princes, an association that makes the dreams of seriously-ill children come true.
Environmental challenges	Reduce the environmental footprint of the activity and help to reduce that of customers.	• **100%** of base station sites evaluated in 2008 according to the 12 integration rules defined by France's three mobile phone operators. • **73%** of sites integrated at end-2008. • **1** new site powered by renewable energy sources (hydrogen/solar). • **2** new *HQE®* (High Environmental Quality) projects in progress. • **6%** reduction in office energy consumption in relation to 2007. • **184,000** handsets collected for recycling (47% more in Bouygues Telecom Club stores than in 2007). • **23%** of consumers with call plans on e-billing at end-2008 (60% more than in 2007). • **2** start-ups given support as part of the Bouygues Telecom Initiatives approach for projects that reduce the environmental footprint.	• Inter-regional competition on the integration of base station sites into the landscape. • Survey of waste generation at administrative sites. • Reduced energy consumption and renewable energy technology watch. • Evaluation of oversized network equipment in relation to traffic (430 racks dismantled in 2008). • Optimisation of air-conditioning in offices and data centres. • Eco-driving e-learning software. • Preparation of a carbon action plan, training of operational staff and involvement of subcontractors. • Trial of the *HQE®* Operation reference framework on two sites and training of site managers. • Overhaul of the procedure for dealing with used handsets (Ateliers du Bocage, the main service provider). • Discussions of connector standards with AFNOR. • Encouragement of green behaviour (recycling, etc.) among customers. • Launch of Nokia's first ecologically-friendly handset. • Creation of Bouygues Telecom Initiatives to support start-ups.		• Continue the programme to integrate base stations into the landscape. • Audit the waste management procedures of equipment suppliers and network service providers. • Incorporate the idea of re-use into the equipment dismantling, maintenance and recycling process. • Reduce waste at administrative sites. • Use local firms to manage IT waste. • Work with equipment suppliers on product lifecycle analysis. • Introduce CO_2 emission requirements into calls for tender. • Prepare carbon action indicators. • Come up with an alternative to paper for communication media and take part in work with ADEME, the environment agency, on environmental labelling. • Obtain *HQE®* Operation certification for the Tours and Bourges customer service centres and extend the *HQE®* Operation scheme to all office buildings. • Launch an environment-friendly offering and promote the most environment-friendly products. • Promote the environment-friendly actions of Bouygues Telecom Initiatives. • Increase machine-to-machine applications that help to reduce the environmental footprint, especially in building and transport.

Measures introduced in 2008 Ongoing measures in 2008 Mature measures (continuous improvement)

[1]Compared with 2008 objectives

74% of Bouygues Telecom Club stores with disabled access

Organisation

Bouygues Telecom's sustainable development policy is coordinated by the services and innovation department in liaison with operational and support units. Guidelines and objectives are defined by a steering committee made up of senior executives. A sustainable development executive committee, comprising representatives of the firm's main lines of business, meets monthly and is responsible for operational coherence and quarterly reporting. Two-person teams from General Services and Human Resources coordinate action on the company's 11 main sites.

Commitment to the environment

Responsible products and services

Bouygues Telecom was the first operator to market an environment-friendly handset, the Nokia 3110 Evolve. In addition to a shell made of 50% biomaterials, it comes with an energy-saving charger and compact packaging including recycled cardboard. On the internet, it is offered with a solar Bluetooth kit.

In the same spirit, the business customers division will bring out the market's first environment-friendly offer in 2009.

Collecting and recycling waste

Batteries and handsets

Bouygues Telecom takes active measures to collect used handsets in all its distribution channels and from employees. In 2008, its Bouygues Telecom Club stores subsidiary, RCBT, collected over 160,000 used handsets.

Since the second half of 2008, handset recycling has been subcontracted to Ateliers du Bocage, an offshoot of the Emmaus charity. The partnership establishes a link with a locally-based organisation that meets regulatory environmental requirements while helping disadvantaged people into employment. Profits from the sale of reconditioned handsets have helped to finance other jobs at Ateliers du Bocage.

Waste generated in offices

All office sites were audited in late 2008 in order to precisely identify sources of waste and set waste reduction targets for 2009.

Reducing nuisance and pollution

Blending base station sites into the environment

In 2008, Bouygues Telecom contin-

TESTIMONIAL

"In Bouygues Telecom we have found a partner that shares the same social and ethical views as us. Our association, Les Ateliers du Bocage, is an offshoot of the Emmaus movement. Its aim is to provide work for people who have difficulty finding employment, mainly in the collection and recycling of certain consumables. We wanted to extend this activity to the recycling of mobile phones and that gave rise to our partnership with Bouygues Telecom, from which we collected 16,000 handsets in 2008. So far, we have been able to take on ten people... partly thanks to you! Even though they were under no obligation whatsoever, Bouygues Telecom's marketing team came over to help us improve our online selling of recycled handsets. Our partnership is sincere, profound and motivated."

Christine Antoine,
Commercial relations, Ateliers du Bocage

A clean-up of beaches and rivers overseen by the Bouygues Telecom Foundation

ued the evaluation of all its telecoms equipment installed in France. All base station sites have now been audited. 73% of them are integrated into the environment according to the 12 environmental integration principles defined by AFOM, the French association of mobile phone operators.

Reducing greenhouse gas emissions

As part of its carbon plan, Bouygues Telecom has set up a network of operational correspondents and launched workshops with suppliers. The first measures have been taken, including a base station with a reduced environmental footprint (no concrete base, reduced ground coverage, fully reusable equipment, etc.).

Bouygues Telecom is continuing its renewable energy watch and inaugurated its first solar- and hydrogen-powered base station in 2008, solar power meeting 85% of energy needs in summer and 40% in winter.

The Bouygues Telecom cycling team's promotional floats in the 2008 Tour de France caravan were equipped with particle filters. A biogas farm in Brazil was cofinanced under a CO_2 offsetting scheme.

Optimising electricity and paper consumption

Electricity consumption

Bouygues Telecom has introduced a system to monitor electrical and air-conditioning equipment in its buildings, resulting in a further 6% reduction in power consumption in offices in 2008. Software to optimise the energy consumption of network equipment has been installed and over 300 items of equipment have been dismantled as a result.

Paper consumption

Bouygues Telecom has been offering its customers e-billing for four years now. By end-2008, 23% of customers with consumer call plans had opted for e-billing. In-house, efforts continued to raise employee awareness of digitisation and digital document storage, electronic communications and printing on both sides of pages.

Environmentally aware building design

Bouygues Telecom has embarked on a pilot scheme to achieve *HQE®* Operation certification for its customer service centres in Tours and Bourges, which already had *HQE®* Construction certification. The scheme will be extended to the company's other sites in 2009.

The same initiative has been taken for the new IT centre (June 2009) and the Technical Centre (end-2009). For example, the building design incorporates rainwater collection and heat recovery systems.

Commitment to society and employees

Promoting health and safety

Several publications in 2008 confirmed the prevailing scientific consensus on knowledge about exposure to base stations. In contrast, little new information was published relating to mobile handsets. Several repeat studies proved negative (ie, found no effects). While awaiting publication of the Interphone epidemiological study, which for the first time will compare results from a dozen countries, Bouygues Telecom is renewing the precautionary advice of public authorities, especially where young children are concerned. All this information is regularly updated on the website *www.sante.bouyguestelecom.fr.* A leaflet on mobile phones and health is included in all product packs and distributed in all Bouygues Telecom Club stores.

In-house, two occupational accident prevention resources have been developed. One is for new recruits, the other concerns emergency and evacuation procedures for the company's sites and is intended for all employees. A health and safety intranet site provides advice on lifestyle, relaxation and road safety issues.


Identifying young talent

Eco-friendly materials for the 2008 Tour de France caravan

In all, 2,000 staff training actions were undertaken in 2008, in areas such as first aid, operations in high places, fire prevention and road safety, backed up by information days.

Supporting customers in their mobile phone use

Protecting children from harmful content

Bouygues Telecom stepped up its communication to customers on parental control. Parental controls had been activated on over 100,000 mobile phones by the end of 2008, compared with 37,000 in 2007. The service is also available with the Bbox.

Giving disabled people access to mobile telephony

The number of Bouygues Telecom stores accessible to disabled people increased by 40% in 2008 to 254, representing 74% of the total.

The number of customers using Mobile Speak, talking screen-reader software for sight-impaired customers, rose by 14%.

Protecting consumers

As part of its policy to provide information and reduce call plan overruns, Bouygues Telecom's website includes comparative consumption reviews that enable customers to identify the mobile phone package best suited to their usage.

Favouring equal opportunity

Diversity in the workforce

Bouygues Telecom has signed up to the diversity charter and concluded agreements on issues such as gender equality, the employment of older people and the integration and retention of disabled workers. In 2008, it created an equal opportunity and diversity unit.

Integrating disabled workers

In the second year of its government-approved agreement, Bouygues Telecom stepped up its action to integrate disabled workers. Recruitment continued (150 people were recruited in 2008, 24% more than in 2007) and a number of measures were taken to keep them in employment, such as adapting workstations and providing assistance with transport. Over 150 managers were given training to raise their awareness of disability in working life.

At the same time, as an active member of the disabled educational charity ARPEJEH and a partner of the disability task force for future HR managers studying at the Institut de Gestion Sociale, Bouygues Telecom supports initiatives to train disabled students.

Sales with the sheltered sector exceeded the target and amounted to €1 million by the end of 2008.

Skills development and career enhancement

Management and employee representatives signed a jobs and skills planning agreement to secure the career path and employability of staff and to redeploy skills between structures according to the requirements of a changing environment.

In addition to internal mobility, which encourages employees to learn new skills, training is another way for staff to enhance their career prospects. The company spends 4.62% of its payroll on training.

The popularity of the Resources Centre, which offers personal development workshops in exchange for RTT days (reduced working hours), was confirmed with over 2,400 enrolments in 2008.

Responsible purchasing

Continuing its responsible purchasing policy, Bouygues Telecom, with other major firms became a founder member of Pas@Pas, an association that promotes procurement from the sheltered sector. The association's aims are to promote equal rights and opportunities and combat social exclusion, amongst other things, by providing an interface between corporate purchasing managers, representatives of the sheltered sector and vocational integration specialists. The programme of audits in low-cost countries was continued.

Controlling the environmental footprint of products

Bouygues Telecom gives priority to environment-friendly products and materials. For example, the Bouygues Telecom cycling team's two promotional floats for the 2008 Tour de France caravan were entirely designed to reduce their environmental impact. They were decorated with natural grass and plant-based ink and the hostesses wore uniforms made of natural fibres.

TESTIMONIAL

"By creating a float last year made entirely of environment-friendly materials, Bouygues Telecom was the prime mover in a green trend yet to be seen in the Tour de France caravan. For us at ASO, who organise the biggest races in sport, the impact of such an initiative on the public is a source of inspiration and an opportunity to step up our actions for the environment: from waste collection to recommendations that sponsors distribute recyclable promotional items, for example. The measures call on everyone's good citizenship and common sense. Thanks to initiatives like the one taken by Bouygues Telecom, they will soon be an essential part of the mindset of all Tour de France fans!"

Florian Vuillaume,
ASO, responsible for the Tour de France promotional caravan

Supporting good citizenship initiatives

In 2008, the Bouygues Telecom corporate foundation refocused its action on flagship partnerships in three areas:

- medical and social, with the Petits Princes association that makes the dreams of seriously ill children come true;
- environmental, with the Nicolas Hulot Foundation's Earth Challenge and a clean-up of beaches and rivers with Surfrider Foundation Europe;
- cultural, with the first award of the Bouygues Telecom Foundation literary prize for a first novel.

Some 420 volunteers took part in the Foundation's initiatives in 2008, either through involvement in one of its flagship actions or by sponsoring associations, whether as members or not. More widely, 3,500 employees and 160,000 customers signed up to the Earth Challenge.

Management system

Bouygues Telecom has made the quality of its customer relations a priority since its inception. That determination was rewarded in 2007 when AFNOR granted Bouygues Telecom *NF Service* certification for the consumer call plan operations of its customer service centres and in 2008 when it came top in the TNS Sofres - BearingPoint customer relations league table for the second year running.

Bouygues Telecom has chosen the European Foundation for Quality Management (EFQM) reference framework, based on self-assessment, and provides managers with cross-cutting resources and a progress-oriented approach. In late 2008, the sustainable development committee assessed the management system according to the AFAQ/AFNOR 1000NR reference framework (1,000 points for new responsibilities). The results were presented and analysed in January 2009.

Dialogue with stakeholders

Communication with customers

Bouygues Telecom has stepped up its communication to customers on environment-friendly behaviour and created a specific graphical charter with a "green hand" logo to identify its actions. Five actions to reduce the environmental footprint of mobile phones have been highlighted in its magazines and on its website.

The Bouygues Telecom caravan on the 2008 Tour de France was also the subject of environment-friendly communication, with the distribution of 300,000 hats made of fair-trade cotton and a leaflet describing everything that had been done to reduce its environmental impact.

In early 2009, Bouygues Telecom will distribute a guide *(Mobile phones make life easier)* prepared with representatives of the disabled, intended to give disabled, elderly and technology-averse people easier access to mobile telephony.

Dialogue with consumer bodies

Bouygues Telecom has moved from an approach based on providing information to one based on partnership. The content of its extranet devoted to consumer organisations has been enhanced. The company has taken part, with consumer associations and the French consumer watchdog (DGCCRF), in the preparation of a practical guide to electronic communications. It also became a founder member of the French Telecoms Federation, an organisation that aims to facilitate common decision-making in the sector, in areas such as the fight against spam e-mails.

As a result, the number of referrals to the customer complaints department fell by 10% and the number of complaints referred for mediation was halved.

Staff interactivity

Bouygues Telecom is developing Web 2.0 resources to facilitate exchanges between staff. The number of collaborative sites (project sites, sustainable development forums, etc.) doubled to 1,250 in 2008.

A first online chat session between the CEO, Olivier Roussat, and managers took place in early 2009, on the themes of simplicity and agility in working methods.

Monitoring the DSL network from the control centre

Outlook for 2009

Bouygues Telecom is stepping up the rollout of its HSPA 3G+ network in order to cover 75% of the population by the summer of 2009. The new network will enable Bouygues Telecom to play a part in developing mobile internet access for both business users and consumers.

In 2009, drawing on experience gained since the launch of its first DSL services, Bouygues Telecom will launch **new fixed-line services to reach as many people as possible.**

As in previous years, the 29.4% cut in call termination charges on 1 July 2009 will impact growth in mobile phone sales from network. However, **total sales** are expected to rise by 2% to €5,200 million.

In 2009, **staff training and support** in new fixed-line and internet businesses will aim to ensure the same service quality as in mobile telephony.

Exchanges with stakeholders will be further stepped up in order to involve suppliers, partners and customers in **efforts to reduce the environmental footprint.** Suppliers, with marketing teams, will be expected to come up with efficient and environment-friendly products. At the same time, regular communication will be employed to continue raising awareness of the issue among customers.

Non-financial indicators by business

Family	Indicator	Scope[b]	Unit	2006	2007	2008	Reporting framework
Foster a trusting relationship with customers	Completed projects for which customer satisfaction surveys have been conducted	Global (excl. ETDE)	%	-	33	46	GRI PR 5
	Number of managers given training in business ethics over the last three years	Global	Number	-	1,324	2,082	GRI SO 3
Implement a quality management system (QMS)	Sales covered by triple *QSE* certification (Quality Safety Environment)	Global	%	47[c]	57[c]	81	GRI PR 1
	Sales covered by an ISO 9001 certified QMS			96[c]	90[c]	94	
Involve suppliers and subcontractors in the sustainable development policy	Sales generated by operating units with an action plan to involve subcontractors in the *QSE* approach	European subsidiaries excl. Bâtiment International	%	-	61[c] (excl. civil works)	89	Internal
	Sales generated by operating units that systematically include the sustainable development charter in their contracts with subcontractors or suppliers			-	43[c] (excl. civil works)	70	
Increase preventive health and safety measures	Sales covered by a safety management system (SMS) with ILO, OHSAS 18001 or equivalent certification	Global	%	71[c]	75[c]	82	GRI PR 1
	Industrial accident frequency rate of employees		a	12.82	14.65	12.23	GRI LA 7
	Industrial accident severity rate of employees		a	0.54	0.50	0.49	
	Number of fatal accidents to employees		Number	2	10	4	
	Frequency rate of industrial accidents involving contract site workers	France	a	19.64	27.65	25.4	Internal
	Frequency rate of road accidents with the company vehicle fleet involving third parties	Global	%	15.9	15	14	
	Occupational illnesses recognised by social security authorities	France (excl. Bouygues TP)	Number	-	-	48	GRI LA 7
	Employees covered by a major risk, hospitalisation and maternity welfare scheme	France	%	100	100	100	Internal
	Days off work due to: - illness - industrial/journey accidents - maternity/paternity - official leave - other reasons (paid leave, RTT days (reduced working hours), days to be made up, etc.)	France	Number	-	218,330 52,142 20,189 17,520 8,127,047	241,864 59,834 25,869 21,128 8,574,063	GRI LA 7
Monitor career paths	Employees receiving regular performance and career development reviews	France	%	-	64	71	GRI LA 12
Develop skills	Employees given training	Global	%	-	40	61	GRI LA 10
	Site workers given training			-	31	61	
	Managerial staff given training	France		-	69	77	
	Clerical, technical and supervisory staff given training			-	65	79	
	Employees in managerial positions outside France given training	International only		-	21	44	
	Proportion of payroll spent on training	France		4.6	4.88	-	Internal
Encourage diversity	Women in the workforce	France	%	12.6	14	15	GRI LA 13
	Women in top management (executive committee level)			-	6	9	
	Women in managerial positions			17	17	18	
	Female clerical/technical/supervisory staff			-	32	32	
	Sales of work performed by the sheltered sector			-	1	1	

Financial and business challenges Social/HR challenges Environmental challenges

Family	Indicator	Scope[b]	Unit	2006	2007	2008	Reporting framework
Encourage diversity	Disabled employees on permanent contracts	France	Number	357	449	547	Internal
	Sales of work performed by the sheltered sector		€' 000	-	380	715	
Participate in economic and social life	Operations carried out in cooperation with local integration bodies	France (& Bouygues Travaux Publics in 2008)	Number	97	157	208	Internal
	Partnerships supporting integration, education and health	Global (& Bouygues Travaux Publics in 2008)		75	175	263	
Implement an Environmental Management System (EMS)	Sales covered by an ISO 14001 EMS	Global	%	59[c]	61[c]	82	GRI PR 1
Design and develop buildings with high environmental performance	R&D budget devoted to sustainable construction	Global	%	21	21	25	Internal
	Buildings with environmental labelling or certification in order intakes for the year	Building activities, France and international	Number	-	101	141	
	Buildings with environmental labelling or certification for which Bouygues Construction is the designer in order intakes for the year			-	30	68	
	Buildings with environmental labelling or certification in order intakes as a proportion of the amount of orders		%	-	23	37	
	QSE "Blue Site" label worksites	Bouygues Entreprises France-Europe	Number	157	183	221	
	Proportion of *QSE* "Blue Site" label worksites		%	41	43	56	
Reduce energy consumption	Total fuel consumption of the light commercial and passenger vehicle fleet	France	Millions of litres	-	23.5	24	GRI EN 3
Reduce and recycle waste	Hazardous waste collected	France (excl. DTP Terrassement)	Tonnes	-	-	8,795	GRI EN 22
	Non-hazardous waste collected		Tonnes	-	-	257,073	
	Non-hazardous waste recycled	Bouygues Entreprises France-Europe (excl. Bouygues UK)	%	-	-	39	
Minimise disturbance for local residents	Worksites taking action to listen to or communicate with local residents, or to assess their satisfaction.	Global (excl. ETDE, Bouygues TP and ESTP[d])	%	-	48	56	Internal

Financial and business challenges Social/HR challenges Environmental challenges

[a] *Frequency rate: number of industrial accidents involving time off work x1,000,000/number of hours worked*
Severity rate: number of days off work x1,000/number of hours worked

[b] *In 2008, the "Global" criterion used in the Enablon software covers 95% of Bouygues Construction's consolidated sales. Indicators relating to sales are calculated on that basis. The entities that do not consolidate the data for their entire scope are:*
- VSL: 80% of consolidated sales;
- ETDE: 74.5% of consolidated sales.
As the activities of the Concessions division are not consolidated financially, no sales-based indicators have been included. Only the social/HR data of the Concessions division's activities have been included in the report.

[c] *In 2006 and 2007, sales-based indicators were calculated on 100% of Bouygues Construction's consolidated sales.*

[d] *The Specialist Civil Works division*

Bouygues Immobilier

Family	Indicator	Scope	Unit	2006	2007	2008	Reporting framework
Employee benefits	Average amount of employee profit-sharing	France	€	1,541	1,664	1,602	Internal
	Employee share ownership		%	54.5	68.3	51.3	
Quality	ISO 9001 certified book sales	France and Europe	%	95.5	97.9	96.6	GRI 3.2
Diversity and non-discrimination	Women in managerial positions at 31 December	France and Europe	%	22.1	33.4	32.6	Internal
	Disabled employees at 31 December (permanent and fixed-term contracts)		Number	2	4	4	
Jobs	Net jobs created at 31 December in absolute terms	France and Europe	Number	219	300	63	GRI LA 2
Training	Employees given training	France and Europe	%	81	73	72	GRI LA 10
	Training dispensed in absolute terms		Hours	27,910	31,407	33,531	
	Average number of hours per trainee		Hours per employee	29	28	29	
	Proportion of annual payroll spent on training		%	3.7	3.7	3.2	
Accidents	Frequency rate	France	[a]	3.06	3.98	2.74	GRI LA 7
	Severity rate			0.184	0.125	0.088	
Sponsorship and solidarity	Expenditure	France	€' 000	796	724	786	Internal
Environmental Management System (EMS)	Book sales covered by an environmental certification scheme (H&E, *HQE®*)	France (consumption billed only)	%	-	13.6	22.3	GRI 3.2
Energy	Direct electricity consumption		kWh per employee	-	5,540	3,873	GRI EN 3
Water	Total water consumption per employee	Headquarters	Cu metres per employee	-	13	11.8	GRI EN 8

COLAS

Family	Indicator	Scope	Unit	2006	2007	2008	Reporting framework
Quality	Sales covered by a quality certification scheme	Global (excl. USA-Canada)	%	85	85	88	GRI PR 5
Lifecycle cost	PPP and concessions: contracts concluded or in progress favouring a lifecycle cost approach for the benefit of customers	Global	Number	3	4	6	Internal
Eco-variants	Proportion of studies with ÉcologicieL, for projects on which variants are authorised	France	%	-	-	8	
	Success rate of variants with ÉcologicieL			-	-	37	
Workforce	Average workforce	France	Number	34,505	37,160	39,522	GRI LA 1
		International		27,773	29,564	34,072	
		Global		62,278	66,724	73,594	
Women	Site workers	France	%	0.40	0.50	0.52	
		International		5.70	5.88	4.86	
	Managerial staff	France		18	18.40	19.70	
		International		24.40	21.85	23.33	
	Total	France		7.50	7.50	8.36	
		International		10.80	9.39	8.65	
Recruitment	Site workers	Global	Number	5,100	5,300	4,826	Internal
	Managerial staff			1,900	2,800	2,617	

Financial and business challenges   Social/HR challenges   Environmental challenges

[a]Frequency rate: number of industrial accidents involving time off work x1,000,000/number of hours worked – Severity rate: number of days off work x1,000/number of hours worked

Family	Indicator	Scope	Unit	2006	2007	2008	Reporting framework
Recruitment	Total	Global	Number	7,000	8,100	7,443	Internal
	Interns			2,650	2,600	3,500	
Pay	Total workforce in the country	France	Number	34,505	37,160	39,522	GRI EC 5
	Average pay, Colas plant operator		Multiple of statutory minimum wage	1.48	1.49	1.49	
	Average pay, Colas site manager			2.04	2.09	2.05	
	Total workforce in the country	United States	Number	4,884	4,973	4,885	
	Average pay, Colas plant operator		Multiple of statutory minimum wage	3.99	3.76	3.41	
	Average pay, Colas site manager			5.49	4.62	4.23	
	Total workforce in the country	Madagascar	Number	4,102	4,327	6,080	
	Average pay, Colas plant operator		Multiple of statutory minimum wage	5.26	5.64	4.60	
	Average pay, Colas site manager			8.00	8.37	7.38	
	Total workforce in the country	Morocco	Number	1,788	1,932	2,056	
	Average pay, Colas plant operator		Multiple of statutory minimum wage	2.98	2.91	2.84	
	Average pay, Colas site manager			6.03	6.91	6.03	
Training	Training dispensed	France	Number of actions	-	24,600	26,400	GRI LA 10
		International		-	-	24,700	
		France	Hours	-	451,000	475,000	
		International		-	-	450,000	
	Site workers	France	% of hours dispensed	47	53	50	
	Clerical, technical and supervisory staff			31	27	28	
	Managerial staff			22	20	22	
	Safety			28	34	36	
Safety	Occupational safety index	France	-	9.53	7.27	5.58	GRI LA 7
		International	-	2.06	1.84	1.47	
	Road accidents (number of accidents involving a third party per vehicle)	France	%	0.097	0.094	0.088	Internal
	Employees with up-to-date occupational first-aid training	Global		21	21	24	
Societal	Sales from materials production sites covered by a local dialogue structure	Global	%	28	17	23	GRI SO 1
Certification	Sales from materials production sites covered by an environmental certification scheme	Global	%	49	42	50	Internal
Recycling	Quantity of raw materials recycled in Colas plants in relation to output from Colas quarries and gravel pits	Global	%	11	12	12	GRI EN 2 & EN 27
	Proportion of planed materials in production of asphalt mix			8	9	8	
	Pavement recycled in situ		Millions of sq metres	-	5.9	4.9	
Greenhouse gas	ÉcologicieL: savings proposed to customers	Global	Tonnes of CO_2 equivalent	-	-	40,000	GRI EN 5, EN 6 & EN 18
	ÉcologicieL: savings accepted by customers			-	-	15,000	
	Emissions avoided by recycling asphalt mix			60,000	70,000	70,000	
	Emissions avoided in asphalt plant burners			-	-	40,000	
	Emissions avoided by the use of Végécol®			7,000	11,000	10,000	
Végécol® binder	Projects completed	Global	Number	350	450	340	GRI EN 26
	Production		Tonnes	1,600	2,400	2,300	
Energy	Production of 3E asphalt mix	Global	Tonnes	-	-	210,000	Internal

Family	Indicator	Scope	Unit	2006	2007	2008	Reporting framework
Compliance	Sanctions or fines imposed by the CSA (French broadcasting authority)	France	Number	0	0	0	GRI SO 8
	Reprimands or warnings issued by the CSA			1 (descheduling)/0	0	0/1 (information)	Internal
	Compliance with production and broadcasting quotas		%	100	100	100	
	Remarks guidance labels		Number	4	1	0	
	Proportion of hours in the schedule with subtitles (excl. advertising)		% of hours	49	60	70	GRI SO 1
Viewer feedback	Calls taken from viewers	France	Number	148,000	150,000	147,000	GRI PR 5
Society	Value of donations to charities	France	€m	21. 3	20	16	GRI EC 1 GRI SO 1
	Charities given airtime		Number	-	70	75	GRI SO 1
	News items relating to climate change			-	500	450	
Gender equality	Staff on permanent contracts	France	%	47% (F) - 53% (M)	47.45% (F) - 52.55% (M)	47.6% (F) - 52.4% (M)	NRE 111 GRI LA 13
	New hires		Number	225 (F) - 234 (M)	232 (F) - 259 (M)	243 (F) - 253 (M)	GRI LA 13
	Promotion			212 (F) - 231 (M)	221 (F) - 253 (M)	206 (F) - 250 (M)	
	Training dispensed		Number of hours	34,748 (F) - 35,247 (M)	39,263 (F) - 44,361 (M)	55,156 (F) - 53,983 (M)	GRI LA 10
	Female managerial staff		%	46.27%	47.02%	47.70%	GRI LA 13
	Female directors		% of directors	-	27.2	27.6	NRE 136 GRI LA 13
Disabled people	Disabled employees	France	Number (% of the workforce)	22 (0.6%)	40 (1.0%)	49 (1.32%)	GRI LA 13
	Disabled people hired		Number	-	3	9	NRE 135 GRI LA 13
	Sales generated with the sheltered sector		€	160,271	174,787	221,794	NRE 135
Reduction of job insecurity	Full-time equivalent/casual employees (group/TF1 SA)	France	%	10.30	9.97	9.76	NRE 113
	Casual employees recruited since 2002		Number	-	580	606	Internal
Labour relations	Meetings with social partners	France	Number	365	422	397	NRE 310/320 GRI HR5, GRI LA3 and GRI LA4
	Employees in permanent positions (works committee representative, employee representative, board of directors)			119	126	126	NRE 318
	Collective bargaining agreements in the year			8	8	25	NRE 321
Health and safety	Industrial accidents with time off work	France	Number	28	28	58	NRE 322 GRI LA 7
	Frequency rate		a	4.87	4.81	11.47	
	Severity rate			0.18	0.17	0.68	
	Absenteeism rate		% of the workforce	3.99	4.10	4.10	NRE 221
	Employees with safety training		Number	588	366	373	NRE 322 GRI LA 8

[a] *Frequency rate: number of industrial accidents involving time off work x1,000,000/number of hours worked – Severity rate: number of days off work x1,000/number of hours worked*

Family	Indicator	Scope	Unit	2006	2007	2008	Reporting framework
Life quality	Employees having benefited from the 1% housing loan scheme during the year	France	Number	19	-	25	Internal
Family policy	Part-time employees	France	Number	202	234	232	
Employee benefits	Employees adhering to the company savings scheme	France	%	89	90	83	
	Employees adhering to the collective retirement savings scheme (PERCO)			29.06	12.60	11.90	
	Average net amount of contributions per employee		€	2,750	2,251	2,036	
Integration	Interns under agreements with schools	France	Number	604	748	784	NRE 326
Training	Employees given training	France	Number %	2,135 61%	2,565 68%	2,335 63%	NRE 326 GRI LA 10
	Proportion of payroll spent on training		%	3.33	3.14	3.25	
	Training dispensed		Aggregate number of hours	47,468	48,984	55,459	GRI LA 10
	Training dispensed		Hours per employee per year	13.5 hrs	13 hrs	14.75 hrs	
	DIF (individual right to training) requests granted		Number	239	364	289	Internal
Consumption	Electricity consumption in kWh	France	% change on previous year	-2.40	-3.48	+3.24	NRE 1 GRI EN 3
	Water consumption in cu metres			+5.00	-3.82	-4.34	NRE 1 GRI EN 8
	Paper consumption		Tonnes per year	120	97	114	NRE 1 GRI EN 1
Waste, raw materials	Waste collected	France	Tonnes	-	1,600	1,216	NRE 1 GRI EN 11

Financial and business challenges | Social/HR challenges | Environmental challenges

Family	Indicator	Scope	Unit	2006	2007	2008	Reporting framework
Customer relations	Answers to questions about radiofrequencies and health in: - letters - e-mails	France	Number	614 402	429 286	215 324	GRI PR 1
	Electromagnetic field measurements requested by stakeholders			510	429	437	
Employee benefits	Average amount of employee profit-sharing	France	€	1,320 (average gross amount paid in 2006 in respect of 2005)	1,264 (average gross amount paid in 2007 in respect of 2006)	2,843 (average gross amount paid in 2008 in respect of 2007)	Internal
	Employees adhering to the company savings scheme at 31 December	Bouygues Telecom SA (excl. subsidiaries)	%	68	67	66	
Women	Women in managerial positions at 31 December	France	%	34% of managerial staff	33% of managerial staff	33% of managerial staff	GRI LA 13
Disabled people	Disabled employees at 31 December	France	Number	108	121	150	GRI LA 13
	Disabled people hired			45	26	43	
	Sales generated with the sheltered sector		€	265,000	618,000	795,000	
Absenteeism	Hours off work/working hours (excl. maternity leave)	France	%	3.5	3.6	3.6	GRI LA 7
Accidents	Frequency rate	France	[a]	1.65	1.66	2.21[b]	GRI LA 7
	Severity rate (o/w number of deaths, subcontractors included)			0.056 1 death at a subcontractor	0.040	0.062[b]	
	Industrial accidents		Number	41 o/w 21 with time off	39 o/w 20 with time off	41 o/w 28 with time off	
	Accidents occurring on the way to and from work			49 o/w 26 with time off	59 o/w 34 with time off	58 o/w 40 with time off	
Training	Hours dispensed	France	Number	185,329	184,481	247,529	GRI LA 10
	Employees given training		%	91	92	90	
Solidarity	Expenditure	France	€	960,000	950,000	1,000,000	Internal
Society	Awards received in recognition of social, ethical and environmental performance	France	-	-	• Second in the JDN Management Top 10 best-to-work-for high-tech companies • Top of the 2007 TNS Sofres - BearingPoint customer relations league table (mobile phone sector)	• Top of the 2008 TNS Sofres - BearingPoint customer relations league table (mobile phone sector) • Top in the Score-BVA and AACC relationship survey (telephone and ISP sector) • Renewal of *NF Service* certification for customer service centres granted by AFNOR Certification in 2006	Internal

[a] *Frequency rate: number of industrial accidents involving time off work x1,000,000/number of hours worked – Severity rate: number of days off work x1,000/number of hours worked*

[b] *Based on decisions communicated by social security organisations as at 25 February 2009*

Family	Indicator	Scope	Unit	2006	2007	2008	Reporting framework
Health	Action plans					• Involvement in healthy diet awareness programmes as part of national initiatives • Involvement in regional events programmes on relaxation, wellness, addiction prevention and healthy living	GRI LA 8
Base stations	Base stations whose integration into the environment has been assessed	France	Aggregate number	8,638	10,797	13,399 100% of the installed base 73% are "integrated"	GRI EN 26
Recycling	Recycled handsets: - collected in stores - through after-sales - business customers - employees - internet	France	Number	 49,497 87,261 - - -	 118,345 40,202 1,860 1,817 9,301	 173,640 54,000 4,021 659 5,560	GRI EN 27
	Recycled network equipment: - batteries - excl. batteries		Tonnes	 25 84	 13 138	 1 280	GRI EN 22
Consumption	Electricity consumption per occupied workstation in offices	France	MWh	4.02	3.87	3.51	GRI EN 3
	Paper consumption per occupied workstation		Number of reams	7.49	5.77	5.89	GRI EN 1

Financial and business challenges Social/HR challenges Environmental challenges

Bouygues SA


Business centre at 32 Hoche, Paris

As the parent company of an industrial group, Bouygues SA focuses entirely on the development of the Group's businesses. It is the place where decisions are taken that determine the Group's activities and the allocation of its financial resources.

2008 sales
€80m
(+17%)

Operating loss
€28m
ns

Net profit
€882m
(+17%)

Employees
176

Figures are taken from the parent company financial statements prepared according to French GAAP.

Internal control

In 2008, Bouygues SA in liaison with its business lines continued a major project to analyse and optimise internal control throughout the Bouygues group, drawing on the recommendations and the reference framework issued by the AMF. A fuller account of the project, begun in 2007, is given in the Chairman's report on internal control (See *Legal and financial information* section).

Management – Senior management changes

Bouygues SA pays particular attention to Group management, taking steps to encourage exchanges between support structures and businesses, motivate staff and develop team spirit within the Group.

At Bouygues, 2008 was marked by the expiration of Olivier Poupart-Lafarge's term of office as Deputy CEO on 30 April and the appointment of Nonce Paolini as Chairman and CEO of TF1 on 31 July.

Services provided to subsidiaries

As well as being responsible for the overall management of the Group, Bouygues SA provides a range of general and expert services to Group businesses in areas such as finance, communications, sustainable development, sponsorship, new technologies, insurance, legal affairs, human resources, etc. For that purpose, Bouygues SA concludes annual agreements with its businesses under which it invoices them for services provided.

Acquisition of Alstom shares – Cooperation with Alstom

Taking advantage of market opportunities, Bouygues acquired shares in Alstom in order to maintain its stake at around 30%. Bouygues' interest in Alstom amounted to 29.78% at 31 December 2008.

Bouygues also continued its non-exclusive cooperation with Alstom and has a 50% stake in Alstom Hydro (see *Alstom – Two high-growth businesses*), which recorded a number of commercial successes in 2008.

Financial transactions

On 3 July 2008, Bouygues completed a €1 billion, seven-year bond issue bearing interest at a fixed rate of 6.125% per annum. The transaction was carried out in good conditions.

Employee savings

It is Bouygues' belief that Group employees should be closely associated with the success of their respective companies, in which they play a key role.

Group employees were the second-largest shareholder group at 31 December 2008, holding 15.4% of the capital and 19.4% of the voting rights through a number of mutual funds. With over 50,000 employee shareholders, Bouygues is the French CAC 40 company with the highest level of employee share ownership.

Two employee shareholder representatives have had seats on Bouygues' Board of Directors since 1995.

Financial flows

In 2008, Bouygues SA received dividends totalling €1,152 million from the following subsidiaries:

• Bouygues Construction	€200m
• Bouygues Immobilier	€87m
• Colas	€267m
• TF1	€78m
• Bouygues Telecom	€446m
• Alstom	€68m
• Other	€6m

There are no significant flows of funds between Group subsidiaries. Cash management is centralised within financial subsidiaries wholly-owned by Bouygues SA. This arrangement ensures optimum management of financial expenses, since the surplus cash generated by certain companies can be used in addition to or in place of confirmed lines of credit granted by credit institutions to other subsidiaries.

When investing surplus cash, Bouygues has always avoided speculative instruments like securitisation vehicles, hedge funds, etc.

Research and development

See the section on *Sustainable development, research and innovation, human resources* in *The Group* chapter of this document.

Other activities

When Saur was sold by Bouygues in 2004, Finagestion, a Bouygues subsidiary, took over its water and power interests in Ivory Coast and Senegal. Finagestion is jointly-owned by Bouygues (70.7%) and, since July 2008, Emerging Capital Partners (26.8%).

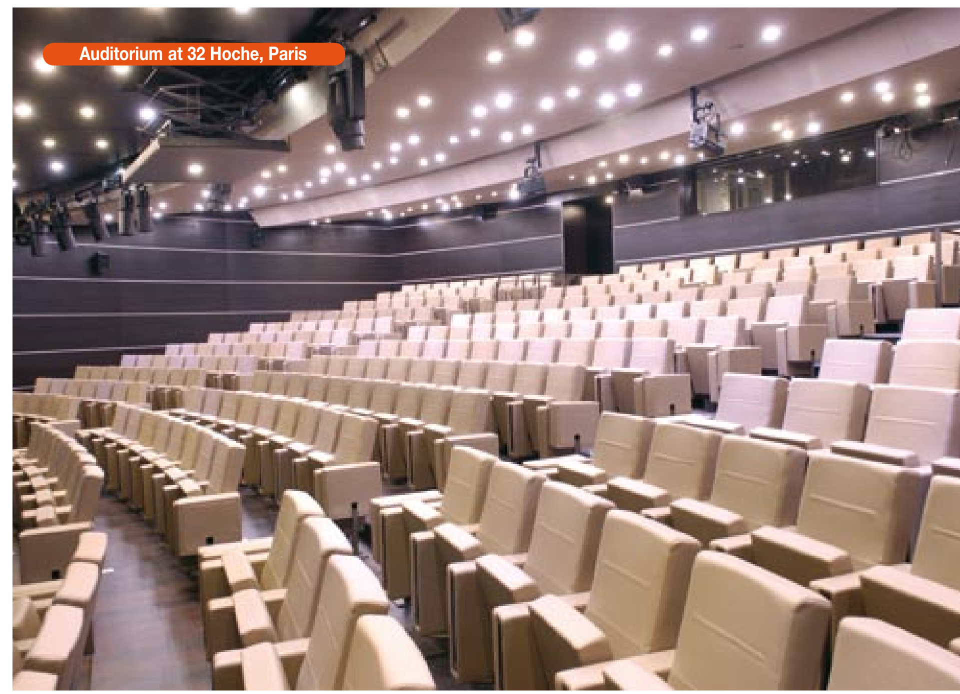
Finagestion's main African subsidiaries are:

- Ciprel, a power generation company in Ivory Coast that is currently building a major extension of its power plant;
- CIE, a power distribution company in Ivory Coast;
- Sodeci, a sewage and water company in Ivory Coast;
- SDE, a water company in Senegal.

Finagestion reported a profit in 2008.

Alongside Artémis since February 2008, Bouygues also owns 50% of Serendipity Investment, an investment fund which expanded its activity in 2008.

Serendipity Investment has a 30.7% stake in F4 (online games), 35% in Légende (film production), 22.9% in Michel & Augustin (agrifood) and a 50% stake in Geny Infos (horse-racing information). Serendipity Investment has concluded an agreement with Eurosport concerning the creation of a joint venture in online betting and games.


Auditorium at 32 Hoche, Paris

ALSTOM

Two high-growth businesses

Improved commercial and operational performance

Bouygues had a 30% stake in Alstom at 28 February 2009. Alstom and Bouygues are continuing their cooperation in order to better meet demand for rail transport and power generation infrastructure, equipment and services worldwide.

Production of Arabelle turbines at the Belfort plant, France

Highlights

Major contracts concluded

- **May:** tilting trains in the UK (€1.8bn).
- **July:** regional trains in Germany (€425m); conventional island for China's first EPR nuclear power plant (€200m).
- **September:** Stage 3 of a combined heat and power plant in Saudi Arabia (€1.9bn); equipment for a hydro plant in Brazil (€500m).
- **November:** combined-cycle power plant in Spain (€340m); subway cars for New York City (€350m); power plant maintenance in Algeria (€317m).
- **December:** equipment for a hydro plant in Brazil (€300m); combined-cycle power plant in the Netherlands (€1bn).

Figures for the first half of FY2008/09[1]

Sales
€8,956m
(+12%)

Current operating margin
7.8%

Net profit attributable to the Group
€527m
(+36%)

Orders received
€15,401m
(+20%)

Employees
79,000
approx.

[1] First half ended 30 September 2008

Non-exclusive cooperation agreement between Bouygues and Alstom

On 26 April 2006, Alstom and Bouygues concluded a non-exclusive commercial and operational cooperation agreement. By sharing best practice in project management and pooling their commercial resources, the two groups plan to jointly develop integrated projects worldwide as they arise, drawing on Bouygues' expertise in civil engineering as well as Alstom's know-how in systems, equipment and services for power generation and rail transport.

However, the cooperation agreement does not contain any exclusivity clause. The two groups will continue to work with the partners that are best suited to each project in the interest of their clients. As part of the process of establishing cooperation between the two groups, Bouygues also invested €150 million in a 50% stake in Alstom Hydro, the world's leading supplier of hydropower generation equipment. Bouygues is interested in the hydropower market since civil engineering is a major component of the construction of such plants. A clause in the agreements between the two groups gives Bouygues the option of selling its stake to Alstom if the Board blocks certain decisions or during a 20-day period after 31 October 2009.

Bouygues as an Alstom shareholder

Under this partnership, on 26 June 2006 Bouygues acquired the French government's stake in Alstom, representing 21.03% of the capital, at a cost of €2 billion. Bouygues gave a commitment to keep the shares bought from the government for at least three years. Bouygues subsequently raised its stake to 25.1%, then to 30.07% in 2007. At 31 December 2008, Bouygues' stake in Alstom stood at 29.78%. The interest in Alstom is consolidated by the equity method.

Overview of Alstom

Alstom is an international group with about 79,000 employees and operations in more than 70 countries around the world. Its financial year ends on 31 March. In FY2007/08, it reported a 19% rise in sales to €16.9 billion.

In FY2007/08, the group generated 49% of its sales in Europe, 18% in Asia-Pacific, 24% in North and South America and 9% in Africa and the Middle East.

Alstom has more than 215,000 shareholders.

Power

Alstom is the world's leading provider of turnkey power plants, conventional islands for nuclear power plants, power generation services and air quality control systems. Covering all energy sources (coal, gas, oil, nuclear, hydro, wind), it also leads the field in clean power (technologies to reduce CO_2, NOx, SOx and dust emissions). Alstom is developing CO_2 capture processes that are expected to be market-ready in the medium term.

Alstom Power develops and markets a comprehensive range of systems, equipment and services for the power generation and industrial markets. The group covers all energy sources and offers state-of-the-art solutions for gas and coal plants. Alstom is also a leading supplier of conventional islands for nuclear power plants and, with solid positions in the hydropower and, more recently, wind segments, is a key player in renewable energy.

The group supplies, integrates and provides maintenance for all components of clean power solutions, from turbines and boilers to air quality control and energy recovery systems. Alstom also has extensive experience in retrofitting, upgrading, refurbishing and modernising existing power plant equipment.


Hydropower R&D laboratory at Grenoble, France

Alstom has supplied major equipment for 25% of the world's operating power plants.

Alstom Hydro has installed equipment (turbines and generators) with production capacity of over 400 GW, representing more than 25% of the total hydropower installed capacity. The world's leading supplier, Alstom Hydro offers a complete range of equipment and solutions for all hydropower systems, from river plants to pumped storage plants. With 5,500 employees in 19 countries, Alstom Hydro offers a complete range of equipment and services for new plants and for refurbishing and upgrading existing plants.

Transport

Alstom is one of the world's leading providers of rail transport equipment and services (rolling stock, infrastructure, signalling equipment, maintenance, turnkey rail systems).

It is also the world's leading maker of high-speed and very high-speed trains and the second largest provider of urban light railway systems: Alstom makes a quarter of the world's subway cars and a third of its tramways.

Alstom covers the entire rail transport market, from very high speed to light urban transport, including metros, tramways, suburban and regional trains and locomotives.

The *AGV* — very high-speed train

Alstom's business activity in 2008

In the financial year ended 31 March 2008, orders taken by Alstom increased by 23% to €23.5 billion, bringing the order book to €39.2 billion (up 21%), representing 28 months' sales.

The trend was confirmed in the first nine months of FY2008/09, since Alstom booked orders worth €21.5 billion — up 8% year on year. At 31 December 2008, the order book stood at €47 billion, representing about 32 months' sales.

The order intake for Power Systems was €10.2 billion for the first nine months of FY2008/09, at the same high level as in the same period of the previous year. Sales rose to €6.5 billion (up 22% year on year), driven by the high level of orders taken in previous periods.

Orders received by Power Service in the first nine months of FY2008/09 remained strong at €3.9 billion, 14% higher than in the same period of FY2007/08. The book-to-bill ratio of 1.3 confirms the favourable trend in service activities.


Alstom operates in wind power

A number of major contracts were concluded during the year:

- Boilers for the Westfalen coal-fired plant in Germany (€500 million).
- Construction of the Claus C combined-cycle power plant and repowering of the Claus B plant in the Netherlands (approximately €1 billion).
- Construction, operation and maintenance of a combined-cycle power plant at Ghannouch in Tunisia (€335 million).
- Engineering and procurement for the conventional island of Taishan 1 and 2, China's first EPR nuclear power plant (€200 million).
- Turnkey construction, operation and maintenance of a combined-cycle power plant at Soto de Ribera in Spain (€340 million).
- Construction (design, procurement, installation and commissioning) of the Stage 3 of the Shoaiba power station in Saudi Arabia (€1.9 billion).
- Supply of electro-mechanical and hydro-mechanical equipment for the San Antonio hydropower plant in Brazil (€500 million).
- Long-term maintenance for the Terga power plant in Algeria (€317 million).

The Transport Sector also turned in an excellent commercial performance in 2008. Orders for the first nine months of FY2008/09 amounted to €7.4 billion, a 20% rise on the previous year's already very high level (22% like-for-like and at constant exchange rates). Sales in the first nine months of FY2008/09 showed a slight year-on-year increase to €4 billion.

Major contracts included:

- Supply of 57 Citadis tramways to Oran and Constantine in Algeria (€326 million).
- Award to Alstom of Phase 1 of the Al Safooh tramway in Dubai (€300 million).
- Agreement with the UK transport ministry and contract with Angel Trains for the supply and maintenance of Pendolino high-speed tilting trains for use on the West Coast Main Line between London and Glasgow, one of the United Kingdom's main railway routes (€1.8 billion).
- Conclusion with the German railway operator Deutsche Bahn AG of contracts involving the design and manufacture of up to 180 Coradia LINT regional trains (€425 million).
- Supply of an automated control system for lines 1, 2 and 3 of the São Paulo metro in Brazil (€280 million).
- Supply of electro-mechanical equipment for line 12 of the Mexico City metro (€330 million).
- Supply of 26 Coradia Continental regional trains to German private railway operator BeNEX (€100 million).
- Supply of 36 Coradia Continental regional trains to German private railway operator Veolia Verkehr (€150 million).
- Additional (optional) order for 242 subway cars for New York City (€350 million).
- Order for 23 Coradia Nordic regional trains from Swedish rolling stock company AB Transitio (€148 million).

Acquisitions – Partnerships – Investments

On 3 April 2008, Alstom announced a technology partnership agreement with TransAlta for the development of a CO_2 capture and storage system in the state of Alberta, Canada. The agreement marks a major step forward in the design of a commercially viable solution for reducing greenhouse gas emissions from burning coal.

On 26 May 2008, Alstom's wind power subsidiary Alstom Ecotecnia concluded a framework agreement with the Spanish company Iberdrola Renovables for the supply of around 300 MW worth of wind turbines over four years. Worth €300 million, it is the first large-scale agreement signed by Alstom in the wind power sector since it acquired Ecotecnia in November 2007. Iberdrola Renovables is the world's leading wind power company with 8,164 MW installed at the end of the first quarter of 2008.

On 6 October 2008, Alstom Transport and the Russian manufacturer Transmashholding (TMH) announced the conclusion of a strategic partnership agreement and the creation of a joint venture specialising in double-decker passenger carriages. The agreement provides for technical cooperation between the two companies and could pave the way for Alstom to take a stake in TMH, Russia's main maker of railway rolling stock. Russia is Europe's largest railway market.

On 10 November 2008, Alstom and Bharat Forge announced their intention to create a joint venture in India which will manage the whole process from engineering and manufacturing to selling supercritical island power plant equipment.

On 8 December 2008, Alstom and PGE Elektrownia Belchatow SA signed a memorandum of understanding for the development and implementation of carbon capture and storage technology at the Belchatow power plant in Poland.

Alstom's results

Alstom's results show that strong growth in activity was matched by an equally favourable improvement in profitability.


Shoaiba power plant, Saudi Arabia

FY2007/08 results

During FY2007/08, Alstom met its targets. The operating margin improved from 6.7% to 7.7%, giving an operating profit of €1,295 million, up 35%. Free cash flow jumped 119% to €1,635 million, compared with €745 million in FY2006/07. This substantial generation of cash flow was due to the combined effect of better profitability, a further significant improvement in the working capital requirement, partly linked to the high level of orders, and a reduction in financial expenses and restructuring charges. Net profit attributable to the Group amounted to €852 million, compared with €547 million a year earlier (restated for a change in the accounting method for pension liabilities).

First-half FY2008/09 results

Results for the first half of FY2008/09 confirm that Alstom continues to combine growth with improved profitability: half-year sales at 30 September 2008 amounted to €9 billion, up 12% on the same period of the previous year. The operating margin rose from 7.2% in the first half of FY2007/08 to 7.8% and net profit attributable to the group was up 36% to €527 million. The group generated free cash flow of €1,201 million.

The Alstom share

The Annual General Meeting of Alstom shareholders on 24 June 2008 adopted a resolution for a two-for-one split of the par value of Alstom shares. The measure was intended to make it easier for individual shareholders to buy Alstom shares and should help to improve the share's liquidity.

The Alstom share price stood at €41.98 at the close on 31 December 2008.

79,000 employees worldwide

Outlook

Given the quality and size of its order book at end-December 2008, Alstom's financial situation remains solid.

Alstom has confirmed that it expects its operating margin to reach approximately 9% by March 2010.

Highlights since 1 January 2009


A Bouygues UK School construction project in London

The financial crisis has caused a recession in 2009 of uncertain extent and duration. Bouygues and its businesses are adapting pragmatically to changed conditions on their markets by taking an even more selective approach to investment and showing caution in response to competitive pressure.

The Group has various advantages as it enters this period, including its experience of previous slumps in the property and construction markets, the high level of its order books in the building, civil works and property segments, its robust financial position and the fact that it does not need any short-term refinancing, the quality of its telecoms business and its cooperation with Alstom.

In response to the crisis, some countries have opted for infrastructure programmes to stimulate their economy. Bouygues' businesses will benefit from this new demand. In France, the first Grenelle environment law reflects new and far-reaching ambitions for 2020. Achieving the objectives contained in the law will offer opportunities to the Bouygues group.

Bouygues Construction

Infrastructure projects involving construction firms are a major feature of many stimulus packages. The change in the legal framework for PPPs (Public-Private Partnerships) in France is a significant development that could help Bouygues Construction carry out projects that it has been tracking.

Bouygues Construction's British subsidiary, Bouygues UK, has won two new contracts worth a total of more than €115 million. The first, for €59 million, is for the construction of two schools in east London; a conditional second phase worth €226 million involves the construction of a further 16 schools and should come on stream in 2010. The second, worth €56 million, is a PFI (Private Finance Initiative) project for the construction of 195 social housing units.

Bouygues Immobilier

Although the French residential property market has been hard hit, it differs from other European property markets. Stocks of completed but unsold housing units are very low, demand from private individuals is structurally high, households have affordable levels of debt and measures taken by the government in recent months are beginning to take effect.

Colas

In France, the government has announced a €2.5 billion plan to support local authorities through the early reimbursement of VAT, €620 million of spending on roads and €500 million on railways. A number of tramway projects are under way in cities including Paris, Angers, Brest and Dijon.

In the United States, the government has launched a stimulus package that includes US$30 billion for roads and US$3 billion for airports. The federal government will also meet 50% of the cost of projects started within a 120-day period beginning on 10 March 2009. Colas subsidiaries are well-placed to take advantage of these measures.

Colas, ExxonMobil and Total are considering draft preliminary agreements for the acquisition by Colas of Société de Raffinerie de Dunkerque, a refinery in northern France that produces about 300,000 tonnes of bitumen a year. The project is part of Colas' strategy of industrial integration, devised to secure part of its bitumen supply in France.

TF1

TF1 is facing a difficult economic environment: advertisers are taking a short-term approach, spending on advertising has fallen sharply, there is strong pressure on prices, household consumption has slowed, there is more appeal for DTT and new broadcasting regulations have had contrasting effects.

TF1 is adapting to adverse circumstances while preparing for the future, continuing and stepping up changes that will enable it to consolidate its leading position. A €60 million plan to cut costs across all the group's activities has been introduced.

TF1 has sold its 50% stake in France 24 to Audiovisuel Extérieur de la France on the basis of a total valuation of €4 million, giving TF1 €2 million.

Bouygues Telecom

Bouygues Telecom has not noticed any significant change in consumer behaviour, though some business customers, distributors and partner operators have asked for extended payment terms. Business customers account for only 12% of sales.

Significant developments are expected on the French telecoms market in 2009, with the launch of the procedure for the award of a fourth mobile phone licence, the award of 2.1 GHz frequencies and allocation of the frequencies freed up by the ending of analogue TV (the "digital dividend"). Bouygues Telecom does not need new frequencies in the 2.1 GHz band. Bouygues Telecom's position on the digital dividend will depend on the prospects for using LTE (Long Term Evolution) technology in different frequency bands.

Bouygues Telecom and RIM have started to market the new BlackBerry® Curve™ 8900 smartphone in France. Bouygues Telecom Entreprises and AFP have launched an application that gives business customers access to AFP dispatches on all the BlackBerry® smartphones sold by the operator.

In March, Bouygues Telecom brought out a new triple-play package with an additional three hours of call time to mobiles for €29.90 per month in unbundled zones.

Bouygues Telecom welcomed the Paris Appeal Court's ruling on 4 February 2009 to uphold the lifting of exclusive arrangements for marketing the iPhone. An agreement has been concluded with Apple under which Bouygues Telecom can offer its customers iPhones from the end of April 2009.

On 11 March 2009, the Paris Appeal Court upheld the fines imposed on the three mobile phone operators for exchanging information between 1997 and 2003. Bouygues Telecom paid its €16 million fine in December 2005.

In the first quarter of 2009, each of the three French operators (Bouygues Telecom, SFR and Orange) was ordered by a French court to dismantle a base station. Without waiting for the result of the appeals lodged by the three operators, the French Prime Minister asked the Health Minister for a report on radiofrequencies, health and the environment. A round table on the issue is due to be held. In a press release dated 4 March 2009, the French Academy of Medicine issued a warning against "a subjective interpretation of the precautionary principle" and recalled that a number of scientific studies (World Health Organisation and the European Scientific Committee on Emerging and Newly Identified Health Risks, etc.) had concluded that there is no risk from base stations.

Philippe Marien succeeded Philippe Montagner as Chairman of Bouygues Telecom on 18 February 2009. Philippe Marien is also the Bouygues group's Chief Financial Officer.

Alstom

Singapore's Land Transport Authority has awarded Alstom Transport a €120 million contract to supply tracks for Singapore metro's future Downtown Line, which will link the north-western and eastern areas of the island to the Central Business District and Marina Bay.

Alstom Transport has been awarded a €172 million contract to supply the state of Victoria, in south-east Australia, with 20 additional X'Trapolis suburban trains. It is an option included in a contract for 18 X'Trapolis trains concluded in January 2008.

An Alstom Transport X'Trapolis suburban train

Nelly Coynault, customer adviser at Bouygues Telecom

Risks

Risks

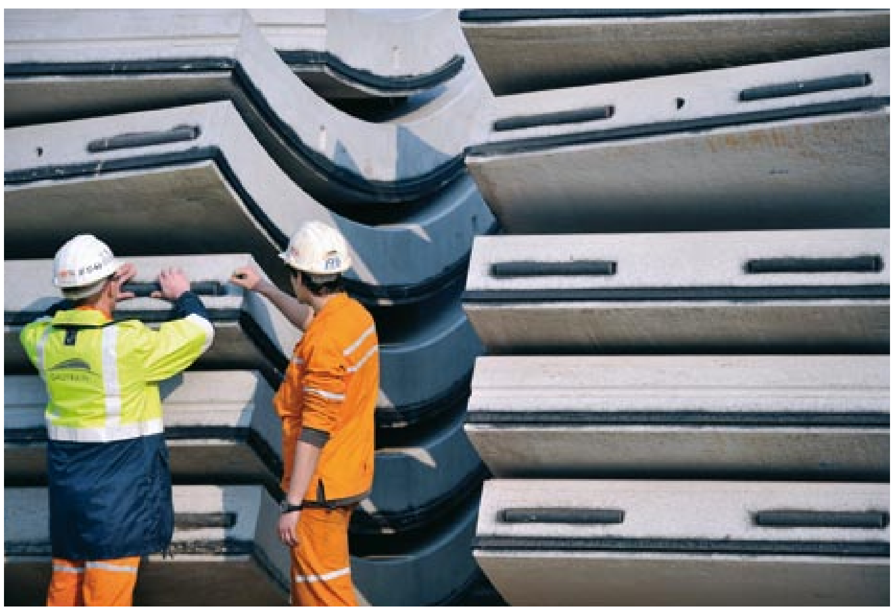
Bouygues and its subsidiaries are aware that they are currently operating in a deteriorated economic and financial environment.

Each subsidiary has been instructed to remain vigilant in the prevention of counterparty risk by rigorous analysis of the risk relating to customers, subcontractors, suppliers, partners, retailers (for Bouygues Telecom), advertisers (for TF1) and banks. Particular areas for attention include contractual payment terms; regular checks on the solvency of partners, suppliers and subcontractors; and assessment of alternative solutions.

The Group, and especially Bouygues Telecom, is also monitoring trends in household consumption, though no significant change has been identified to date.

Although Bouygues has sufficient confirmed credit facilities to meet its needs and a favourable bond debt maturity profile, it is nonetheless paying close attention to developments in the financial crisis. Great care is taken in deciding where to invest surplus cash. Unlike some groups, Bouygues has little exposure to defined-benefit pension plans.

The recession is bound to lead to changes in laws or regulations that may affect the activities of the Bouygues group. Each business has a legislative and regulatory watch unit dedicated to identifying and preparing for such changes.



Country risk

Most of the Bouygues group's businesses have little exposure to country risk. However, in the current rapidly-changing economic environment, each business is keeping a close watch on economic conditions in countries where it has operations.

The Group's flexible organisational structure limits the risk arising from regional instability, allowing it to withdraw more easily from the affected countries and minimise its financial losses. Bouygues seeks to maintain continuity in contracts with clients, but the prime concern is for the safety of its employees, including repatriation if necessary.

Colas carries out more than 90% of its works business in Europe, the United States and Canada. The risk of non-payment is low, as the business involves a very large number of low-value contracts.

Bouygues Construction does not currently have any significant operations in countries affected by serious civil unrest or armed conflict.

As a matter of policy, Bouygues does not operate in countries subject to an international embargo or where corruption cannot be avoided. In the countries where it does operate, Group policy is to observe political neutrality and to concentrate solely on carrying on its business. A Bouygues Construction subsidiary has operated in Turkmenistan on this basis for around a dozen years. As far as the Group is aware, neither the French government nor the European Union nor any major international public organisation has imposed an embargo on or issued any reservations about doing business in Turkmenistan. In deciding whether to start or continue operations in a particular country, Bouygues relies on the positions adopted by such organisations, given their specific remit and the fact that certain critical information is available only to them.

Finagestion, a Bouygues subsidiary which took over Saur's African subsidiaries, is still exposed to country risk on its operations in Ivory Coast. CIE and Sodeci distribute water and power in Ivory Coast under public service delegation contracts, although they are not responsible for investment in the infrastructure. Ciprel is a power generation subsidiary in Ivory Coast, which owns assets there in connection with its business. Despite the political instability, these companies were able to maintain a normal level of operations in 2008.

Market risk

Interest rate risk and currency risk

Some Group entities use hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates. The Group's policy on the use of financial instruments is described below.

Risks to which the Group is exposed

Currency risk

In general, the Bouygues group has little exposure to currency risk in routine commercial transactions. Where possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most construction projects executed outside France, on which local-currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. The Group also pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

Interest rate risk

The Bouygues group's financial income and expenses have low sensitivity to interest rate risk. The bulk of debt is in the form of fixed-rate bond issues, and a range of hedging instruments is used to convert variable-rate debt into fixed-rate debt.

On average over the year, the amount of variable-rate debt in the balance sheet is less than the amount of surplus cash invested at variable rates.

The consolidated income statement would be only marginally affected by fluctuations in euro interest rates, or by a divergence in interest rate trends between the euro and other major currencies.

Principles applied to all hedging instruments

The only instruments used for hedging purposes are forward currency purchases and sales, currency swaps and purchases of currency options for currency risk hedging purposes; and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes.

These instruments:

- are used solely for hedging purposes;
- are contracted solely with high-quality French and foreign banks;
- carry no liquidity risk in the event of a downturn.

Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of hedging instruments, the selection of counterparties with whom they are contracted, and more generally the management of exposure to currency risk and interest rate risk.

Hedging rules

Currency risk

Group policy is to hedge systematically all residual currency exposure relating to commercial transactions. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the contract award has been confirmed.

In the interests of efficiency, the currency positions of some Group entities may be managed centrally, which in some cases may result in the offset of matching positions.

Interest rate risk

Group policy is for each sub-group to hedge some or all of its financial assets and liabilities, where these are foreseeable and recurring.

In practice, this applies to entities that operate in capital-intensive sectors (telecoms and media). These entities control future interest expense by fixing the cost of debt using swaps and future rate agreements, or by limiting it through the use of caps, over a period equivalent to that of the financial liabilities to be hedged.

As with currency risk, the interest rate positions of some Group entities may, in the interests of efficiency, be managed centrally and partially offset.

Accounting methods

In general, the financial instruments used by the Group qualify for hedge accounting, which means that the hedging relationship is documented in accordance with the requirements of IAS 39. Two types of accounting treatment are used:

- Fair value hedges: changes in the fair value of the hedging instrument and changes in the fair value of the hedged item are recognised symmetrically in the income statement.
- Cash flow hedges: changes in the fair value of the hedging instrument are recognised in the income statement for the ineffective portion of the hedging relationship, and in shareholders' equity (until the hedge is closed out) for the effective portion.

In a few cases, such as when the notional amount is small or the maturity is short, the Group opts not to use hedge accounting so as to avoid onerous administrative procedures. In such cases, any change in the fair value of the hedging instrument is recognised in the income statement.

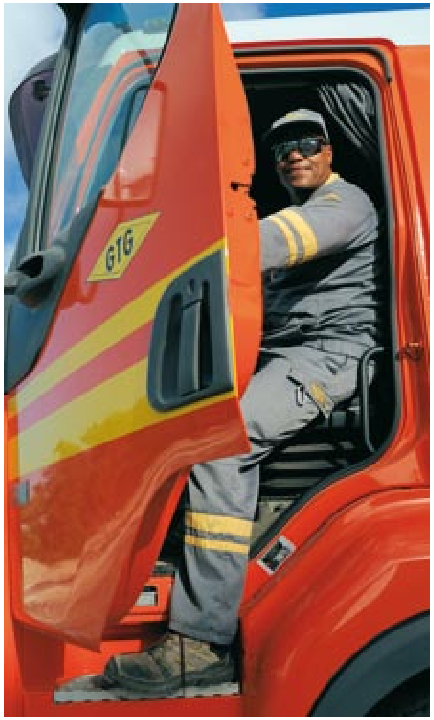
Market value of hedging instruments

At 31 December 2008, the market value (net present value) of the hedging instruments portfolio was -€4.5 million. This amount mainly comprises the net present value of interest rate swaps contracted to hedge the Group's debt (fair value hedges and cash flow hedges), and the net present value of forwards and futures contracted to hedge currency risk arising from commercial transactions.

The split of this market value by type of hedge is as follows:

- fair value hedges of components of net debt: €1.6 million
- cash flow hedges: -€6.1 million

In the event of a +1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of +€7.8 million; in the event of a -1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€16.6 million.



In the event of a uniform 1% depreciation in the euro against all other currencies, the hedging instruments portfolio would have a market value of -€12.2 million.

These calculations were prepared by the Bouygues group, or obtained from the banks with whom the instruments were contracted.

Interest-bearing debt by maturity

(€ million)	Current debt (maturing 2009)				Non-current debt							
	Accrued interest	1 to 3 months	4 to 12 months	Total maturing 2009	1 to 2 years 2010	2 to 3 years 2011	3 to 4 years 2012	4 to 5 years 2013	5 to 6 years 2014	6 or more years 2015 & later	Total 12/2008	Total 12/2007
Bond issues	172		989	1,161	497	749		1,148	992	3,171	**6,557**	**6,560**
Bank borrowings		35	75	110	104	74	24	18	13	83	**316**	**380**
Finance lease obligations		7	19	26	24	14	9	3	2	6	**58**	**54**
Other borrowings	3	7	30	40	21	57	5	5	2	4	**94**	**73**
Total debt	**175**	**49**	**1,113**	**1,337**	**646**	**894**	**38**	**1,174**	**1,009**	**3,264**	**7,025**	**7,067**
Comparative at 31/12/2007				**328**	**1,293**	**570**	**791**	**22**	**1,156**	**3,235**		**7,067**

Split of current and non-current debt by currency

Equivalent value (€ million)	Europe						Total
	Euro	Pound sterling	Other currencies	US dollar	CFA franc	Other currencies	
Non-current, 31 December 2008	6,132	654	65	39	82	53	**7,025**
Current, 31 December 2008	1,250	9	63	2	5	8	**1,337**
Non-current, 31 December 2007	6,258	663	86	1	28	31	**7,067**
Current, 31 December 2007	293	7	21		3	4	**328**

Split of current and non-current debt by interest rate type

Split of current and non-current debt, including the effect of all open interest rate hedging contracts at the balance sheet date:

	31/12/2008	31/12/2007
Fixed rate[a]	**94%**	**89%**
Variable rate	**6%**	**11%**

[a]Rates fixed for more than one year

Interest rate risk

The split of financial assets and financial liabilities by interest rate type at 31 December 2008 was as follows:

(€ million)	Variable rate	Fixed rate	Total
Financial liabilities (debt)	641	7,721	**8,362**
Financial assets[a] (net cash position)	3,446		**3,446**
Net position before hedging	(2,805)	7,721	**4,916**
Interest rate hedges	(107)	107	
Net position after hedging	**(2,912)**	**7,828**	**4,916**
Adjustment for seasonal nature of certain activities	275		
Net position after hedging and adjustment	**(2,637)**		

[a]Includes -€1 million for the fair value of financial instruments contracted to hedge net debt.

The effect of an immediate 1% rise in short-term interest rates on the net position described above would be to reduce net interest expense by €26.4 million over a full year.

Interest rate hedges – Analysis by maturity

Maturity (€ million)	Notional amounts at 31/12/2008				Notional amounts 31/12/2007
	2009	2010 to 2013	After 2013	Total	
Interest rate swaps					
- on financial assets	28	2	-	**30[a]**	**678**
- on financial liabilities	796	823	154	**1,773[b]**	**1,631**
Caps/floors					
- on financial assets	-	-	-	**-**	**-**
- on financial liabilities	48	-	-	**48**	**215**

[a]Of which swaps paying fixed rate: €30m
[b]Of which swaps paying fixed rate: €1,273m

Currency hedges – Analysis by original currency

Currency	At 31 December 2008 (equivalent value, € million)					Total	Total 31/12/2007
	US Dollar	Pound Sterling	Swiss franc	Hong Kong dollar	Other		
Forward purchases/sales							
- Forward purchases	176	20	12	4	307	**519**	**534**
- Forward sales	229	52	16	15	207	**519**	**370**
Currency swaps	68	169	57	29	91	**414**	**443**
Currency options							
- Forward purchases	17	4	6	-	-	**27**	**55**
- Forward sales	16	4	7	-	-	**27**	**20**

Collateral given

(€ million)	Total 31/12/2008	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity				Total 31/12/2007
								under 1 year	1 to 5 years	over 5 years	Total	
Mortgages secured on land and buildings, pledges of plant and equipment	**29**	3		26				4	18	7	**29**	14
Pledges of securities and subordinated loans	**56**	56								56	**56**	16
Total	**85**	**59**		**26**				**4**	**18**	**63**	**85**	**30**

Treasury shares held by Bouygues: none of these shares was pledged as collateral or security or subject to any lien during the year ended 31 December 2008.

Exposure to equity risk

The Bouygues group has no significant exposure to downside equity price risk on the equity instruments it holds.

Liquidity risk

At 31 December 2008, the Bouygues group had available cash of €3,446 million (including -€1 million of financial instruments contracted to hedge net debt), plus €4,923 million of undrawn confirmed medium-term credit facilities as at the same date. Consequently, the Group has no exposure to liquidity risk.

The credit facilities contracted by Bouygues contain no financial covenants or trigger events. The same applies to those contracted by Bouygues subsidiaries, except for a syndicated credit facility on which Colas Inc. had drawn down US$10 million as at 31 December 2008; this facility is subject to compliance with a minimum level of net assets, a condition with which Colas Inc. was in compliance as at 31 December 2008.

The 10-year bond issue maturing May 2016, the seven-year bond issue maturing May 2013 and the 20-year sterling bond issue maturing 2026 all contain a change of control clause relating to Bouygues SA.

Exceptional events – Litigation and claims

Group companies are involved in a variety of litigation and claims in the normal course of their business. In particular, subsidiaries of Bouygues Construction and Colas are involved in competition law litigation and claims. Risks are assessed on the basis of past experience and analysis by the Group's in-house legal departments and external counsel. To the company's knowledge, there is at present no exceptional event, litigation or claim liable to substantially affect the activities, assets and liabilities, results or financial position of the Group as a whole. Litigation and claims are subject to regular review, especially when new facts arise. The amounts provided in the financial statements appear to be adequate in light of these assessments. The Bouygues group uses all legal means to defend its legitimate interests.

The principal lawsuits and claims involving the Group are as follows:

Construction

Île-de-France regional authority contracts

Following the French Competition Council ruling of 9 May 2007, the Île-de-France regional authority filed a compensation claim in 2008 in respect of losses it believes it incurred as a result of anti-competitive practices adopted by construction companies in connection with the award of renovation contracts.

The regional authority applied to the urgent applications judge for an interim payment of €75 million, representing one half of the loss claimed by the authority on the basis of a report from a firm of consultants.

The authority's application was rejected by the Paris court of first instance in a ruling of 15 January 2009, mainly on the grounds that given that there was a serious objection to the very principle of the compensation claim, the urgent applications judge was not competent to make a ruling, and the authority should lodge an appeal on the merits.

In its ruling, the court held that the estimated loss had been calculated using extrapolations that were not based on any convincing underlying evidence.

The court also partially accepted the arguments raised in their defence by the construction companies regarding time-barring.

TGV Nord – Compensation claim

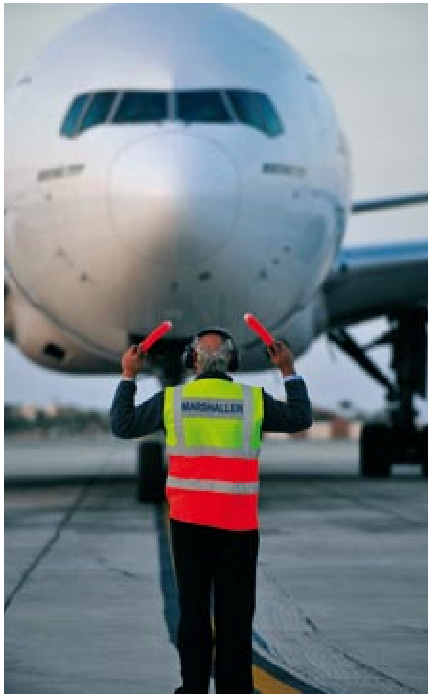
On 9 January 2009, the Paris Administrative Court heard the compensation claim brought by SNCF (the French national rail operator) in 1997 against 26 companies alleging anti-competitive practices in connection with the award of construction contracts for the TGV Nord and TGV Rhône-Alpes high-speed rail lines. A binding ruling by the *Conseil d'État* on 19 December 2007 having established that a tort had been committed, it now remains for the Administrative Court to rule on the amount of the loss to be compensated by the 26 companies.

Olkiluoto (Finland) – Dispute Review Board

Bouygues Travaux Publics has a contract to build the nuclear reactor at the OL3 power plant in Finland. This contract was signed with Areva NP (formerly Framatome) on 23 May 2005.

From the outset, there were major difficulties in executing the contract due to delays in design and foundation works subcontracted to third parties.

In response to the halting of construction work and the resulting uncertainties on the overall timing of the project, the parties to the contract agreed to amend the original contract pricing basis to a cost + fee arrangement.



After applying this new fee basis for thirty months, Areva expressed its intention at end July 2008 to revert to the unit price payment method originally stipulated in the contract. Bouygues Travaux Publics contested this.

Areva referred the matter to the Dispute Review Board (DRB). The dispute related to the validity and continuance of the cost + fee arrangement agreed between the parties in 2006.

In response to a preliminary application, the DRB indicated in a ruling dated 12 December 2008 that the cost + fee arrangement should be continued until it had issued its final ruling. On 13 March 2009, the DRB issued a ruling in favour of Bouygues Travaux Publics.

Uganda arbitration

In April 2005, Bouygues Travaux Publics initiated arbitration proceedings relating to the terms on which a contract to build a road from Bugiri to Jinja (Uganda) had been terminated.

The arbitration proceedings were split into two phases by agreement. The first phase ended with a binding but partial ruling, issued on 9 July 2008, confirming that the termination of the contract by Bouygues Travaux Publics in December 2004 was lawful.

The second phase is ongoing, and will determine the nature and amount of the loss to be compensated.

Other business risks

Execution of the ongoing contracts to build the two European Pressurised Reactors (EPRs) at Olkiluoto and Flamanville (France) is being hampered by a number of technical issues, relating in particular to the level of technical specification on commencement of civil engineering works and to procedures used by the Finnish Nuclear Safety Authority to monitor and certify works progress. Bouygues Construction is monitoring developments on these contracts very closely.

In South Africa, Bouygues Travaux Publics is working on a large-scale project in Gauteng province to provide a rail link between Johannesburg to Pretoria. This project is part of the infrastructure programme implemented as part of the preparations for the football World Cup to be held in South Africa in 2010.

Due to delays in making land available along some sections of the line, construction deadlines on the project are under intense pressure.

Television

Customer risk

TF1 Publicité regularly vets the financial soundness of advertisers wishing to purchase airtime on the media it handles (TF1 channels and websites, and other publishers' media). All new advertisers, and all advertisers who have a poor payment record, are required to pay for airtime in full prior to broadcast. If a customer is overdue with payments for previous orders, TF1 Publicité requires not only upfront payment for future orders but also payment in full of all outstanding invoices.

Consequently, TF1 Publicité's risk of non-payment by advertisers is less than 0.15% of annual revenues inclusive of taxes.

Eurosport has effective procedures for collecting amounts owed by cable and satellite operators. The risk of non-payment by these operators is historically low thanks to procedures for vetting their financial soundness.

TF1 Vidéo and TF1 Entreprises contract credit insurance to protect against non-payment by customers.

Intellectual property risks (copyright and similar rights)

Following the action brought against TF1 in 2007 by SPPF, an umbrella organisation of record producers, a second organisation (SCPP) brought a similar action in June 2008. SPPF and SCPP are challenging the use of recordings by TF1 under the statutory licence instituted by French law in 1985, and are claiming compensation for losses incurred during the period from 1997 to 2005 (€33 million for SPPF, €57.4 million for SCPP). In connection with these proceedings, TF1 requested the SPRE (the French Performing Rights Society) to repay the sums TF1 paid during this period under the statutory licence, and also called in guarantees from a number of audiovisual producers. Negotiations with all the players in the sector began in 2007 and continued through 2008, with the aim of resolving the dispute on bases consistent with the provisions recognised in the financial statements and of agreeing new arrangements for the future.

During 2008, the TF1 group brought actions to end the illegal copying of TF1 proprietary content and to claim compensation from a number of internet platforms such as DailyMotion and YouTube, as well as from sites such as Wizzgo (whose online video service was held to be illegal by the Paris civil court on 25 November 2008).

Glem is being sued by former contestants in the *Île de la Tentation* reality TV show who are claiming that their contracts should be reclassified as contracts of employment. On 11 February 2008, the Paris Appeal Court ruled that this claim was valid, but rejected their claim for "performing artist" status. Four of the claimants were awarded €27,000, including €16,000 as damages for "disguised employment". This ruling has been appealed to the *Cour de Cassation* (the French Supreme Court). Many other contestants (72 in all) in this and other TF1 reality shows have followed suit. The Saint-Étienne employment tribunal, having considered a contract reclassification claim from an *Île de la Tentation* contestant, ruled on 22 December 2008 that no contract of employment existed.

Competition law

Following a complaint from M6, the Competition Council ruled early in 2008 that two of the undertakings made by TF1 and AB in the takeover of TMC (ad space selling organisation, selling of airtime independently from TF1 Publicité) had been breached. Based on this ruling, the Minister of the Economy issued an order on 17 November 2008 levying a fine of €250,000 on TF1.

Telecoms

Competition law

- On 30 November 2005, Bouygues Telecom was fined €58 million by the Competition Council in connection with the mobile phone operator collusion case. Bouygues Telecom appealed to the Paris Appeal Court, which on 12 December 2006 upheld the Competition Council ruling. Bouygues Telecom paid the fine, then lodged an appeal with the *Cour de Cassation* on 9 January 2007. In a ruling dated 29 June 2007, the *Cour de Cassation* upheld the fine imposed on the three operators for collusion but overturned the fine for exchange of information between 1997 and 2003 (fine imposed on Bouygues Telecom: €16 million), sending the case back on this point to the Paris Appeal Court which, on 11 March 2009, upheld this fine.

  Bouygues Telecom has also brought a case in the European Court of Human Rights alleging breach of the right to a fair trial contained in the European Convention on Human Rights.

- Bouygues and Bouygues Telecom have brought proceedings before the Court of First Instance of the European Communities challenging the State aid provided when France Telecom was recapitalised in 2002 and the legality of the retrospective adjustment to UMTS licence fees in favour of Orange and SFR. The State subsidy case is still ongoing; the UMTS licence fees case has been referred to the Court of Justice of the European Communities.

- Bouygues Telecom has also filed a complaint about the practices of Orange, which dominates the French mobile telephony market, in terms of business customer offerings.

- Following Apple's refusal to appoint Bouygues Telecom as an official iPhone distributor, Bouygues Telecom lodged a complaint with the Competition Council against Apple and Orange France challenging the exclusivity of the arrangement. In a ruling dated 17 December 2008, Bouygues Telecom obtained an interim suspension of the exclusivity granted to Orange France pending a decision on the merits. Apple and Orange France appealed against the Competition Council's ruling, but it was upheld by the Paris Appeal Court on 4 February 2009.

- Bouygues Telecom has lodged a complaint with the Competition Council alleging abuse by Orange France and SFR of their dominant position in unlimited on-net offers. The case is due to be heard in early 2009.

Consumer protection – Customers

- Following the ruling in the mobile phone operator collusion case, over 3,500 compensation claims have been filed against Bouygues Telecom by customers and the "UFC-Que Choisir" consumer organisation. In December 2007, the court accepted Bouygues Telecom's arguments by declaring the proceedings null and void. UFC-Que Choisir has stated its intention to appeal, and the case is ongoing.

- In 2007, a customer alleged that he had missed out on a transplant operation because Bouygues Telecom had disconnected his phone line, claiming €1 million in damages. He was non-suited in the lower court and has not lodged an appeal.

Distribution

Following the discontinuation of home-selling and distance-selling operations, some distributors sued Bouygues Telecom wholesalers Téléciel and Stock-Com (which became Extenso Telecom in 2008) for terminating their commercial relationship unfairly and without adequate notice. To date, their claim amounts to €1.5 million. The court of first instance accepted Bouygues Telecom's arguments and rejected the distributors' claims. An appeal has been lodged by the distributors.

Mobile phone base stations

A criminal complaint has been filed by residents living close to a Bouygues Telecom base station on the grounds that their daughters have allegedly developed heart problems due to the proximity of the antennae. The allegation is based on the administration of noxious substances. The investigation proceedings are pending.

As regards civil liability, the Nanterre civil court has enjoined Bouygues Telecom to dismantle a base station on the grounds of nuisance to adjacent properties. Bouygues Telecom lodged a fixed-date appeal against this ruling in the Versailles Appeal Court. On 4 February 2009, the Versailles Appeal Court upheld the ruling of the Nanterre civil court. In separate cases, Orange and SFR have also been ordered to dismantle base stations. In a press release issued on 4 March 2009, the French Academy of Medicine stated that *"there is no known mechanism whereby electromagnetic fields in this energy and frequency range could have a negative effect on health: the World Health Organisation and the European Commission Scientific Committee on Emerging and Newly Identified Health Risks have unanimously agreed that there is no risk from these base stations"*. The French Health Minister has scheduled a round table on this issue for 23 April 2009.

Patents

An American company has brought an action against Bouygues Telecom and all telecoms operators worldwide alleging infringement of a patent for an application used for international SMS messaging. The American court rejected the claim on grounds of lack of personal jurisdiction. An application has been lodged for the court to set aside its ruling. However, the case against the US operators is ongoing.

Insurance – Risk coverage

Group policy on insurance cover focuses on optimising and securing the policies contracted by Bouygues SA and its subsidiaries; the aim is to protect against exceptionally large or numerous potential claims at a cost that does not impair the Group's competitiveness. This long-term approach to insurance cover calls for partnerships with high-quality, financially sound insurers. To preserve these partnerships and prevent information being used to the detriment of the Group and its shareholders, especially in legal disputes, the amount of premiums and the terms of cover are kept strictly confidential, especially in liability insurance.

The diversity of the activities in which the Bouygues group is involved calls for a wide range of policies designed for each specific situation. Because the risks to which the five core businesses are exposed are not comparable, each business contracts its own insurance cover. Premiums vary considerably. Overall, premiums paid by the Group to general insurance companies represent approximately 0.3% of sales, though this percentage has to be seen in the context of the diversity of the Group's activities.

In addition to insurance required by law (such as ten-year building guarantees in France and third-party motor cover), the main policies are as described below:

- **Property insurance.** Cover is generally equal to the value of the assets insured. However for the largest concentrations of value, cover is limited to the cost of repairing damage incurred in a disaster scenario, defined in consultation with the insurers on the basis of expert valuations carried out by external consultants.

  When damage to insured assets is liable to lead to business interruption, insurance is taken out to cover the financial consequences, such as operating losses and/or additional costs. The amount of cover reflects the expected downtime at the damaged site based on the disaster scenario, and the disaster recovery plans in place.

- **Site insurance.** Cover is generally equal to market value. Exceptionally, cover for some geographically dispersed projects may be limited to the cost of repairing damage incurred in a disaster scenario. The scenario used depends on the type of project (e.g. motorway, viaduct or tunnel) and its geographical location, so as to build in the risk of damage arising from natural disasters (such as earthquakes or hurricanes). In some cases, the amount of cover may be limited by the total capacity available in the world insurance market, for example in the case of earthquake damage or acts of terrorism.

- **Liability insurance.** These policies provide cover against loss or injury to third parties for which Group companies are liable. Because Group companies vary greatly in size and in the nature of their operations, cover is tailored to the risks incurred, but is generally in excess of €5 million per claim.

Deductibles on these policies are set so as to optimise the overall cost to the Group, based on the likelihood of claims and the premium reductions that can be obtained from insurers by increasing the deductible. On this basis, some risks are insured with no deductible, while others are subject to a higher deductible, of up to €2.5 million in some cases.

Some policies written by traditional blue-chip insurance companies are partly reinsured by the Group's captive reinsurance subsidiary. The subsidiary is managed by a specialist company, which determines the amount of provisions required to comply with insurance and reinsurance regulations (designed to ensure that companies have adequate provisions to meet their obligations).

There are no significant insurable risks that have not been insured. Significant self-insured insurable risks are limited to the deductibles under the Group's insurance policies.

The Group and its subsidiaries operate a prevent and protect policy, including the development of new measures to reduce the incidence and financial effect of accidents and claims. This policy also improves the Group's position when negotiating premiums and terms with its insurers.

**Gilles Bouleau,
journalist at TF1**

Legal and financial Information

Information on directors and non-voting directors (at 31 December 2008)

Chairman and Chief Executive Officer

Martin Bouygues

32 avenue Hoche, 75008 Paris, France
Date of birth: 03/05/1952
Date of first appointment: 21/01/1982
Expiry of current term of office: 2009
Number of shares in the company: 238,661 (65,294,964 via SCDM)

Expertise/experience

Martin Bouygues joined the Bouygues group in 1974 as works supervisor for the construction of the large Parisian shopping complex Les Halles before working in sales management. In 1978, he helped to establish Maison Bouygues, specialising in the sale of catalogue homes. In 1984, Martin Bouygues began diversifying Maison Bouygues, and together with the Bouygues group acquired Saur, a water treatment and distribution company. He was appointed Chairman and CEO of Saur two years later. Martin Bouygues became a director of Bouygues in 1982 and was appointed Vice-Chairman in 1987. On 5 September 1989, Martin Bouygues took over from Francis Bouygues as Chairman and CEO of Bouygues.

Principal positions outside Bouygues SA

Chairman of SCDM

Other positions and functions in the Group

In France: Director of TF1[1]
Outside France: Director of Sodeci[1] and CIE[1] (Ivory Coast)

Other positions and functions outside the Group

In France: Member of the Supervisory Board of Paris-Orléans[1]; standing representative of SCDM[1] on the boards of Actiby, SCDM Participations, SCDM Invest-1 and SCDM Invest-2

Former positions and functions during the last five years (outside the Bouygues group)

2007 - Director of HSBC France

[1]*Listed company*

Deputy Chief Executive Officer

Olivier Bouygues

32 avenue Hoche, 75008 Paris, France
Standing representative of SCDM, director
Date of birth: 14/09/1950
Date of first appointment: 05/06/1984
Expiry of current term of office: 2010 (2009 Deputy CEO)
Number of shares in the company: 163,997 (65,294,964 via SCDM)

Expertise/experience

Olivier Bouygues is a graduate of École Nationale Supérieure du Pétrole (ENSPM) and joined the Bouygues group in 1974. He began his career in the Group civil works branch. From 1983 to 1988 at Bouygues Offshore, he held the posts of director of Boscam, a Cameroon subsidiary, then director of the France Works and Special Projects division. From 1988 to 1992, he was Chairman and CEO of Maison Bouygues. In 1992, he became Group Executive Vice President of Utilities Management, which grouped the international and French activities of Saur. In 2002, Olivier Bouygues became Deputy CEO of Bouygues.

Principal positions outside Bouygues SA

CEO of SCDM

Other positions and functions in the Group

In France: Chairman and director of Finagestion; director of TF1[1], Colas[1], Bouygues Telecom, Bouygues Construction and Eurosport
Outside France: Director of Sodeci[1] and CIE[1] (Ivory Coast) and Sénégalaise des Eaux (Senegal)

Other positions and functions outside the Group

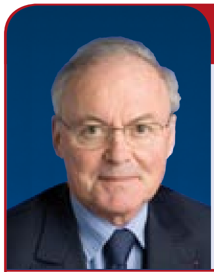
In France: Director of Alstom[1] and Cefina; Chairman of SAGRI-E and SAGRI-F; standing representative of SCDM on the board of SCDM Énergie, SCDM Investur and SCDM Investcan; non-partner manager of SIR and SIB
Outside France: Chairman and CEO and director of Seci (Ivory Coast)

Former positions and functions during the last five years (outside the Bouygues group)

2006 - Director of Novasaur
2004 - Director of Actiby

[1]*Listed company*

Directors



Pierre Barberis

7 Pili Street, South Forbes Park, Makati 1200 Metro Manila, Philippines
Date of birth: 29/05/1942
Date of first appointment: 24/06/1997
Expiry of current term of office: 2009
Number of shares in the company: 500
Chairman of the Remuneration Committee

Expertise/experience

Pierre Barberis is a graduate of École Polytechnique and the Institute of French Actuaries. He began his career at Caisse des Dépôts et Consignations and joined Crédit Lyonnais in 1966, where in 1974 he became director of information technology and organisation. From 1979, he held senior management positions at Trigano SA, Crédit du Nord and Axa group. He was CEO and Deputy Chairman of Axa from 1987 to 1991. He then became Chairman of VEV and ran several computer software companies. From May 2002 to November 2006, Pierre Barberis was Deputy CEO of Oberthur Card Systems

Principal positions outside Bouygues SA

In France: manager of Amrom

Former positions and functions during the last five years (outside the Bouygues group)

2008 - Advisor to the Chairman of Oberthur Technologies; Chairman and director of Wilson Gestion
2006 - Deputy CEO and director of Oberthur Card Systems
2005 - Director of Alliance Internationale
2004 - Chairman and director of VEV[1]; director of Lainière Holding and Sengac

[1]Listed company

Patricia Barbizet

12 rue François 1er, 75008 Paris, France
Date of birth: 17/04/1955 - Date of first appointment: 22/12/1998 (as standing representative of Artémis)
Date of second appointment: 13/12/2005 (in a personal capacity)
Expiry of current term of office: 2011
Number of shares in the company: 500
Member of the Accounts Committee and Remuneration Committee

Expertise/experience

Patricia Barbizet graduated from École Supérieure de Commerce de Paris (ESCP). She held important posts in the finance department of the Renault group before becoming finance director of the Pinault group in 1989. She has been CEO and director of Artémis since 1992 and Chairman of the supervisory board of PPR[1] since 2002. She was named Vice-Chairman and director of PPR in May 2005.

Principal positions outside Bouygues SA

CEO and director of Artémis
Vice-Chairman and director of PPR[1]

Other positions and functions in the Group

In France: Director of TF1[1]

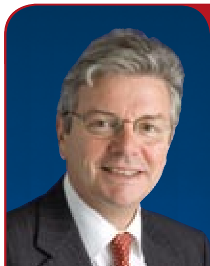
Other positions and functions outside the Group

In France: CEO (non-proxy) and member of the supervisory board of Financière Pinault; director of Piasa, Fnac SA, Société Nouvelle du Théâtre Marigny, the Strategic Investment Fund (SFI), Air France-KLM[1] and Total[1]; member of the supervisory board of Yves Saint Laurent; member of the management board of SC du Vignoble de Château Latour; standing representative of Artémis on the boards of Sebdo Le Point and Agefi
Outside France: CEO and director of Palazzo Grassi (Italy); Chairman and board member of Christies International Plc[1] (United Kingdom); member of the supervisory board of Gucci Group NV[1] (Netherlands); non-executive director of Tawa Plc (United Kingdom)

Former positions and functions during the last five years (outside the Bouygues group)

2008 - Chairman of Piasa
2007 - Chairman and CEO of Piasa
2006 - Director of Afipa
2005 - Chairman of the Board of Directors of Société Nouvelle du Théâtre Marigny; Chairman of the supervisory board of PPR[1]
2004 - Member of the supervisory board of Yves Saint Laurent Parfums

[1]Listed company



François Bertière

150 route de la Reine, 92100 Boulogne-Billancourt, France
Date of birth: 17/09/1950
Date of first appointment: 27/04/2006
Expiry of current term of office: 2009
Number of shares in the company: 17,769

Expertise/experience

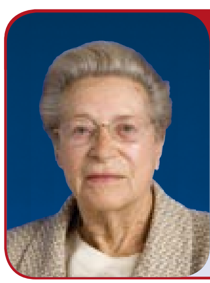
François Bertière graduated from École Polytechnique and École Nationale des Ponts et Chaussées, and is a qualified architect (DPLG). He began his career in 1974 in the Infrastructure Ministry. In 1977, he was appointed technical advisor to the office of the French Education Ministry, then deputy director in charge of planning at the Regional Infrastructure Department of Upper Corsica in 1978. In 1981, he became director of urban development at the Public Development Agency (EPA) of Cergy-Pontoise. He joined the Bouygues group in 1985 as Deputy CEO of Française de Constructions. In 1988, he was appointed Chairman and CEO of France Construction, Vice-Chairman and CEO of Bouygues Immobilier in 1997, then Chairman and CEO of Bouygues Immobilier in 2001. François Bertière has been a director of Bouygues Immobilier since 1991.

Principal positions outside Bouygues SA

Chairman and CEO of Bouygues Immobilier

Other positions and functions in the Group

In France: Chairman and member of the supervisory board of Maisons Elîka



Mrs Francis Bouygues

50 rue Fabert, 75007 Paris, France
Date of birth: 21/06/1924
Date of first appointment: 19/10/1993
Expiry of current term of office: 2009
Number of shares in the company: 110 (5,290,034 via FMB)

Georges Chodron de Courcel

3 rue d'Antin, 75002 Paris, France
Date of birth: 20/05/1950
Date of first appointment: 30/01/1996
Expiry of current term of office: 2009
Number of shares in the company: 930
Member of the Accounts Committee

Expertise/experience

Georges Chodron de Courcel is a graduate of École Centrale de Paris and holds a degree in economics. He joined Banque Nationale de Paris (BNP) in 1972, where he became head of financial research in the finance department in 1978, then executive secretary of Banexi in 1982. He then became director of securities management and director of financial and industrial investment. In 1989, he was appointed Chairman of Banexi, then central director of BNP in 1990. In 1995, he became executive vice-president then COO of BNP from 1996 to 1999. After the merger with Paribas in August 1999, Georges Chodron de Courcel was head of the corporate and investment banking arm of BNP Paribas from 1999 to 2003. He has been Chief Operating Officer of BNP Paribas since June 2003.

Principal positions outside Bouygues SA

Chief Operating Officer of BNP Paribas[1]

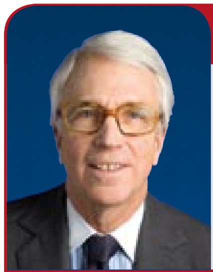
Other positions and functions outside the Group

In France: Chairman of Compagnie d'Investissement de Paris et Financière BNP Paribas; director of Alstom[1], Nexans[1], Société Foncière, Financière et de Participations[1] and Verner Investissements; member of the supervisory board of Lagardère SCA[1]; non-voting director of Exane, Safran[1] and Scor[1]
Outside France: Chairman of BNP Paribas SA (Switzerland); director of BNP Paribas Zao (Russia), Erbé SA (Belgium) and Scor Holding AG[1] (Switzerland)

Former positions and functions during the last five years (outside the Bouygues group)

2008 - Director of Banca Nazionale del Lavoro (Italy)
2007 - Chairman of BNP Paribas UK Holdings Ltd (United Kingdom)
2006 - Chairman of BNP Paribas Emergis SAS; non-voting director of Scor Global Life (formerly Scor Vie)
2005 - Member of the supervisory board of Sagem[1]; director of Capstar Partners SAS; director of BNP Paribas SA (Switzerland)
2004 - Director of BNP Paribas Canada (Canada); director of BNP Prime Peregrine Holdings Limited (Malaysia); director of BNP Paribas UK Holdings Limited (United Kingdom)

[1] *Listed company*



Charles de Croisset

Peterborough Court, 133 Fleet Street, London ECA4 2BB, United Kingdom
Date of birth: 28/09/1943
Date of first appointment: 09/09/2003
Expiry of current term of office: 2010
Number of shares in the company: 5,000

Expertise/experience

Charles de Croisset is a graduate of Institut d'Études Politiques de Paris (IEP) and École Nationale d'Administration (ENA), and holds a degree in law. He joined the French Finance Ministry as Treasury Auditor in 1968. He was head of the private office of the Industry Minister in 1979, before joining Crédit Commercial de France (CCF) in 1980 as executive secretary. He became executive vice-president of CCF in 1983, and then CEO and director in 1987. He was appointed head of the private office of the Finance Minister (1987-1988). In 1993, he was appointed Chairman and CEO of CCF, and in 2000, CEO and director of HSBC Holdings Plc and director of HSBC Bank Plc. In March 2004, Charles de Croisset became Vice-Chairman Europe of Goldman Sachs, then international advisor to Goldman Sachs International in 2006.

Principal positions outside Bouygues SA

International advisor to Goldman Sachs International

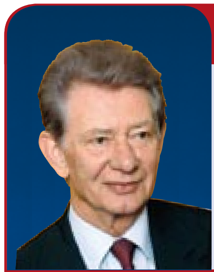
Other positions and functions outside the Group

In France: Chairman of the Fondation du Patrimoine; director of Renault[1], Thales[1] and LVMH[1]; member of the supervisory board of Euler Hermes[1]; non-voting director of Galeries Lafayette

Former positions and functions during the last five years (outside the Bouygues group)

2004 - Chairman and CEO of CCF[1]; executive director of HSBC Holdings Plc[1] (United Kingdom); director of HSBC CCF Asset Management Holdings, HSBC Bank Plc, HSBC Holdings Plc[1] (United Kingdom); member of the Board of Directors of HSBC Private Holdings SA (Switzerland); member of the Board of Directors of HSBC Guyerzeller Bank AG (Switzerland)

[1]Listed company



Lucien Douroux

20 rue de la Baume, 75008 Paris, France
Date of birth: 16/08/1933
Date of first appointment: 30/03/1999
Expiry of current term of office: 2010
Number of shares in the company: 500
Chairman of the Ethics and Sponsorship Committee

Expertise/experience

Lucien Douroux graduated from Conservatoire National des Arts et Métiers (CNAM). He was appointed CEO of Caisse Régionale du Crédit Agricole de Paris et d'Île-de-France in 1976. He was CEO of Caisse Nationale du Crédit Agricole from 1993 to 1999 and Chairman of the supervisory board of Crédit Agricole Indosuez from 1999 to 2001.

Principal positions outside Bouygues SA

Director of Banque de Gestion Privée Indosuez

Former positions and functions during the last five years (outside the Bouygues group)

2006 - Director of Euris; Chairman of Banque de Gestion Privée Indosuez
2005 - Director of Suez[1]
2004 - Vice-Chairman of the Board of Directors of Wafabanq[1] (Morocco); Chairman of the supervisory board of Fonds de Garantie des Dépôts

[1]Listed company

Yves Gabriel

1 avenue Eugène Freyssinet, 78280 Guyancourt, France
Date of birth: 19/03/1950
Date of first appointment: 10/09/2002
Expiry of current term of office: 2010
Number of shares in the company: 124,788

Expertise/experience

Yves Gabriel is a civil engineering graduate of École Nationale des Ponts et Chaussées, and joined the Bouygues group in 1976. His career began at Screg Île-de-France as works engineer; he then became sector head and manager of a regional branch office. In 1985, he established Screg Bâtiment where he was CEO until 1992. From 1989 to 1992, he also served as COO of Bouygues' industrial construction division and was Chairman of Ballestrero. From 1992 to 1996, he was CEO of the Screg group (France's third-largest road construction group). In November 1996, he joined the Saur group as executive vice president responsible for activities in France and the merger with the Cise group. In June 2000, he was appointed CEO of the Saur group. In September 2002, he was appointed Chairman and CEO of Bouygues Construction.

Principal positions outside Bouygues SA

Chairman and CEO of Bouygues Construction

Other positions and functions in the Group

In France: Director of ETDE; standing representative of Bouygues Construction on the boards of Bouygues Bâtiment International, Bouygues Bâtiment Ile-de-France and Bouygues Travaux Publics

Former positions and functions during the last five years (outside the Bouygues group)

2005 - First Vice-Chairman and director of Sefi

[1] *Listed company*

Jean-Michel Gras

Immeuble Le Levant, 54 avenue de la Voie Lactée, 92656 Boulogne-Billancourt Cedex, France
Director representing employee shareholders
Date of birth: 20/10/1970
Date of first appointment: 28/04/2005
Expiry of current term of office: 2010
Member of the Ethics and Sponsorship Committee

Expertise/experience

Jean-Michel Gras joined Bouygues Telecom in 1996 as purchasing quality engineer. He then carried out network information systems project management assignments before becoming head of computer purchasing. At the beginning of 2006, he was appointed manager of Bouygues Telecom's network, telecoms and services purchasing. He joined TF1 as head of purchasing on 6 November 2007.

Principal positions outside Bouygues SA

Head of purchasing at TF1[1]

[1] *Listed company*

Thierry Jourdaine

1 avenue Eugène Freyssinet, 78280 Guyancourt, France
Director representing employee shareholders
Date of birth: 08/06/1963
Date of first appointment: 16/12/2003
Expiry of current term of office: 2010
Member of the Accounts Committee

Expertise/experience

Thierry Jourdaine joined Bouygues in 1985 as works supervisor. He was a quality manager at Bouygues Bâtiment Housing Division from 1996 to 2001. Thierry Jourdaine then became a quality and environment manager at Bouygues Bâtiment International.

Principal positions outside Bouygues SA

Quality, security and environment *(QSE)* manager, Bouygues Bâtiment International

[1] *Listed company*

Patrick Kron

3 avenue Malraux, 92300 Levallois-Perret, France
Date of birth: 26/09/1953
Date of first appointment: 06/12/2006
Expiry of current term of office: 2010
Number of shares in the company: 500

Expertise/experience

Patrick Kron is a graduate of École Polytechnique and an engineer of the Corps des Mines. He began his career at the Industry Ministry from 1979 until 1984 before joining the Péchiney group. From 1984 to 1993, he occupied various operational and financial positions at Pechiney, notably President of the Electrometallurgy Division. In 1993, he became member of the executive committee of the Pechiney group and Chairman and CEO of Carbone Lorraine from 1993 to 1997. From 1995 to 1997, he ran Pechiney's Food and Health Care Packaging Sector and held the position of COO of the American National Can Company in Chicago (United States). From 1998 to 2002, Patrick Kron was Chairman of the executive board of Imerys before joining Alstom where he has been CEO since January 2003, and Chairman and CEO since March 2003.

Principal positions outside Bouygues SA

Chairman and CEO of Alstom[1]

Other positions and functions outside the Group

In France: Director of the musical ensemble "Les Arts Florissants"
Outside France: Director of Alstom UK Holdings Ltd (United Kingdom)

Former positions and functions during the last five years (outside the Bouygues group)

2007 - Director of Alstom Ltd (United Kingdom)
2006 - Director of Imerys[1]; member of the supervisory board of Vivendi Universal[1]
2005 - Member of the supervisory board of Imerys[1]

[1]Listed company

Hervé Le Bouc

7 place René Clair, 92653 Boulogne-Billancourt Cedex, France
Date of birth: 07/01/1952
Date of first appointment: 24/04/2008
Expiry of current term of office: 2011
Number of shares in the company: 2,010

Expertise/experience

Hervé Le Bouc holds a degree in engineering from École Spéciale des Travaux Publics (ESTP). He joined the Bouygues group in 1977 and began his career at Screg (now a Colas subsidiary) as a site engineer, subsequently working as an area supervisor and then a regional manager. In 1989, he was named director in charge of commercial development of Bouygues Offshore for Europe, French overseas departments and territories (Dom-Tom) and Australia, and subsequently South East Asia and Mexico. He became COO of Bouygues Offshore in 1994, then CEO in 1996 and Chairman and CEO in 1999. From November 2001 to September 2002, he served concurrently as COO of Bouygues Construction, Chairman of the Board of Bouygues Offshore and Chairman of the Board of ETDE. From September 2002 to February 2005, Hervé Le Bouc was CEO of Saur, then Chairman and CEO from February 2005 to April 2007. In February 2007, Hervé Le Bouc became a director of Colas and was named Deputy CEO in August of the same year. On 30 October 2007, he was appointed Chairman and CEO of Colas.

Principal positions outside Bouygues SA

Chairman and CEO of Colas[1]

Other positions and functions in the Group

In France: Chairman and CEO of Colasie; standing representative of Spare on the board of Sacer Atlantique; standing representative of Colas on the boards of Société Parisienne d'Études d'Informatique et de Gestion, Colas Midi Méditerranée, Aximum and Cofiroute; standing representative of Colas; legal representative of Échangeur International; standing representative of IPF on the boards of Screg Est and Spac
Outside France: Director of Colas Inc. (USA), ColasCanada (Canada), Tipco Asphalt Public Co. (Thailand), Isco Industry (South Korea) and Hindustan Colas Limited (India)

Former positions and functions during the last five years (outside the Bouygues group)

2007 - Chairman of Novasaur, Finasaur and Investisaur; director of Aguas de Valencia (Spain); standing representative of Investisaur on the board of Finamag

[1]Listed company

Helman le Pas de Sécheval

8-10 rue d'Astorg, 75383 Paris Cedex 08, France
Date of birth: 21/01/1966
Date of first appointment: 24/04/2008
Expiry of current term of office: 2011
Number of shares in the company: 620
Chairman of the Accounts Committee

Expertise/experience

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 (the French securities regulator), becoming head of this department in 1998. Since 5 November 2001, Helman le Pas de Sécheval has been Chief Financial Officer of Groupama, and is responsible for the group's financing, investing, reinsurance and accounting divisions. He also oversees the group's financial subsidiaries, which include Groupama Banque, Banque Finama, Groupama Asset Management, Groupama Immobilier, Finama Private Equity, and GIE Groupama Systèmes d'Information.

Principal positions outside Bouygues SA

Chief Financial Officer of Groupama

Other positions and functions outside the Group

In France: Chairman of Groupama Immobilier, Compagnie Foncière Parisienne, Groupama Asset Management, Finama Private Equity; Vice-Chairman of Banque Finama; standing representative of Groupama on the boards of Lagardère SCA[1], and Silic[1] and GIE Groupama Systèmes d'Information; standing representative of Groupama SA; co-manager of SCA d'Agassac and SCI d'Agassac; non-voting director of Gimar Finance & Compagnie
Outside France: Director of Groupama Vita Spa, Groupama Assicurazioni Spa, Nuova Tirrena Spa (Italy)

Former positions and functions during the last five years (outside the Bouygues group)

2008 - Director of Groupama International
2007 - Standing representative of Gan Assurances Vie; director of Locindus, Scor and Scor Vie
2004 - Non-voting director of Scor

[1]Listed company

Nonce Paolini

1 quai du Point du Jour, 92656 Boulogne-Billancourt Cedex, France
Date of birth: 01/04/1949
Date of first appointment: 24/04/2008
Expiry of current term of office: 2011
Number of shares in the company: 500

Expertise/experience

Nonce Paolini holds a Master of Arts degree and graduated from Institut d'Études Politiques de Paris (IEP) in 1972. He started his career at the French power and gas utility EDF-GDF, where he worked first in operational positions (customer service/sales and marketing), and then in senior management (organisation, training, human resources, corporate communications). He joined the Bouygues group in 1988 as human resources development director, then became the Group corporate communications director in 1990. He joined TF1 in 1993 as human resources director and became Deputy CEO of the TF1 group in 1999. In January 2002, he was appointed Deputy CEO of Bouygues Telecom to head up sales and marketing, customer relations and human resources. Nonce Paolini became Deputy CEO in April 2004 and a director in April 2005. Nonce Paolini has been CEO of TF1 since 22 May 2007, and Chairman and CEO since 31 July 2008.

Principal positions outside Bouygues SA

Chairman and CEO of TF1[1]

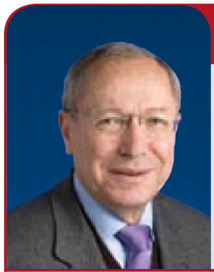
Other positions and functions in the Group

In France: Chairman of TF1 Management and TF1 Publicité; director of TF1 Digital and Bouygues Telecom; standing representative of TF1, manager of La Chaîne Info; standing representative of TF1 on the boards of Extension TV, Télé Monte Carlo, TF1 – Acquisitions de Droits and TF6 Gestion; standing representative of TF1 on the supervisory board of Monte Carlo Participation; standing representative of TF1 on the board of AB Group
Outside France: standing representative of TF1 on the board of WB Television (Belgium)

Other positions and functions outside the Group

In France: standing representative of TF1 on the board of Médiamétrie

[1]Listed company



Jean Peyrelevade

73 rue d'Anjou, 75008 Paris, France
Date of birth: 24/10/1939
Date of first appointment: 25/01/1994
Expiry of current term of office: 2010
Number of shares in the company: 3,750
Chairman of the Selection Committee

Expertise/experience

Jean Peyrelevade is a graduate of École Polytechnique and Institut d'Études Politiques de Paris (IEP), and is a senior civil aviation engineer. He was deputy head of the private office of the Prime Minister in 1981, and in 1983 became Chairman of Compagnie Financière de Suez and, at the same time, of Banque Indosuez. He was appointed Chairman and CEO of Banque Stern, then in 1988 became Chairman of UAP, before becoming Chairman of Crédit Lyonnais in 1993 for ten years. He is currently a merchant banker at Banca Leonardo group.

Principal positions outside Bouygues SA

Vice-Chairman of Leonardo France

Other positions and functions outside the Group

In France: Director of DNCA Finance; member of the supervisory board of CMA-CGM
Outside France: Director of Société Monégasque d'Électricité et de Gaz (Monaco) and Bonnard et Gardel (Switzerland); member of the supervisory board of KLM (Netherlands)

Former positions and functions during the last five years (outside the Bouygues group)

2008 - Director of Suez[1]
2005 - Member of the supervisory board of Groupe Express-Expansion; co-manager of Quadrature (Toulouse & associés)
2004 - Standing representative of Crédit Lyonnais on the board of Lagardère SCA[1]; director of Power Corporation of Canada[1] (Canada)

[1]Listed company

François-Henri Pinault

10 avenue Hoche, 75008 Paris, France
Date of birth: 28/05/1962 - Date of first appointment: 22/12/1998 (as standing representative of Financière Pinault)
Date of second appointment: 13/12/2005 (in a personal capacity)
Expiry of current term of office: 2010 - Number of shares in the company: 500 - **Member of the Selection Committee and the Ethics and Sponsorship Committee**

Expertise/experience

François-Henri Pinault is a graduate of École des Hautes Études Commerciales (HEC). He has spent his whole career within the PPR group. He was CEO of France Bois Industries from 1989 to 1990 and was appointed Chairman and CEO of Pinault Distribution in 1991. In 1993, he became Chairman of CFAO. He was appointed Chairman and CEO of Fnac in 1997, then executive vice-president of the PPR group and subsequently head of Internet activities and Chairman of the supervisory board of PPR-Interactive from 2000 to 2001. Since 1998, François-Henri Pinault has been a director, and since 2003 Chairman of the Board of Directors of Artémis. In 2005, he became Chairman of the executive board and then Chairman and CEO of PPR.

Principal positions outside Bouygues SA

Chairman and CEO of PPR[1]

Other positions and functions outside the Group

In France: Managing partner of Financière Pinault; Chairman of the Board of Directors of Artémis; Chairman and CEO and director of Redcats; Vice-Chairman of the supervisory board of Boucheron Holding; director of Sapardis, Fnac SA and Soft Computing; member of the supervisory board of Yves Saint Laurent; member of the management committee of SC du Vignoble de Château Latour
Outside France: Chairman of the supervisory board of Gucci Group NV[1] (Netherlands) and Puma[1] (Germany); member of the board of Christies International Plc[1] (United Kingdom); Vice-Chairman and director of Sowind group (Switzerland)

Former positions and functions during the last five years (outside the Bouygues group)

2007 - Director of Simetra Obligations
2005 - Vice-Chairman and member of the supervisory board of PPR[1]; member of the executive board of PPR[1]; Chairman and CEO of Simetra Obligations; director of Palazzo Grassi and Afipa
2004 - Deputy CEO of Artémis; director of TV Breizh

[1]Listed company

SCDM

32 avenue Hoche, 75008 Paris, France
Date of first appointment: 22/10/1991
Expiry of current term of office: 2010
Number of shares in the company: 65,294,964

Other positions and functions in the Group

In France: Director of GIE 32 Hoche

Other positions and functions outside the Group

In France: Chairman of Actiby, SCDM Énergie, SCDM Participations, SCDM Investur, SCDM Invest-1, SCDM Invest-2 and SCDM Investcan

Non-voting directors

Philippe Montagner

20 quai du Point du Jour, 92100 Boulogne-Billancourt, France
Date of birth: 04/12/1942
Date of first appointment: 24/04/2003
Expiry of current term of office: 2009
Number of shares in the company: 109,048

Expertise/experience

Philippe Montagner is a graduate of École Spéciale des Travaux Publics (ESTP) and Centre des Hautes Études du Béton Armé et Précontraint. He joined the Bouygues group in 1968 and managed some of the largest projects carried out by the Group (University of Riyadh, Channel Tunnel) as well as running several major subsidiaries. Since 1994, he has run the Telecommunications division of the Bouygues group. Philippe Montagner was Chairman of Bouygues Telecom from June 1994 to February 2004 and again from October 2005 to November 2007. On 29 November 2007, he was appointed non-executive Chairman of Bouygues Telecom.

Principal positions outside Bouygues SA

Chairman and director of Bouygues Telecom

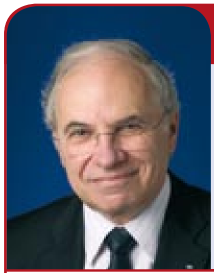
Other positions and functions in the Group

In France: Director of Réseau Clubs Bouygues Telecom and Bouygues Immobilier; standing representative of Société Française de Participation et de Gestion on the board of TF1[1]

Other positions and functions outside the Group

In France: Vice-Chairman and member of the supervisory board of Ginger Groupe Ingénierie Europe[1]

[1] *Listed company*



Alain Pouyat

32 avenue Hoche, 75008 Paris, France
Date of birth: 28/02/1944
Date of first appointment: 26/04/2007
Expiry of current term of office: 2010
Number of shares in the company: 29,368

Expertise/experience

Alain Pouyat joined Bouygues in 1970. He started his career as an IT engineer and was appointed IT manager in 1981, then Group IT director in 1986. He became Executive Vice President, Information Systems and New Technologies in 1988.

Other positions and functions in the Group

In France: Director of Bouygues Telecom, TF1[1], ETDE, C2S and Société Parisienne d'Études d'Informatique et de Gestion

Former positions and functions during the last five years (outside the Bouygues group)

2004 - Non-voting director of Wanadoo

[1]Listed company

Information on auditors

I • Statutory auditors

- Mazars (formerly Mazars & Guérard), 61 rue Henri Regnault, 92400 Courbevoie (France), appointed as statutory auditors for the first time at the Annual General Meeting on 10 June 1998, and whose appointment was renewed for a further six-year term by the Annual General Meeting on 22 April 2004.

  Mazars are represented by Gilles Rainaut.

- Ernst & Young Audit, Faubourg de l'Arche, 11 allée de l'Arche, 92037 Paris-La Défense Cedex (France), appointed as statutory auditors for the first time at the Annual General Meeting on 24 April 2003, for a six-year term.

  Ernst & Young Audit are represented by Jean Bouquot.

Mazars and Ernst & Young Audit are members of the Versailles regional association of auditors.

At the Annual General Meeting of 23 April 2009, shareholders were asked to renew the appointment of Ernst & Young Audit for a term of six years, expiring at the end of the Annual General Meeting called to approve the 2014 financial statements.

II • Alternate auditors

- Thierry Colin (Mazars group), appointed as alternate auditor for the first time at the Annual General Meeting on 25 May 2000, and whose appointment was renewed for a further six-year term by the Annual General Meeting on 22 April 2004.
- Christian Mouillon (Ernst & Young group), appointed as alternate auditor for the first time at the Annual General Meeting on 24 April 2003, for a six-year term.

At the Annual General Meeting of 23 April 2009, shareholders were asked to appoint Auditex (Ernst & Young group) as alternate auditors to replace Christian Mouillon for a six-year term, expiring at the end of the Annual General Meeting called to approve the 2014 financial statements.

III • Fees paid by the Group to the auditors and members of their networks

The fees paid to each of the auditors and to the members of their network by Bouygues and all fully consolidated Group companies are shown in Note 22 to the consolidated financial statements.

Chairman's report on corporate governance and internal control (Article L. 225-37 of the Commercial Code)

This report was approved by the Board of Directors at its meeting of 3 March 2009.

I • Membership of the Board of Directors

1. Current Board membership

The Board comprises 18 directors and two non-voting directors:

- 16 directors were appointed by the Annual General Meeting for a term of three years (six years for terms of office that had not yet expired at the Annual General Meeting of 28 April 2005);
- two directors elected by the Annual General Meeting for a term of three years from among the members of the supervisory boards of the employee savings schemes (profit-sharing, employee savings plan), representing employee shareholders;
- two non-voting directors appointed by the Annual General Meeting for a term of three years (six years for terms of office that had not expired at 27 April 2006). Pursuant to Article 18 of the by-laws, non-voting directors are responsible for ensuring strict compliance with the by-laws, and attend Board meetings in a consultative capacity.

Four committees assist the Board in its work: the Accounts Committee (also referred to as the audit committee), Remuneration Committee, Selection Committee, and Ethics and Sponsorship Committee.

A detailed list of directors and non-voting directors is provided above in the Board of Directors' management report.

2. Changes in Board membership

The terms of office as directors of Michel Rouger, Michel Derbesse, Alain Dupont and Patrick Le Lay expired at the Annual General Meeting of 24 April 2008 and were not renewed.

The Annual General Meeting of 24 April 2008:

- appointed three new directors (Hervé Le Bouc, Nonce Paolini and Helman le Pas de Sécheval);
- renewed the term of office of Patricia Barbizet as director.

Olivier Poupart-Lafarge resigned from his position as director and Deputy CEO with effect from 30 April 2008.

II • Preparation and organisation of the Board's work

1. General information

1.1 Bouygues' position with regard to the corporate governance code drawn up by business organisations

To ensure transparency and good corporate governance, and in accordance with Article L. 225-37 of the Commercial Code, at its meeting of 3 March 2009 the Board of Directors decided that in corporate governance matters it would henceforth refer to the provisions of The Corporate Governance of Listed Corporations, a code published in December 2008 by the French Association of Private Companies (AFEP) and the French employers' federation (MEDEF). This report sets forth the principles of good governance resulting from the AFEP/MEDEF's October 2003 report and their recommendations issued in January 2007 and October 2008 on the remuneration of executive directors in listed companies. The Board's rules of procedure have been enriched and updated to reflect the changes introduced by this code.

The code (hereafter "the AFEP/MEDEF code") can be consulted on the corporate governance pages of the MEDEF's website, *http://www.medef.fr.*

Bouygues does not apply the AFEP/MEDEF recommendation for assessing the work of the Board of Directors by measuring each director's effective contribution to the Board in light of his or her skills and involvement in Board discussions. For the time being, the board prefers a global assessment.

Furthermore, two members of the company's four-member Accounts Committee are independent, rather than the two-thirds recommended by the AFEP/MEDEF code. This results from the Board's decision to appoint Thierry Jourdaine as the fourth member of the committee after employee shareholders expressed a wish to be represented. Thierry Jourdaine acts in the interests of employee shareholders and has considerable independence in exercising his duties within the Board and the committee.

1.2 Combining the functions of Chairman and Chief Executive Officer

In April 2002, the Board of Directors opted to combine the positions of Chairman and Chief Executive Officer. This decision, renewed in April 2006, has proved a source of effective governance particularly in view of the Group's organisational structure: Martin Bouygues is Chairman and Chief Executive Officer of Bouygues, the Group's parent company. He does not have chief executive power over the Group's five business segments; this is vested in the senior management of its major subsidiaries, ie Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom. Martin Bouygues does not therefore combine operational responsibility over these subsidiaries with his other duties. Bouygues has the twofold task of establishing Group strategy and managing its five businesses. While Bouygues and its Chairman sometimes play an important role in key Group operational projects, they do not replace the senior management of the Group's core businesses.

1.3 Restrictions on the powers of the Chief Executive Officer

The Board of Directors has not placed any restrictions on the powers of the Chief Executive Officer. However, the Board's internal rules of procedure state that any operations of strategic importance must have been previously examined and approved by the Board. Any operations considered to be of importance for the Group as a whole, including investments in organic growth, acquisitions, divestments, and internal restructuring measures, must also be approved by the Board, particularly those falling outside the company's business strategy.

1.4 Board meetings

The Board of Directors holds in principle four ordinary meetings a year, (February/March, June, August and December). At the February/March meeting, the Board approves the financial statements for the previous financial year. At the June meeting, it examines the 31 March financial statements, reviews the first-half performance and considers the strategic priorities for each business segment and for the Group as a whole. In August, the Board closes the half-year financial statements. In December, it considers the 30 September financial statements and reviews the Group's sales and profits estimates for the past year and the business plan for the three forthcoming years. Other Board meetings are held as the Group's business requires.

The agenda for Board meetings is in three parts: business activities, financial statements and legal matters. A detailed review of each item is provided to each director. Committee meetings are held prior to Board meetings.

Since 2003, the auditors have been systematically called to all meetings at which the Board considers annual or interim financial statements.

Persons who are not Board members, whether Bouygues group employees or not, may be invited to attend Board meetings.

1.5 Board of Directors' rules of procedure

The Board adopted a set of procedural rules at its meeting in September 2002. These rules of procedure have since been amended on several occasions to take account of changes in applicable laws and regulations and the AFEP/MEDEF recommendations on corporate governance and executive remuneration.

In February 2008, the rules were amended to reflect the provisions regarding "closed periods", during which directors are prevented from trading in the company's shares.

The rules were again amended in February 2009 to take into account the provisions of the AFEP/MEDEF code published in December 2008 and the recommendations on executive remuneration issued by the AMF. The changes are intended to reflect certain rules adopted within the scope of the Group's Internal Control project. They also aim to provide a clearer definition of the role of the Accounts Committee, in accordance with the Order of 8 December 2008 implementing the Directive of 17 May 2006 on statutory audits of annual and consolidated accounts.

The main aspects of the rules of procedure are described below:

The rules set out the Board's annual work programme. They provide that any significant investments, disposals or acquisitions planned by the Group must be submitted to the Board in advance for approval.

The rules are also designed to ensure that the Board receives the information it needs to function properly. Every year, the Board devotes an item on the agenda of one of its meetings to an assessment of its own operations.

The rules require directors and non-voting directors to attend Board meetings on a regular basis. They allow Board members to participate in meetings via video or telephone conference, subject to exceptions provided for by law.

The rules require directors to inform the Chairman of any conflict of interests, and to agree not to vote on matters in such cases.

At least one-third of directors must be independent within the meaning of the AFEP/MEDEF code. The rules set out the strict confidentiality requirements that must be respected by persons attending Board meetings.

The rules recall the role of the Board in determining executive compensation with the help of the Remuneration Committee in accordance with the recommendations of the AFEP/MEDEF code (included as an annex to the internal rules of procedure). The rules of procedure also specify the rules applicable to trading by directors in the company's shares, particularly as regards closed periods where trading is prohibited.

It is recommended that each director own at least 500 Bouygues shares in registered form. Any transactions on the company's securities that they, or persons closely associated with them, enter into must be reported within five days of the conclusion of such transactions, in accordance with prevailing regulations.

Annexes to the rules of procedure (see paragraph 5 for details) define the composition, remit and operating rules of the four committees set up since 1995 (Accounts Committee, Remuneration Committee, Selection Committee, and Ethics and Sponsorship Committee). Corporate officers or salaried directors of the company cannot therefore sit on the committees. The committees are chaired by independent directors within the meaning of the AFEP/MEDEF code.

2. Information on directors

2.1 Assessing director independence

In line with the recommendations of the AFEP/MEDEF code, at its meeting of 2 December 2008 the Board of Directors carried out its annual assessment of Board members and determined the proportion of its members that were independent. It reviewed each director's situation in light of the independence criteria in the Board's internal rules of procedure on the basis of the AFEP/MEDEF recommendations. These criteria are described below.

- The director has not been an employee or corporate officer of the company, or an employee or director of its parent or a company that it consolidates, during the past five years.
- The director is not a corporate officer of an entity in which the company directly or indirectly holds a directorship, or in which an employee appointed as such or a corporate officer of the company (currently in office or having held office in the past five years) is a director.
- The director is not a customer, supplier, investment banker or commercial banker that is material for the company or its Group, or for which the company or its Group represents a material proportion of its business.
- The director does not have any close family ties with a corporate officer of the company.
- The director has not been an auditor of the company within the previous five years.
- The director has not been a director of the company for more than 12 years, on the understanding

that independent status expires at the end of the term of office during which the 12-year threshold is exceeded.

- Directors representing key shareholders of the company or its parent may be considered as independent when they do not take part in the oversight of the company. When such directors own more than 10% of the company's capital or voting rights, the Board should systematically review their independent status, based on the report of the Selection Committee and taking into account the composition of the company's capital and any conflicts of interest that may arise.

The rules of procedure also take up the AFEP/MEDEF's recommendations in the following areas:

- The designation of independent directors is discussed by the Selection Committee and reviewed each year by the Board, which examines the situation of each member in light of the aforementioned criteria and, before publication of the annual report, informs the shareholders of its findings in the annual report presented to the Annual General Meeting.
- The Board of Directors may decide that a given member cannot be designated as independent even though the independence criteria are met, and vice versa.
- A director is considered independent when he/she has no relations whatsoever with the company, its Group or its management, that may influence his or her judgment. To qualify as independent, Board members must not have executive power, hold a managerial position in the company or Group, or be in any way related to it as a major shareholder, employee or in another capacity.

Having examined the situation of each of the directors at 2 December 2008, and noted the advice of the Selection Committee, the Board considers Pierre Barberis, Patricia Barbizet, Charles de Croisset, Lucien Douroux, Jean Peyrelevade, François-Henri Pinault and Helman le Pas de Sécheval to be independent directors within the meaning of the AFEP/MEDEF recommendations. Lucien Douroux has held management positions with financial institutions that have a business relationship with the company, but has not held such positions for a number of years; furthermore, the institutions concerned have undergone substantial changes since that time. François-Henri Pinault and Patricia Barbizet are respectively Chairman and Chief Executive Officer of Artémis, a Pinault group company. At 31 December 2008, the Pinault group owned 0.94% of Bouygues' capital and had entered into a shareholders' agreement with SCDM. As this agreement expired on 24 May 2006, and in light of Artémis' current ownership interest in Bouygues, the Board considers that no material conflict of interest exists for François-Henri Pinault or Patricia Barbizet.

The Board takes the view that none of these persons is connected with the company, with the shareholders controlling it or with its management by a relationship creating such a conflict of interest. These seven directors are therefore considered independent in the light of the AFEP/MEDEF code.

Seven out of 18 directors are therefore independent and make up more than one-third of the members of the Board, as recommended by AFEP/MEDEF. The Board takes the view that its current composition, characterised by the presence of directors representing substantial shareholders and directors exercising managerial functions within the Group, but also by a relatively high proportion of independent directors, contributes to good corporate governance.

2.2 Potential conflicts of interest

The rules of procedure of the Board of Directors provide that directors shall undertake to inform the Chairman of the Board of any situation of conflict of interest, even of a potential nature, and not to take part in the vote on any resolution which directly or indirectly concerns them.

Georges Chodron de Courcel is Chief Operating Officer of BNP Paribas, a company which may offer banking services or support to the Group. He is also a director of Alstom.

Major shareholders of the Group (SCDM and Mrs Francis Bouygues) are directly or indirectly represented on the Board of Directors by Martin Bouygues, Olivier Bouygues and Mrs Francis Bouygues.

Martin Bouygues, Olivier Bouygues, Patricia Barbizet, François Bertière, Yves Gabriel, Hervé Le Bouc and Nonce Paolini are corporate officers or directors of various companies in the Bouygues group.

Patrick Kron is director and Chairman and CEO of Alstom, a company in which Bouygues held 29.78% of the share capital at 31 December 2008, and of which Olivier Bouygues, Bouygues represented by Philippe Marien, and Georges Chodron de Courcel are directors.

As far as Bouygues is aware, there are no other potential conflicts of interest between the duties of any of the members of the Board of Directors with regard to the company and their private interests and/or other duties.

2.3 Judgements

As far as the company is aware, during the last five years, except as set out below, none of the members of the Board of Directors:

- has been found guilty of fraud, incriminated or subject to official public sanction by any statutory or regulatory body;
- has been associated with any insolvency, compulsory administration or liquidation proceedings;
- has been prevented by a court from acting as a member of an issuer's administrative, management or supervisory body or from being involved in an issuer's management or the conduct of its business.

Jean Peyrelevade was indicted in 2004 by a grand jury of the central district of California on the petition of the federal prosecutor in connection with the Executive Life affair. This indictment was dropped following Mr Peyrelevade's signature at the beginning of 2006 of an Alford Guilty Plea by which he agreed to various sanctions whilst maintaining he was innocent. These sanctions have no effect on his capacity to manage and administrate companies, other than banking establishments in the United States.

2.4 Family relationships

Martin Bouygues and Olivier Bouygues are sons of Mrs Francis Bouygues. As far as the company is aware, no other family relationships exist between members of the Board of Directors.

2.5 Other information

Patricia Barbizet and François-Henri Pinault were initially selected as members of the Board of Directors pursuant to the shareholder agreement entered into between SCDM and Artémis. However, this agreement terminated on 24 May 2006. No other member of the Board of Directors has been selected pursuant to any arrangement or agreement entered into with the company's principal shareholders, customers, suppliers or other persons, and no such other arrangements or agreements exist.

The members of the Board of Directors have not agreed to any restriction in relation to the sale of their investment in the capital of the company, with the exception of the rules relating to the prevention of insider dealing and the obligation contained in the by-laws whereby each director must own at least ten shares in the company, on the understanding that the rules of procedure of the Board of Directors recommend that each director hold at least 500 shares in the company in registered form throughout his or her term of office.

With the exception of the employment contracts of salaried directors, and subject to the contract between SCDM and Bouygues, which was approved under the regulated agreements procedure, none of the members of the Bouygues Board of Directors is linked to any of the company's subsidiaries by a service contract that provides for the granting of benefits.

3. Assessment of the Board of Directors

In accordance with the AFEP/MEDEF code, once a year the Board of Directors devotes an item on its agenda to the assessment of its own operations.

This principle of governance has been included in the Board's rules of procedure.

On 2 December 2008, the Board of Directors devoted an item on its agenda to a discussion of its organisation and operations. A detailed questionnaire and a memo on the Board's operations had been sent to directors in advance to allow them to prepare for this exchange.

In their responses, members expressed positive or very positive views on the composition and operation of the Board and its committees.

3.1 Composition of the Board

Directors welcomed the reduction in the number of Board members to 18 from 20 in 2007, as well as the decrease in the average age of directors to 60 in 2008 from 63 in the previous year.

The large majority of directors were in favour of having people from outside France sit on the Board.

Directors considered that the current proportion of independent members (seven out of 18) was satisfactory.

3.2 Operation of the Board

Board members considered that they were well informed on most matters, particularly the Group's business activities and accounting and financial issues. Most directors thought there had been an improvement in the quality of information provided compared to 2007.

Directors requested a greater amount of detail about research and development in each of the Group's business segments. Some directors also asked for more in-depth information and debate on other issues such as risk prevention and risk management, ongoing disputes, sustainable development, competition and competitors.

Directors particularly appreciated the quality of dialogue with the management team, as well as the freedom of expression prevailing during meetings. They also praised management's availability and responsiveness when asked to provide additional information.

Directors were satisfied with the content of and transmission times for Board minutes.

Remuneration arrangements were considered appropriate by most directors, as well as the related disclosures provided to shareholders. However, it was suggested that remuneration should include a variable component based on Board attendance. This suggestion, which echoes a recommendation in the AFEP/MEDEF code, was incorporated into the Board's internal rules of procedure in March 2009.

3.3 Board committees

Directors were unanimous in their praise of the work carried out and information provided by the Accounts and Remuneration Committees. Some directors wanted a greater amount of detail in the reports of the Selection Committee.

Directors appeared divided as to whether the role of the Selection Committee should include an annual assessment of the composition of the Board.

Some directors felt that the Ethics and Sponsorship Committee could improve their reporting on matters such as the definition of medium-term policy, feedback on sponsorship initiatives, and the assessment of how well the 2006 Code of Ethics had been put into practice across the Group.

3.4 Board assessment procedure

The directors considered that the current assessment procedure based on a detailed questionnaire was appropriate, but could be enhanced by face-to-face meetings.

Most directors were against having an outside organisation assess the Board's work, or an individual review of each Board member.

4. Review of the Board of Director's activity in 2008

The Board met five times in 2008. The attendance rate was 95%.

In addition to the decisions and deliberations included on the agenda pursuant to applicable law and regulations, the Board approved a stock option plan for Group executives and employees. It specified the term of the plan as well as the frequency of and eligibility periods for grants made, which increased from seven years to seven years and six months. It also set specific rules requiring the Chairman, Chief Executive Officer and Deputy Chief Executive Officers to retain a portion of the shares resulting from the exercise of their options.

On 3 June 2008, the Board of Directors reduced the company's capital by cancelling 6,952,935 shares held in treasury.

The Board examined the development of Bouygues Construction in Cuba and the changes to be made to its internal rules of procedure, ie the introduction of an earnings embargo period and changes to closed periods.

At its meeting of 14 October 2008, the Board of Directors reviewed the Group's position in light of the financial crisis, and the directors' analyses of the financial and economic situation.

More generally, it considered on a regular basis how each of the Group's businesses was progressing, particularly with regard to the overall financial and economic climate. The Board also examined the strategic options and business plans of each of the business segments and of the parent company.

Having received the reports of the relevant committees, at its 26 February 2008 meeting the Board also drew up its annual report including the chapter on corporate officers' remuneration, the annual financial statements, the special report on stock options and the description of the share buy-back programme submitted to the Annual General Meeting of 24 April 2008. It acquainted itself with the financial statements and set the amount of the dividend. Finally, it prepared the draft resolutions to be submitted to the Annual General Meeting of 24 April 2008.

At its meeting of 2 December 2008, the Board carried out an in-depth assessment of its composition and operation. The results of this assessment are set forth in section 3 above.

5. Work of the committees established by the Board

The Board has established four committees whose remit and operating rules are defined in the Board's rules of procedure.

5.1 Accounts Committee

The Accounts Committee, set up in 1995, is responsible for:

- monitoring the process for preparing financial information. This involves:
  - reviewing the parent company and consolidated financial statements at least two days before they are presented to the Board,
  - ensuring that the accounting methods used to draw up the financial statements are both relevant and consistent,
  - reviewing the internal control procedures for the preparation of the financial statements, in conjunction with the relevant internal departments and advice,
  - examining any changes having a material impact on the financial statements,
  - reviewing the main accounting options, estimates and judgements made at year-end, as well as key changes in the scope of consolidation;
- ensuring that internal control and risk management procedures are effective;
- reviewing the breakdown of audit fees paid by the company and its Group, and ensuring that they do not represent a material proportion of the auditors' revenues such that auditor independence may be impaired;
- supervising the auditor selection and/or renewal procedure;
- making recommendations as regards the auditors put forward by the Annual General Meeting;
- preparing reports or making recommendations on the above, either at the time the financial statements are approved or as and when necessary.

The committee has access to any accounting and/or financial documentation that it considers useful in performing its duties. The committee may also meet with the employees of the company in charge of the accounts, cash management and internal audit departments, as well as the external auditors, without the company's corporate officers being present.

The committee may seek the views of the auditors without a company representative being present, to ensure that they were able to access all information and have all the resources they need to fulfil their duties. The auditors provide the Accounts Committee with a summary of their work and of the accounting options used in preparing the financial statements.

When the financial statements are reviewed, the auditors provide the committee with a memorandum discussing the key issues regarding the consolidated group, its earnings performance and accounting options used. The Chief Financial Officer provides the committee with a memorandum describing the company's risk exposure and any material off-balance sheet commitments.

The Accounts Committee has at least three members selected from among the members of the Board with the most financial and/or accounting experience. No executive director sits on the Accounts Committee. At least two of its members, including the Chairman, are independent directors within the meaning of the AFEP/MEDEF code. The opinions put forward by the Accounts Committee are based on a simple majority. When views are divided, the Chairman of the committee holds the casting vote. Members of the committee receive information on accounting, financial and operational matters specific to the company when they are appointed.

A director cannot be appointed to the Accounts Committee if a corporate officer or salaried director of Bouygues is member of an equivalent committee in a company in which said director also serves as corporate officer.

The current members of the Accounts Committee are Helman le Pas de Sécheval (Chairman), Patricia Barbizet, Georges Chodron de Courcel and Thierry Jourdaine. Helman le Pas de Sécheval and Patricia Barbizet are independent directors within the meaning of the AFEP/MEDEF code. Thierry Jourdaine was appointed at the request of employee shareholders. Helman le Pas de Sécheval joined the committee on 3 June 2008, replacing Michel Rouger whose term of office as director expired on 24 April 2008.

The Accounts Committee met four times in 2008 and the attendance rate was 87.5%. The committee reviewed the quarterly financial statements and examined the following issues:

- scope of the audit and methods used to account for retirement benefits;
- progress of complex major projects involving Bouygues Construction (mainly in South Africa and Hungary);
- impact of the *Bouygues Confiance 4* employee savings scheme and related transactions;
- accounting treatment applied to TF1's investment in AB Group, valuation of programmes at TF1 and results of the impairment test on Bouygues' interest in TF1;
- Bouygues Telecom's provision for customer loyalty;
- accounting treatment of the option granted to Bouygues pursuant to agreements concerning its interest in Alstom Hydro;
- situation of Bouygues Immobilier on the Spanish and Polish markets;
- internal control optimisation project.

In the context of its work, the Accounts Committee interviewed the Group's CFO (regarding material risks and off-balance sheet commitments of the company), the accounts and audit director and the auditors, without senior executives present.

5.2 Remuneration Committee

The Remuneration Committee was formed in 1996. It draws on recommendations regarding the remuneration of executive directors in listed companies taken up by the AFEP/MEDEF code and the AMF's December 2008 recommendations. The committee is responsible for:

- making recommendations to the Board on the remuneration arrangements for corporate officers, including all benefits accruing to them;

- defining and overseeing the rules used to determine the variable portion of corporate officers' remuneration, and ensuring that the arrangements are consistent with their performance and with the company's medium-term strategy;
- defining a standard stock option policy, on the understanding that no discount may be offered on options awarded to senior Group executives, and in particular corporate officers;
- reviewing any stock option plans available to corporate officers and employees; and making recommendations to the Board on whether the plans should award stock subscription or stock purchase options;
- making suggestions regarding remuneration and incentive arrangements for the Group's senior management;
- where stock options or bonus shares are awarded to the Chairman, Chief Executive Officer or Deputy Chief Executive Officers, making recommendations on the number of shares resulting from the exercise of stock options or bonus share grants that the beneficiary is required to retain until the end of his or her term of office;
- providing the Board of Directors with the draft annual report required by the Commercial Code:
  - on executive remuneration and benefits granted by the company and/or by the companies it controls within the meaning of Article L. 233-16 of the Commercial Code;
  - on the stock subscription or stock purchase options granted to and exercised by the corporate officers and the top ten grantees among the company's employees;
  - on the stock options granted to and exercised by employees of companies in which Bouygues has a controlling interest.

In the course of its work, the committee may meet with the Chairman of the Board of Directors or any other person designated by the Chairman.

The Remuneration Committee comprises at least two members and is chaired by an independent director within the meaning of the AFEP/MEDEF code. No corporate officers sit on the committee, which is mainly composed of independent directors.

A director or non-voting director cannot be appointed to the Remuneration Committee if a corporate officer or salaried director of Bouygues is member of an equivalent committee in a company in which said director or non-voting director also serves as corporate officer.

The current members of the Remuneration Committee are Pierre Barberis (Chairman) and Patricia Barbizet. Both are independent directors within the meaning of the AFEP/MEDEF code.

The Remuneration Committee met twice in 2008, with a 100% attendance rate. It analysed the remuneration and stock options awarded to corporate officers and suggested a number of criteria for calculating the variable portion of executive remuneration. The committee was consulted on the update of the rules of procedure incorporating more details about stock option plans (eligibility periods and closed periods). It made recommendations regarding the portion of shares resulting from stock options to be retained by corporate officers, and also recommended setting up a new stock option plan. The committee also examined and put to the Board reports on the remuneration of corporate officers and the award and exercise of stock options during the year.

The Remuneration Committee examined the 28 recommendations published by the AFEP/MEDEF in October 2008 and noted that the company already complied with virtually all of them. In particular, the two key recommendations were respected, as the company's two executive directors do not have an employment contract and are not entitled to a "golden parachute" on leaving the company.

At its meeting of 2 December 2008, the Chairman of the Accounts Committee reported on this analysis. In the press release published after the meeting, the Board indicated that several additional measures would be adopted as from 2009.

5.3 Selection Committee

The Selection Committee, formed in July 1997, is responsible for:

- periodically reviewing issues related to the composition, organisation and operation of the Board of Directors and making recommendations to the Board in this respect;
- making sure that the Board includes at least one-third of independent directors within the meaning of the AFEP/MEDEF code;
- reviewing proposals to create new Board committees, for which it prepares a list of responsibilities and members;
- giving an opinion on the appointments, renewals or dismissals of a director or executive director recommended to the Board. The committee pays particular attention to the mix of skills, experience and knowledge of Group businesses that each candidate will need in order to make an effective contribution to the Board's work;
- considering solutions for replacing executive directors in the event that positions unexpectedly become available.

In the course of its work, the committee may meet with any candidates it considers suitable for these positions.

The Selection Committee comprises two or three directors. No director or corporate officer serving on Bouygues' Board of Directors may sit on the Selection Committee. The committee is composed of a majority of independent directors within the meaning of the AFEP/MEDEF code.

The committee's current members are Jean Peyrelevade (Chairman) and François-Henri Pinault, both of whom are considered independent within the meaning of the AFEP/MEDEF code.

The Selection Committee met once in 2008, with a 100% attendance rate. It gave its opinion on the proposed appointment of Hervé Le Bouc, Nonce Paolini and Helman le Pas de Sécheval as directors, and on the renewal of the term of office as director of Patricia Barbizet. The committee confirmed that Pierre Barberis, Patricia Barbizet, Charles de Croisset, Lucien Douroux, Jean Peyrelevade, François-Henri Pinault and Helman le Pas de Sécheval were independent directors.

5.4 Ethics and Sponsorship Committee

The Ethics and Sponsorship Committee, set up in March 2001, has two key areas of responsibility.

- In the field of ethics, the committee:
  - helps define the code of conduct or principles underpinning corporate behaviour applicable to senior management and employees alike;
  - makes recommendations or gives an opinion on initiatives aimed at promoting best practices in this area;
  - ensures that the Group's values and rules of good conduct are respected.
- In the field of sponsorship, the committee:
  - sets rules or makes recommendations for Bouygues' corporate sponsorship policy;

- gives its opinion to the Chairman of the Board on corporate sponsorship projects identified by Bouygues when they represent a significant financial investment;
- ensures that its recommendations and rules of good conduct are applied across the Group.

The Ethics and Sponsorship Committee is composed of three or four directors and chaired by an independent director within the meaning of the AFEP/MEDEF code.

The committee's current members are Lucien Douroux (Chairman), François-Henri Pinault and Jean-Michel Gras. Michel Derbesse left the committee on 24 April 2008 upon expiry of his term of office as director. Lucien Douroux and François-Henri Pinault are independent directors within the meaning of the AFEP/MEDEF code.

The Ethics and Sponsorship Committee met three times in 2008, with an attendance rate of 80%. After reviewing numerous projects proposed to Bouygues, the committee gave a favourable opinion on the commencement or continuation of 36 sponsorship initiatives of a humanitarian, medical, social and cultural nature.

III • Principles and rules applicable to the remuneration of corporate officers

The AFEP/MEDEF recommendations published in January 2007 regarding the remuneration of executive directors of listed companies were taken into account by the Board of Directors in the same year. When additional recommendations were published by AFEP/MEDEF on 6 October 2008, the Board noted that the company already applied the vast majority of them. Any new provisions resulting from these recommendations were adopted by the Board of Directors in early 2009.

1. Fixed remuneration and benefits in kind

The rules for determining fixed remuneration were decided in 1999 and have been applied in a consistent manner since then.

Fixed remuneration takes account of the level and difficulty of the individual's responsibilities, job experience, seniority in the Group, and also the wage policy of groups or companies in similar sectors.

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

2. Variable remuneration

The rules for determining the variable element of remuneration were also adopted in 1999 and remained unchanged until February 2007, when the Board adjusted the criteria on which variable remuneration was based in light of the AFEP/MEDEF recommendations.

The variable portion of remuneration is decided on a case-by-case basis: the Board decides the criteria for the variable portion of each executive director's remuneration, and limits it to a percentage of the fixed remuneration. The percentage limit depends on the individual concerned.

Variable remuneration is based on Group performance. Performance is assessed on the basis of the following major economic indicators:

- increase in current operating profit;
- change in consolidated net profit (attributable to the Group) of Bouygues;
- free cash flow (before changes in working capital) of Bouygues.

Each criterion is used to determine part of the variable remuneration.

In exceptional cases, upon the advice of the Remuneration Committee, the Board may award special bonuses.

3. Other information regarding remuneration

SCDM pays the remuneration accruing to Martin Bouygues and Olivier Bouygues, for which it bills Bouygues pursuant to the agreement governing relations between Bouygues and SCDM that was approved under the regulated agreements procedure.

IV • Rules governing shareholder participation in Annual General Meetings

The rules governing shareholder participation in Annual General Meetings are detailed in Article 19 of the by-laws and set out below:

"19.2. All shareholders may participate in shareholder meetings under the conditions provided for by-law.

19.3. Any shareholder eligible to participate in shareholder meetings may also choose to be represented by another party, under the conditions provided for by law.

19.4. Shareholders may choose to cast a postal vote, under the conditions provided for by law. Postal voting forms are only valid if they are received by the company at its registered office or at the location specified in the Notice of Meeting published in the journal of official legal announcements *(BALO)*, at the latest three days before the meeting takes place.

19.5. Shareholders who are not resident in France may have a registered share account and be represented at the meeting by any intermediary registered on their behalf in possession of a standard mandate to manage shares. However, the intermediary must have declared it was acting in such a capacity on opening its account with the company or with the financial institution holding the account, in accordance with applicable laws and regulations.

The company is entitled to ask intermediaries registered on behalf of non-resident shareholders who are in possession of a standard mandate to manage shares, to provide the list of shareholders it represents whose voting rights will be exercised at the relevant meeting.

Votes cast by intermediaries who fail to make such declarations, in accordance with applicable laws and regulations or the company's by-laws, or who have not revealed the identity of the shareholder they represent, are not considered valid."

V • Publication of information governed by Article L. 225-100-3 of the Commercial Code

Factors likely to have an impact on the offer price in any potential tender offer are disclosed in the *Legal information* section of the Board of Directors' report.

VI • Internal control procedures put in place by the company

1. Introduction

Bouygues and its subsidiaries are acutely aware of the importance of internal control. The internal control process helps to give reasonable assurance as to the achievement of the Group's principal objectives.

Risk management has always been an essential part of the Group's corporate culture and is a key concern of the Group's managers. Risks are managed thanks to internal control procedures inspired by principles that have been applied across the Group's business segments for many years.

Internal control bodies and procedures thus play a part in identifying, preventing and managing the main risk factors that could hinder the Group in achieving its objectives.

While the general purpose of internal control is to help the Group achieve its operational objectives, the process is also intended to ensure that the way in which the Group is managed and conducts its business, and the behaviour of staff, comply with regulations and also with the rules and guidelines that Bouygues wishes Group companies to adhere to.

It is of course in accounting and financial matters that internal controls are most widely applied, given the potential importance of the quality and reliability of the Group's accounting and financial information.

Internal control also plays an important role in operations, and risk management is deeply embedded in key processes of the Group's business segments.

Like any control system, however, the system set up by Bouygues cannot provide a cast-iron guarantee of its capacity to achieve its objectives.

In the wake of the Financial Security Act, the AMF set up a market advisory group, which published in October 2006 an internal control framework to be used by listed companies in France.

In January 2007, the AMF issued a recommendation encouraging firms to make use of this framework.

In response to these developments, and based on the new reference framework, in September 2007 Bouygues launched a Groupwide Internal Control project involving all its business segments to consider ways of strengthening and updating the internal control system.

The project covers both aspects of the reference framework, namely:

- the "General Principles" of internal control;
- the "Implementation Guide" for internal control procedures related to accounting and financial information.

This approach gave rise to a real corporate mission.

As part of the project, Bouygues set up two working groups with representatives from each of the Group's business segments. One group considers the general principles of internal control, while the other analyses issues related to accounting and financial information. The working groups are headed by a project team at the parent company reporting to a steering committee chaired by a member of management. The main objectives of these groups is to:

- supplement or better define the Group's key internal control principles;
- better identify common best practices across its business segments;
- develop a consistent approach to major issues affecting the entire Group.

At the end of 2008, the work completed by these groups resulted in a formal document laying down the key principles of internal control (ie general and financial) applicable to all Bouygues business segments.

The Group's general internal control principles are based on five key components:

- organisation;
- internal and external communication;
- risk management principles and methods;
- control activities;
- ongoing supervision of internal control.

Each component covers a number of areas for which a series of internal control principles has been defined. For example, there are more than 225 principles for the "Organisation" component alone, touching on areas as diverse as corporate governance, human resources and information systems.

The principles of internal control applicable to accounting and financial information have been broken down into 26 key areas and include more than 200 common principles.

In 2008, a test was carried out on a specifically chosen area to determine the potential for assessment.

Each business segment has also been encouraged to analyse the specific aspects of its own internal control procedures and to supplement the Groupwide procedures accordingly in 2009.

The Group's Internal Control project in 2009 should make it possible to establish a risk map for each business segment, as well as for the Group as a whole.

An initial assessment will be performed in 2009 to check the degree to which these principles are applied across the Group. Each segment will gradually implement these assessment procedures, so that by 2011 most activities will be covered.

The aim of these assessments is to define objectives for improving internal controls and implementing action plans to ensure that these objectives are gradually achieved.

The scope of this report covers the Bouygues group (parent company, Bouygues Construction, Colas, Bouygues Immobilier, Bouygues Telecom and TF1).

The report was prepared with input from the Group's business segments, drawing on information collected from key players in the internal control process. It was submitted to the company's Board of Directors for approval.

2. Group internal control procedures

2.1 General internal control environment

The parent company and its senior executives strive to create an environment that promotes awareness among Group employees of the need for internal control.

- Where ethics and integrity are concerned, the Chairman and CEO regularly issues strong messages to the Group's senior executives about the need for irreproachable conduct in every respect, which means both complying with prevailing laws and regulations and respecting the Group's own values.

  He does so firstly at Group Management Meetings, which are attended once a quarter by the Group's top managers, and also within the framework of the Bouygues Management Institute (IMB), which organises a monthly seminar on "Development of Bouygues Values", designed to raise awareness among top management of the need to comply in all circumstances with laws and regulations and with the ethical rules that form the basis of the Group's philosophy. The Chairman and CEO of Bouygues and other members of the company's senior management always speak at these seminars.

  From time to time, the Group's Corporate Secretary organises executive seminars designed more specifically to remind participants of the regulations that apply in various areas and how they tie in with legal problems encountered by the businesses.

  The Board of Directors of Bouygues has created an Ethics and Sponsorship Committee whose tasks include:

  - helping to define the rules of conduct and guidelines for action on which executives and other employees must base their behaviour;
  - proposing or advising on initiatives to promote exemplary professional conduct in this area;
  - ensuring compliance with the values and rules of conduct thus defined.

  The Ethics and Sponsorship Committee comprises four directors and is chaired by an independent director.

  In the course of its work, the committee may hear testimony from the Chairman of the Board or any person designated by him.

  The parent company took this initiative of continuous progress further, drafting and issuing a Group Code of Ethics as from 2006. In this Code, Bouygues lays down the essential values it intends the Group and its employees to adhere to in the workplace. The introduction of this Code will help to achieve the objective of better conduct and is intended to help staff take decisions in real situations by reference to clear and precise principles.

- Maintaining a high level of competence among Bouygues group employees is also one of the parent company's aims, since it helps to create an environment favourable to internal control. Bouygues therefore takes a proactive approach to staff training, while seeking to secure the loyalty of its senior employees. This will preserve a level of experience and knowledge in the company which will enable the Group's culture and values to be passed on.

  By running the Bouygues Management Institute, and through the seminars it organises, the parent company makes a significant contribution to training the Group's senior managers, while informing them of the company's requirements and expectations in terms of both competence and mindset.

- More generally, the philosophy that the parent company wishes its businesses to share is that of a group whose senior executives are close to their senior employees and whose management practices are transparent, prudent and rigorous.

  These principles are formulated at Management Committee level and passed on to businesses at all levels (Board of Directors, senior management, management committee). Major decisions taken by the Group at the highest level are consistently inspired by this principle of rigorous and prudent management, and serve as a benchmark for the day-to-day management of each business.

- The parent company plays a leading role in human resources management policy at Group level.

  The Senior Vice President, Human Resources and Administration, chairs and coordinates the Group human resources committee, an essential link for the transmission of the Group's values.

  The Group's Human Resources Charter, completely revisited in 2008, also contributes to the spreading of the Group's culture by reminding everyone that the company's development is primarily dependent on people.

- As indicated above, in 2007 the Bouygues group launched an in-depth, Groupwide analysis of its internal control principles and procedures at the initiative of the parent company. Significant progress has been made in formally documenting procedures, and internal control principles common to the different entities within the Bouygues group have been drawn up as a result. These principles will be supplemented at the level of each specific business segment. In addition to ensuring the day-to-day management of risks by segment heads, the objective is to establish a system in the short term that can identify key risks and ensure that they are appropriately managed.

2.2 Objectives/activities and control procedures – Risks

2.2.1 Objectives/management cycle

The introduction of internal control procedures is linked to the definition of objectives that are compatible with the risks to which the Group is exposed.

The Group's general objectives are defined through the management cycle, a process which enables the Group's senior management to participate at an early stage in defining the strategies of each business, to approve their business plans prepared in the context of that strategic framework, and then to monitor the progressive achievement of the objectives during the course of the year.

The principles of the management cycle are directly applicable in all Group entities, thus ensuring that the Group as a whole has a solid and coherent structure.

This iterative process enables the Group's senior management at all times to ensure that the objectives are consistent with the strategies, to monitor any discrepancies between the results and the objectives, and to anticipate the remedial measures to be taken at the level of the Group or of the business (financing requirements, redefinition of priorities, etc.).

Another aim is to provide the Group's senior management and the Bouygues Board of Directors with all the information necessary for them to take decisions.

The principal members of the parent company's senior management attend Board meetings of the holding companies of the Group's major subsidiaries, and it is those Boards that decide the strategic priorities and business plans.

a) Strategic plan and business plan

Each business defines its own medium-term strategic plan (over a three-year period) taking into account the Group's general strategy and its own particular characteristics. The strategic plan is presented to the Group's senior management by the senior management of each business and to the June meeting of the Bouygues Board of Directors.

The resulting action plans form the basis of the three-year business plans, and these are presented to the Group's senior management by the senior management of each business and in December to the Bouygues Board of Directors.

Business plans are adjusted in March to take account of the financial statements for the previous financial year and of any significant developments affecting the initial plan.

b) Annual plan

In the December business plan, the plan for the first year is the most detailed, representing a commitment by each business to the Group's senior management. This is known as the annual plan.

A first review of progress (or an update) of the annual plan for the current year takes place in June, when the strategic plan is presented to the Group's senior management.

A second update takes place in November, and is incorporated into the new business plan.

Alongside the Group's general objectives, the parent company also sets more specific objectives relating, in particular, to the reliability of accounting and financial information, essential for a listed company, or to compliance with laws and regulations, which is essential to the Group's success.

2.2.2 Activities and control procedures

Internal control implies the identification and analysis of factors that may hinder the achievement of objectives (concept of risks) and in some cases, the introduction of the means to control such risks. It is characterised by the existence of bodies or structures exercising internal control, and the implementation of control standards and procedures.

a) Major risks of a general nature – Role of the parent company

The various committees (major risks – QSE – sustainable development)

As part of its policy to control major risks, the parent company set up a major-risk management committee tasked with improving and better organising the procedures for dealing with these risks within the various businesses.

This committee, which existed until 2005, was wholly successful in carrying out its task since it raised the awareness of all the businesses, which set up procedures and/or structures for the management of major risks (risk analysis, crisis management, training, etc.).

The principal issues examined by the businesses (depending on their activities) relate in general to:

- Technological risk.
- Environmental risk.
- Health risk.
- Protection of strategic assets.

At the end of 2005, Bouygues took a new initiative by creating a sustainable development department headed by Olivier Bouygues. The department's purpose is to help the businesses share best practices, raise awareness and train staff, and assist and advise the sustainable development officers in the businesses. Bouygues also has a coordination role as regards Quality, Safety and Environment *(QSE)*. Two committees comprising senior executives from the businesses meet regularly to discuss *QSE* issues that are considered essential by the parent company.

Guidelines for major-risk management under the Group's Internal Control project

In 2004, the parent company laid down guidelines for major-risk management at Group level with which subsidiaries are required to comply.

These guidelines encourage subsidiaries to introduce a risk control process that includes the following stages:

- Identification and classification of risks.
- Assessment, selection and prioritisation.
- Handling, control, monitoring and supervision of risks.

The guidelines also encourage subsidiaries to establish a crisis management system which includes a definition of alert thresholds and the organisation of a duty roster of on-call staff members.

Within the scope of the Internal Control project launched in 2007 and the formalisation of Group-wide internal control principles, a priority focus was placed on risk policy and risk management. A procedure ensuring that all major risks are systematically monitored has been adopted with the aim of:

- identifying and monitoring major risks on the ground;
- passing knowledge on from one generation to another.

The procedure, which is to be put in place by all Group businesses, identifies the following key stages of risk management:

- Identification.
- Classification.
- Assessment.
- Prioritisation.
- Handling.
- Reporting and communication.

A series of key principles have been defined for each stage in the process, which, taken as a whole, provide an effective procedure for managing risks.

Legal aspects

The Group's Corporate Secretary monitors matters with significant legal implications for the Group.

In this context, the Corporate Secretary and the parent company's lawyers may occasionally become involved alongside the businesses in handling major disputes or matters having an impact at Group level.

Bouygues' Corporate Secretary chairs the Group's legal committee which is made up of the legal directors of the businesses. He thus coordinates and supervises all the Group's legal affairs.

The Corporate Secretary is also the Group Ethics Officer.

At parent company level, in addition to the powers of representation vested in corporate officers (Chairman and CEO, Deputy CEOs), there is a centralised and formalised system for delegating powers in writing.

Certain powers are therefore delegated directly by the Chairman and CEO to persons in clearly identified areas (for example, Alain Pouyat, Executive Vice President, Information Systems and New Technologies, has extensive powers to represent the company in his area of activity).

The Chairman and CEO also delegates fairly wide powers to his most senior colleagues (in support divisions) to enable them to carry out their respective functions.

The Chairman and CEO may also delegate special powers to certain employees to carry out tasks of a limited nature.

Insurance

The Group's risk and insurance department provides assistance, advice and support to the Group's subsidiaries. It also has a role in internal control procedures as applied to risk management.

Because it has a comprehensive overview of the policy of the various businesses as regards insurance, the Group's risk and insurance department takes out Group insurance to complement the insurance taken out at business level.

It ensures that subsidiaries are insured with blue-chip companies and that the terms of their policies (coverage, deductibles, premiums) are consistent with the risk to which they are exposed.

The risk and insurance department assumes direct responsibility for the insurance of Finagestion.

b) Business-specific risks

Each business is responsible for examining the specific risks to which it is exposed and for adopting the appropriate procedures according to the nature of the risks identified.

Before the 2007 launch of the Internal Control project, which defined Groupwide internal control principles and encouraged each business segment to add principles specific to its own activities, certain segments already had an overall, structured risk management procedure.

Specific risks may differ considerably depending on the business concerned. For example, they may relate to regulation (TF1, Bouygues Telecom), public health (Bouygues Telecom), technology (TF1, Bouygues Telecom), competition (Bouygues Telecom), the environment (Colas, Bouygues Immobilier), or country risk (see the *Risks* chapter of this Registration Document).

The businesses have set up very formalised commitment procedures intended to ensure better control of risks.

The Group's senior management may also commission a specific audit of a given risk, either by an outside consultant or internally by the audit department of the relevant business).

Bouygues Telecom

Bouygues Telecom, for example, has put in place a business-wide risk management process that is embedded in the company's normal business cycle. A risk manager is responsible for the process, assisted by 22 risk correspondents who represent the organisation's main business segments and whose main task is to identify and assess risk. The risk identification process is formally documented and based on both a top-down/bottom-up approach. Risks are assessed according to the rules and principles applicable across Bouygues Telecom. Risk officers and a "validation" group make sure that the system as a whole and any changes made are coherent. Quarterly risk reports are provided to senior management and a risk overview is presented each year to the Board of Directors.

Product/service offers are vitally important and are therefore examined by a special committee in which the company's senior management is involved. For the same reasons, a "review" committee was set up to follow up product/service offers and monitor the results in the light of initial forecasts. Special procedures are also in place regarding the purchasing process, given the significant investments made and associated risks.

In 2007, Bouygues Telecom made large-scale investments to ensure that key technical components of the network were fully backed up. The company has established contingency plans to guarantee service continuity in the event of a disruption.

TF1

At TF1, the information technologies and systems department is working on a project to formally document an information security policy and establish Group-wide standards. A procedure for identifying major risks has been launched, with a view to establishing a decision-making procedure in crisis situations. This resulted in the "Réagir" committee, whose objective is to build and update a model of mission-critical processes. The "Réagir" committee monitors and forestalls the major risks associated with the Group's mission-critical processes, as well as updating and adding to the different procedures.

Particular attention is given to the purchasing process, which can result in substantial commitments (for example, in the case of contracts for the purchase of rights). These contracts are subject to a specific validation procedure involving various departments, and sometimes senior management, depending on the amount of the commitments and the nature of the contract concerned.

At TF1, the importance of the role of the following must be underlined:

- the TF1 core channel department, which ensures that programmes are up to standard and that the channel's operating terms of reference are applied;
- the technologies and internal resources department, which controls broadcasting operations and protects them via an external back-up site covering three key processes: programme broadcasting, the production of news programmes and the design of advertising slots.

Bouygues Construction

At Bouygues Construction, risk management is fully embedded in the company's processes. For example, very strict procedures apply to the selection and submission of tenders, which are considered by formal commitment committees in light of the risks arising on each contract. Financial, legal and technical teams are involved upstream of the projects. The financial risk curve is monitored on an ongoing basis for major contracts. The management control department has the resources and authority required to track the results of each construction project every month, and to flag any variances with budgeted figures.

Depending on the level of financial commitments, the cost of works or the technical challenges involved, the various entities of Bouygues Construction are obliged to make an application to request the agreement of Bouygues Construction's senior management.

In 2008, as part of its Edifice project, Bouygues Construction began to roll out an integrated management software programme aimed at standardising the treatment of accounting and financial information.

Bouygues Immobilier

Bouygues Immobilier reviewed its internal procedures in 2007 as part of its Optimus project. These procedures have since been updated on a regular basis.

Particular attention is paid to the land acquisition commitment process (promises to sell, purchase) and the construction project start-up phase.

Colas

At Colas, financial and accounting risks have always been managed by reference to clearly defined principles and procedures. Risk management is mainly based on risk prevention measures and insurance cover.

Despite a very strong culture of decentralisation, arrangements exist for the control of commitments both in terms of commercial commitments (projects are submitted to "contract committees") and in terms of acquisitions, which must be presented for prior agreement to the senior management of Colas and, in some cases, to its Board of Directors.

c) Management control

The global organisation of the management control system is such that no Group company can avoid the control process. All companies not controlled by the businesses are controlled by the parent company.

Using various procedures, the parent company also exercises management control at its own level and at Group level.

The rules governing relations between the parent company and the businesses were summarised in a document produced by the Group's strategy and development department in 2001. Updated in 2005, this document serves as a guideline for all businesses.

Parent company management control

The Group's strategy and development department prepares an annual expenditure budget in close cooperation with other departments of the parent company.

Structural expenses are monitored on a monthly basis so that any discrepancies in relation to the budget can be swiftly identified and analysed.

This analysis helps to identify discrepancies that could cast doubt on the annual forecast.

Twice a year, the Group's strategy and development department updates the expenditure budget for the current year in liaison with the departments concerned.

Group reporting

The parent company systematically controls its subsidiaries' financial management through the annual plan (including updates) and monthly sets of indicators. The indicators are sent directly to the Group's senior management and centralised by the Group's strategy and development department, which plays a pivotal role in the Group's management control.

The sets of monthly indicators provided to the parent company are the same as those prepared by each business for its own senior management.

Every quarter, interim financial statements are produced along with the monthly indicators.

The management cycle and the control and reporting procedures provide a regular flow of information and ensure a constant dialogue with the businesses. As a result, plans can be adjusted and the parent company is always in a position to control the management of its subsidiaries and intervene in advance of strategic decisions.

Business segment projects

In the business segments, management control is also carried out through the specifically assigned departments and dedicated information systems that have been put in place.

For example, Bouygues Construction's Edifice project is designed to modernise the financial management of construction projects, and to improve budget control and reporting by introducing new software. The process of installing the software throughout Bouygues Construction began in 2008.

At Bouygues Immobilier, work continued on upgrading IT systems, with a view to improving company performance (management of customer relations, financial management of transactions) and simplifying coordination (decision-based reporting, HR management), as part of an overall plan validated by senior management.

d) Cash management and finance

The parent company's Cash management and Finance department defines and monitors the application of sound financial management principles at Group level. Its role is both to organise and to coordinate.

The operating principles mainly concern the "Bouygues Relais" and "Uniservice" cash management centres, managed by the parent company, and the businesses' own cash management centres. They also apply to the financing of subsidiaries.

The fundamental rules of prudent management relate in particular to internal security (two signatures for payments, etc.), external security (secure cheques, payment by promissory note, etc.), liquidity (confirmed lines of credit, investment of cash surpluses, etc.), the quality of counterparties, the terms of loan agreements and the assessment and hedging, where necessary, of exchange rate risk.

Improvement of cash management and financial risk control are also matters of concern for the businesses. For example, the cash management department of Bouygues Construction in 2006 deployed a new software package (Amelis) to boost control of the Bouygues Construction group's contingency exposures (endorsements, guarantees, sureties, etc.).

e) Internal audit

Audit is a means of analysis, control and information that plays a vital role in scrutinising and managing risk.

Each business now has a structured internal audit department carrying out tasks in a broad range of areas including accounting, management, cash management, tax and planning.

Audits are carried out according to a rigorous methodology (annual audit plan validated by the senior management and Accounts Committee of each business). After each audit, a report is prepared for senior management and the Accounts Committee containing an analysis and recommendations which are then followed up.

There is also a Group audit department at parent company level, which carries out audits of the IT systems of the parent company and its businesses at the request of the Group's senior management or that of the business itself.

f) Whistleblowing procedure

The Bouygues group has implemented a whistleblowing procedure so that employees can report ethical irregularities.

The procedure has been brought into line with the recommendations of the French data protection authority (CNIL). In accordance with the Recommendation of the European Commission of 15 February 2005 on the role of directors, the procedure operates under the control of the Ethics and Sponsorship Committee of the Board of Directors.

2.3 Information and communication

The production and dissemination of information, both inside and outside the Group, does much to enhance internal control.

Existing information systems provide a means of managing and controlling the business, and communication helps both to make staff more aware of the importance of control and to provide those outside the Group with reliable and relevant information in compliance with legal requirements.

2.3.1 Internal communications

The corporate communications department plays an active part in circulating information to the Group's employees. This strengthens the Group's identity and plays a unifying role.

Reporting directly to the Chairman and CEO of Bouygues, it is responsible for *Challenger Express,* a twice-monthly newsletter for managers, and *Le Minorange,* an in-house magazine published twice yearly that forges genuine links between all Group employees.

The department also supervises *e.by* and *e.bysa,* the Bouygues group and parent company intranet portals, which provide online access to a wealth of information. Group and company employees use these sites as working tools.

The corporate communications department also publishes Bouygues' *In Brief,* a brochure summarising financial information which is circulated externally as well as to the Group's managerial, technical and clerical staff.

Group Management Meetings, which are attended four times a year by the Group's top managers, also play an essential role in internal communications, and help transmit the Group's culture and values. For senior management at Group level, they provide an important channel for transmitting key information and messages to the Group's senior executives.

2.3.2 External communications

The corporate communications department works in close cooperation with the businesses for their mutual benefit.

Its main tasks are to:

- manage the Group's image (press relations, public relations, sponsorship, etc.);
- pass on information from external sources to the Group's senior management and executives.

3. Internal control procedures relating to accounting and financial information

3.1 Group consolidation and accounting department

A Group consolidation and accounting department exists within the parent company. Its principal tasks are to define and establish consistent rules and methods of consolidation for the Group and to assist the businesses in their consolidated management. It also prepares the parent company financial statements.

Consolidation is carried out quarterly on a step-by-step basis. Each business consolidates at its own level using identical methods defined by the Group consolidation and accounting department, which then carries out the overall consolidation of the Group's financial statements.

A software product developed by a specialist company is used to consolidate the financial statements at the various levels. A large number of listed companies use this software. It is implemented by each of the businesses in the context of their step-by-step approach to consolidation, and ensures rigorous control over preparation of the financial statements, which are thus subject to standard procedures.

In addition to the computerised accounting system, the Group consolidation and accounting department has produced a Group consolidation handbook containing the rules and procedures applicable to consolidation throughout the Group. The handbook is an important reference tool for the preparation of the consolidated financial statements. It can be consulted by all accounting staff on a dedicated intranet site describing the various principles and options that apply within the Group.

As part of its task of organising and coordinating consolidation of the financial statements, the Group consolidation and accounting department also regularly provides the businesses with information about the rules and methods that apply (by organising seminars, distributing circulars, etc.), and thus helps to maintain the consistency of the system used to prepare the consolidated financial statements. This has particularly been the case for the introduction of IAS/IFRS, and the related interpretation and amendments.

The company uses Adamau accounting software for the management of commitments and control of expenditure. To monitor expenses, it also uses Ulysse, an application that allows formalised and secure procedures to be applied whenever expenses are incurred.

3.2 Accounts Committee

The Board of Directors of Bouygues set up the Accounts Committee in 1995. Its task is, in particular, to ensure that the accounting methods adopted for the preparation of the financial statements are both relevant and consistent, and to verify the internal procedures for reporting and monitoring the information on which the financial statements are based.

In addition to carrying out general and regular checks, the committee selects specific subjects for detailed examination, such as the consequences of disposals or acquisitions. It checks the accounting treatment of the major risks incurred by the various companies of the Group, particularly country risk and, in the case of Bouygues Construction, the risks involved in the execution of certain projects. The committee pays particular attention to changes in accounting methods, and the main accounting options used to prepare the financial statements.

Chaired by an independent director, the Accounts Committee meets regularly (four times in 2008). The committee interviews the auditors without representatives of the company being present, and can issue any reports and opinions for the Board of Directors. The auditors provide the Accounts Committee with a report summarising their work, and commented on this report to the committee.

The same systems are in place within the Boards of the Group's five businesses, all of which have created an accounts committee.

3.3 Investor relations

The Group's cash management and finance department is responsible for relations with investors and financial analysts. It is constantly in contact with shareholders and analysts while providing the market with the information it needs.

Great care is taken in preparing the Registration Document, which the Group considers a major channel of communication.

Procedures have been put in place to inform staff about regulations concerning inside information.

3.4 Steering

Internal control systems must themselves be controlled by means of regular assessments.

The Board of Directors asks a member of management to conduct a review of the major risks to which the Group is exposed, including an assessment of the extent to which the risks associated with the Group's various entities are taken into account. The audit managers of each of the Group's businesses have always assessed the effectiveness of internal control in the course of their work.

Bouygues' current Groupwide Internal Control project should highlight the areas in which further improvements are needed. As from 2009, the business segments will determine the extent to which the Group's internal control principles are applied in specific areas. This task will gradually be extended to cover all entities, with the aim of further strengthening risk management and improving the Group's internal control procedures on an ongoing basis.

The Chairman of the Board of Directors

Remuneration of corporate officers,

and stock options granted to corporate officers and employees

I • Remuneration

(Report drawn up pursuant to Articles L. 225-102-1 and L. 225-37, paragraph 9 of the Commercial Code)

This chapter contains the reports required by the Commercial Code. It also includes the tables recommended in the AFEP/MEDEF corporate governance code dated December 2008 and in the AMF's recommendation of 22 December 2008 on disclosures to be provided in registration documents on remuneration arrangements for corporate officers.

1. Principles and rules applicable to the remuneration of corporate officers

In 2007, the Board took into account the AFEP/MEDEF recommendations published in January 2007 regarding the remuneration of executive directors of listed companies. AFEP/MEDEF issued additional recommendations on 6 October 2008, the large majority of which were considered by the Board to be already in application. The additional measures required to bring the company into full compliance with these recommendations were adopted by the Board at the beginning of 2009.

1.1 Fixed remuneration and benefits in kind

The rules for determining fixed remuneration were decided in 1999 and have been applied in a consistent manner since then.

Fixed remuneration takes account of the level and difficulty of the individual's responsibilities, job experience, seniority in the Group, and also the wage policy of groups or companies in similar sectors.

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

1.2 Variable remuneration

The rules for determining the variable element of remuneration were also decided in 1999 and remained unchanged until February 2007, when the Board adjusted the calculation in light of the AFEP/MEDEF recommendations.

The variable element of remuneration is decided on an individual basis. The Board decides the criteria for the variable element of each executive director's remuneration and limits it to a percentage of the fixed remuneration. The percentage limit relative to the fixed remuneration also depends on the individual executive director.

Variable remuneration is based on the performance of the Group, with performance being determined by reference to the following major indicators:

- Increase in current operating profit.
- Change in consolidated net profit (attributable to the Group) of Bouygues.
- Free cash flow (before changes in working capital) of Bouygues.

Each criterion is used to determine part of the variable remuneration.

In exceptional cases, the Board may award special bonuses upon the advice of the Remuneration Committee.

1.3 Other information regarding remuneration

Remuneration accruing to Martin Bouygues and Olivier Bouygues is paid by SCDM, which then invoices Bouygues pursuant to the agreement governing relations between Bouygues and SCDM, approved under the regulated agreements procedure.

2. Table 1 – Overview of remuneration, benefits in kind and options granted to the two executive directors in 2008

(€)	M. Bouygues		O. Bouygues	
	2007	2008	2007	2008
Amounts in respect of FY2008 (see breakdown in table 2)	2,416,420	2,419,338	2,113,356	1,842,854
Value of options granted in the year[1]	1,724,440	1,058,000	862,220	529,000
Value of performance shares granted in the year[2]	0	0	0	0
Total	**4,140,860**	**3,477,338**	**2,975,576**	**2,371,854**
Change 2008/2007		-16%		-20.3%

[1]Book value of the options at the grant date, ie €8.62 for options granted in 2007 and €5.29 for options granted in 2008. At 31 December 2008, the Bouygues share price was €30.20, below the exercise price of the options granted in 2008 (€43.23).

[2]No performance shares have been granted by the company.

3. Table 2 – Remuneration of the two executive directors

Positions and length of service within the Group		Remuneration[1]	Amounts[2] in respect of FY2007 (€)		Amounts[2] in respect of FY2008 (€)		Criteria for variable remuneration (FY2008)[6]
			due[3]	paid	due[3]	paid	
M. Bouygues	Chairman and CEO 35 years	Fixed - Change	920,000 0%	920,000	920,000 0%	920,000	• Increase in current operating profit (1/3). • Change in consolidated net profit (attributable to the Group) of Bouygues (1/3). • Free cash flow (before changes in working capital) (1/3).
		Variable	1,380,000	1,380,000	1,380,000	1,380,000	
		- Change	0%		0%		
		- % variable/fixed[4]	150%		150%		
		- Ceiling[5]	150%		150%		
		Exceptional remuneration	0	0	0	0	
		Directors' fees	77,400	77,400	76,508	76,508	
		Benefits in kind	39,020	39,020	42,830	42,830	
		Total	**2,416,420**	**2,416,420**	**2,419,338**	**2,419,338**	
O. Bouygues	Deputy CEO 35 years	Fixed - Change	920,000 0%	920,000	700,000 -24%	700,000	• Increase in current operating profit (1/3). • Change in consolidated net profit (attributable to the Group) of Bouygues (1/3). • Free cash flow (before changes in working capital) (1/3).
		Variable	1,104,000	1,104,000	1,050,000	1,104,000	
		- Change	0%		-4.9%		
		- % variable/fixed[4]	120%		150%		
		- Ceiling[5]	120%		150%		
		Exceptional remuneration	0	0	0	0	
		Directors' fees	78,772	78,772	81,199	81,199	
		Benefits in kind	10,584	10,584	11,655	11,655	
		Total	**2,113,356**	**2,113,356**	**1,842,854**	**1,896,854**	
Total executive directors Change			**4,529,776 0%**	**4,529,776**	**4,262,192 -5.9%**	**4,316,192**	

[1]No remuneration other than that mentioned in the table was paid to corporate officers by companies in the Group.

[2]Amounts due = all the amounts allocated in respect of one financial year. Amounts paid = all the amounts paid in the financial year; however, the variable part allocated for a financial year is actually paid in the first quarter of the following year.

[3]Amounts due/Change: the percentages inserted under the fixed and variable remuneration show changes with respect to the previous financial year (2006 or 2007).

[4]Variable remuneration expressed as a percentage of fixed remuneration.

[5]Variable remuneration ceiling, set as a percentage of fixed remuneration.

[6]Criteria for variable remuneration: the percentage expresses the weighting of the criteria in the calculation of total variable remuneration.

NB: Olivier Poupart-Lafarge was Deputy CEO of Bouygues until 30 April 2008, but retired with effect from 31 July 2008. For his seven months as Deputy CEO during 2008, he received total remuneration of €1,150,000 and benefits in kind totalling €1,960. His employment contract had been suspended upon his appointment as corporate officer. As discussed on page 127 of the 2007 Registration Document, at retirement he received the indemnities provided for by the collective agreement, representing one year's salary (€2,300,000) based on his 34 years with the Group.

4. Tableau 3 – Directors' fees

(€)		Origin (Notes 1 and 2)	2007	2008
M. Bouygues	Chairman and CEO	Bouygues	48,784	48,784
		Subsidiaries	28,616	27,724
O. Bouygues	Deputy CEO	Bouygues	24,392	24,392
		Subsidiaries	54,380	56,807
Sub-total executive directors (Note 3)		Bouygues	97,568	73,176
		Subsidiaries	147,192	84,531
		Total	**244,760**	**157,707**
P. Barberis	Director	Bouygues	30,490	24,392 6,098
P. Barbizet	Director	Bouygues	24,392	24,392
			12,196	12,196
		Subsidiaries	27,625	32,900
F. Bertière	Director	Bouygues	24,392	24,392
Mrs F. Bouygues	Director	Bouygues	24,392	24,392
G. Chodron de Courcel	Director	Bouygues	30,490	24,392 6,098
C. de Croisset	Director	Bouygues	24,392	24,392
L. Douroux	Director	Bouygues	30,490	24,392 6,098
Y. Gabriel	Director	Bouygues	24,392	24,392
J.-M. Gras	Director	Bouygues	30,490	24,392 6,098
T. Jourdaine	Director	Bouygues	27,441	24,392 6,098
P. Kron	Director	Bouygues	24,392	24,392
H. Le Bouc	Director	Bouygues		18,294
		Subsidiaries		20,000
H. le Pas de Sécheval	Director	Bouygues		18,294 4,573
N. Paolini	Director	Bouygues		18,294
		Subsidiaries		33,846
J. Peyrelevade	Director	Bouygues	30,490	24,392 6,098
F.-H. Pinault	Director	Bouygues	24,392 12,196	24,392 12,196
Sub-total directors (Note 3)	Director	Bouygues	454,301	437,531
		Subsidiaries	162,875	86,746
		Total	**617,176**	**524,277**
Total directors' fees (Note 3) Executive directors + directors		**Bouygues**	**551,869**	**577,785**
		Subsidiaries	**310,067**	**307,451**
		Total	**861,936**	**885,236**

Note 1: Bouygues = directors' fees paid in respect of participation on the Board of Bouygues. The total amount of directors' fees to be allocated to corporate officers and directors of Bouygues was fixed by the Annual General Meeting of 24 April 2003 at €700,000 each financial year, the Board being given the discretion as to how it should be split. The amounts shown opposite include directors' fees paid with respect to participation on one or more Board committees. Directors' fees paid to each director amount to €24,392 per year. The Chairman and CEO is allocated directors' fees of €48,784 per year. Additional directors' fees paid to members of a Committee amount to €6,098 per year.

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 sub-total of amounts paid to "executive directors" and "directors", and the total amount of directors' fees paid in 2007 and 2008, includes fees paid to:

- *Olivier Poupart-Lafarge: €24,392 in 2007 and €12,196 in 2008 by Bouygues; €64,196 in 2007 and €32,524 in 2008 by subsidiaries.*
- *Michel Derbesse: €30,490 in 2007 and €15,245 in 2008 by Bouygues.*
- *Alain Dupont: €24,392 in 2007 and €12,196 in 2008 by Bouygues; €20,000 in 2007 and €20,000 in 2008 by subsidiaries.*
- *Patrick Le Lay: €24,392 in 2007 and €12,196 in 2008 by Bouygues; €115,250 in 2007 and €83,650 in 2008 by subsidiaries.*
- *Michel Rouger: €30,490 in 2007 and €15,245 in 2008 by Bouygues.*

These directors left the Board in 2008.

Note 4: Philippe Montagner and Alain Pouyat, non-voting directors, receive directors' fees of €24,392 each financial year. They also receive directors' fees from Group subsidiaries for their duties as corporate officer or director, amounting to €34,746 for Philippe Montagner and €36,096 for Alain Pouyat.

At the beginning of 2009 the Board introduced attendance criteria in its calculation of directors' fees. These fees now include a variable portion (50%) which is reduced in line with directors' failure to attend Board meetings.

5. Other remuneration

5.1 Remuneration of salaried directors

The principles and rules for determining the remuneration of salaried directors (François Bertière, Yves Gabriel, Hervé Le Bouc and Nonce Paolini, which each manage one of the Group's businesses) are the same as those used to calculate the remuneration of executive directors, but take into account the specifics of the business concerned. The criteria are as follows:

- Change in consolidated net profit (attributable to the Group) of Bouygues.
- Change in consolidated net profit (attributable to the Group) of the subsidiary managed by the corporate officer (Bouygues Construction, Bouygues Immobilier, Colas or TF1).

- Qualitative criteria: these depend on the roles and responsibilities of each corporate officer and other specific circumstances.

A selection of these criteria is applied for each salaried director.

Remuneration paid by Bouygues is reinvoiced to the subsidiaries which the corporate officer manages (F. Bertière: Bouygues Immobilier; Y. Gabriel: Bouygues Construction; H. Le Bouc: Colas; N. Paolini: TF1).

Alain Dupont was a director until 24 April 2008. He was Chairman and CEO of Colas until 30 October 2007, and retired with effect from 31 January 2008. Alain Dupont's employment contract had been suspended during the time he was Chairman and CEO of Colas. As discussed on page 127 of the 2007 Registration Document, at retirement he received the indemnities provided for by the collective agreement, representing one year's salary (€2,300,000) based on his 43 years with the Group.

Patrick Le Lay was a director until 24 April 2008. During the first four months of the year, he was Chairman of TF1 and received total remuneration of €613,333.

5.2 Salaried directors representing employee shareholders

In accordance with its guidance for preparing registration documents published on 27 January 2006 by the AMF, the salary paid to the two directors representing employee shareholders and who have an employment contract with Bouygues or one of its subsidiaries, are not disclosed.

5.3 Remuneration of salaried directors

Positions and length of service within the Group		Remuneration[1]	Amounts[2] in respect of FY2007 (€)		Amounts[2] in respect of FY2008 (€)	
			due[3]	paid	due[3]	paid
F. Bertière	Director 24 years	Fixed	920,000	920,000	920,000	920,000
		- Change	0%		0%	
		Variable	1,380,000	984,000	1,000,868	1,380,000
		- Change	+40.24%		-27.47%	
		- % variable/fixed[4]	150%		62%	
		- Ceiling[5]	150%		150%	
		Exceptional remuneration	0	0	0	0
		Directors' fees	24,392	24,392	24,392	24,392
		Benefits in kind	4,944	4,944	4,944	4,944
		Total	**2,329,336**	**1,933,336**	**1,950,204**	**2,329,336**
Y. Gabriel	Director 34 years	Fixed	920,000	920,000	920,000	920,000
		- Change	0%		0%	
		Variable	1,380,000	1,242,000	1,380,000	1,380,000
		- Change	+11.11%		0%	
		- % variable/fixed[4]	150%		150%	
		- Ceiling[5]	150%		150%	
		Exceptional remuneration	0	0	0	0
		Directors' fees	24,392	24,392	24,392	24,392
		Benefits in kind	8,652	8,652	8,652	8,652
		Total	**2,333,044**	**2,195,044**	**2,333,044**	**2,333,044**
H. Le Bouc	Director 31 years	*Hervé Le Bouc and Nonce Paolini were appointed directors by the Annual General Meeting on 24 April 2008.* • Hervé Le Bouc received fixed remuneration of €800,000 for 2008. His variable remuneration for 2008 was paid in March 2009 for €960,000. This amount represents 120% of his fixed remuneration, and is the maximum allowed since all the performance criteria were met.				
N. Paolini	Director 20 years	• Nonce Paolini took on new responsibilities when he was appointed Chairman and CEO of TF1 on 31 July 2008. He received fixed remuneration of €700,000 in 2008. His variable remuneration for 2008 was paid in March 2009 for €551,530. This amount is 47.47% less than the maximum allowed (150% of fixed remuneration) owing to the performance of TF1.				

[1]No remuneration other than that mentioned in the table was paid to corporate officers by companies in the Group.

[2]Amounts due = all the amounts allocated in respect of one financial year. Amounts paid = all the amounts paid in the financial year; however, the variable part allocated for a financial year is actually paid in the first quarter of the following year.

[3]Amounts due/Change: the percentages inserted under fixed and variable remuneration show changes by reference to the previous financial year (2006 or 2007).

[4]Variable remuneration expressed as a percentage of fixed remuneration.

[5]Variable remuneration ceiling, set as a percentage of fixed remuneration.

6. Financial year 2009

For 2009, the Board of Directors decided that there would be no increase in fixed remuneration. The theoretical level of variable remuneration and the underlying criteria have not been changed.

II • Stock options and performance shares

(Report drawn up pursuant to Articles L. 225-184 and L. 225-197-4 of the French Commercial Code).

This chapter contains the reports required by the Commercial Code. It also includes the tables recommended by in the AFEP/MEDEF corporate governance code dated December 2008 and in the AMF's recommendation of 22 December 2008 on disclosures to be provided in registration documents on remuneration arrangements for corporate officers.

1. Principles and rules for granting stock options and performance (bonus) shares

The eleventh resolution of the Annual General Meeting on 24 April 2008 authorised the Board of Directors, on one or more occasions, to grant options giving the right to subscribe for new shares or to purchase existing shares. This authorisation, granted for 38 months, required the beneficiaries of these options to be employees and/or corporate officers of Bouygues or of companies or economic interest groupings directly or indirectly associated with Bouygues under the terms of Article L. 225-180 of the Commercial Code.

The twenty-fourth resolution of the Annual General Meeting on 26 April 2007 also authorised the Board of Directors, on one or more occasions, to allot bonus shares whether in existence or to be issued in the future. This authorisation was conferred for a period of thirty-eight months and required the beneficiaries of these shares to be employees and/or corporate officers of Bouygues or of companies or economic interest groupings directly or indirectly associated with Bouygues under the terms of Article L. 225-197-2 of the Commercial Code.

To date, the Board of Directors has not made use of the authorisations granted by the Annual General Meeting to allot bonus shares or grant options to purchase shares. All options granted have been to subscribe for shares.

1.1 General rules applicable to grants of stock options and bonus shares

The Board of Directors has taken into account the AFEP/MEDEF's January 2007 recommendations, as well as the recommendations published on 6 October 2008. The Board noted that virtually all of these recommendations were already in application, and at the beginning of 2009 adopted three measures to ensure full compliance, covering:

- the maximum percentage of corporate officers' remuneration that stock option grants cannot exceed;
- capping rules preventing a significant increase in options granted under stock option plans in bear markets;
- the performance conditions to be respected when stock options are granted (conditions relating to the year preceding the award) and exercised (conditions relating to the four years preceding the year in which the options are exercised).

It should be noted that:

- stock options and bonus shares are granted to help attract senior executives and employees, secure their loyalty, reward them and give them a medium- and long-term interest in the company's development, in light of their contribution to value creation;
- more than 1,000 senior executives and employees are beneficiaries under each plan. The beneficiaries are selected and individual allotments are decided by reference to each beneficiary's responsibility and performance, with particular attention being paid to executives with potential;
- in the case of stock options, no discount is applied;
- in its meeting of 26 February 2008, the Board of Directors changed the period during which senior executives and employees are prohibited from exercising their options. Options may no longer be exercised during the seven calendar days preceding the publication of quarterly sales, the 15 calendar days preceding the publication of earnings for the first and third quarters, the month preceding the publication of half-year and full-year sales and earnings, and the two trading days following each of these publications;
- the Board has decided how often and during what period of the year stock options or bonus shares will be granted. Stock options are granted each year, following publication of the financial statements for the preceding financial year.

1.2 Specific rules applicable to corporate officers

The Board of Directors has incorporated the following rules into its rules of procedure:

- Stock options or bonus shares shall not be granted to senior executives leaving the company.
- Risk hedging transactions relating to the exercise of stock options or the sale of bonus shares are forbidden.
- Corporate officers wishing to exercise stock options or sell bonus shares should obtain confirmation from the Group Ethics Officer that they do not hold inside information.
- When stock options or bonus shares are granted, the Board shall determine the number of bonus shares or shares resulting from the exercise of stock options that the executive directors are obliged to retain until the expiry of their term of office.

This provision was applied to stock options granted in 2007 and 2008. The Board set the number of shares resulting from the exercise of stock options that executive directors were obliged to retain in registered form until the expiry of their term of office, either directly or through a company. For the 2007 and 2008 plans, the executive directors are obliged to retain 25% of shares resulting from the exercise of their stock options, after selling the number of shares required to cover the costs of exercising the options and paying any related taxes or social charges.

1.3 General information: characteristics of stock subscription options

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

- Exercise price: average of the opening prices quoted on the 20 trading days prior to the option grant, with no discount.
- Validity period: seven years and six months as from the date the stock options are granted.
- Lock-up period: four years following the date the stock options are granted.
- Exercise period: the three and a half years after expiry of the lock-up period (with three exceptions where stock options may be exercised at any time during the seven years: stock options exercised by heirs within six months of death of a beneficiary; change of control of Bouygues or cash tender or exchange offer relating to Bouygues; exercise of stock options in accordance with Article L. 3332-25 of the Labour Code, using assets acquired under a Group savings plan.
- Automatic cancellation if employment contract or appointment as corporate officer is terminated, unless given special authorisation, or in the event of invalidity or retirement.

2. Stock subscription options granted or exercised by executive directors and salaried directors in 2008

At its meeting of 26 February 2008, the Board decided to grant 4,390,000 options giving the right to subscribe for new Bouygues shares to 1,320 beneficiaries, corporate officers or employees of Bouygues or a company in its Group. The grant was effective on 31 March 2008.

The value of each option was €5.29 at the grant date, estimated in accordance with the method used in the consolidated financial statements.

This stock option plan represented 1.26% of the company's capital at 31 December 2007.

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

Executive directors	Company granting the options	Grant date	Number of options	Option exercise price (€)
Martin Bouygues	Bouygues	31 March 2008	200,000	43.23
Olivier Bouygues	Bouygues	31 March 2008	100,000	43.23
		Total	**300,000**	

The stock options granted to the Chairman and CEO represent 4.5% of the 2008 plan. The options granted to the Chairman and CEO and to the Deputy CEO represent 6.8% of the 2008 plan.

At 31 December 2008, these stock options represent 0.029% of the company's share capital (100,000 options) and 0.058% of the share capital (200,000 options). In total, the stock options granted during the year to the two executive directors represent 0.087% of the company's share capital at 31 December 2008.

Salaried directors	Company granting the options	Grant date	Number of options	Option exercise price (€)
François Bertière	Bouygues	31 March 2008	150,000	43.23
Yves Gabriel	Bouygues	31 March 2008	150,000	43.23
Hervé Le Bouc	Bouygues	31 March 2008	100,000	43.23
Nonce Paolini	Bouygues	31 March 2008	50,000	43.23
		Total	**450,000**	

2.2 Table 5 – Stock options exercised by executive directors and salaried directors of Bouygues in 2008

Executive directors	No options were exercised by Martin Bouygues or Olivier Bouygues in 2008.

Salaried directors	Company granting the options	Plan	Number of options	Option exercise price (€)
François Bertière	Bouygues	27 March 2001	11,769	33.47
Yves Gabriel	Bouygues	27 March 2001	17,654	33.47
Hervé Le Bouc	Bouygues	15 March 2004	58,845	25.15
Nonce Paolini	Bouygues	15 March 2004	500	25.15
		Total	**88,768**	

3. Performance (bonus) shares

3.1 Table 6 – Performance shares granted to each executive director

No performance shares were granted by the company.

3.2 Table 7 – Performance shares that became available during the year for each executive director

No performance shares became available during the year as no such shares had been granted by the company.

4. Summary of outstanding stock option plans

4.1 Table 8 – Breakdown of stock options for each plan and category of beneficiary

	2002	2003	2004	2005	2006	2007	2008
Date of AGM	25/05/2000	25/05/2000	25/05/2000	28/04/2005	28/04/2005	28/04/2005	28/04/2005
Date of Board meeting	25/06/2002 17/12/2002	17/06/2003	15/03/2004	21/06/2005	05/09/2006	05/06/2007	26/02/2008
Number of stock options granted at each Board meeting:	3,598,100[a]	2,996,000[a]	3,180,750[a]	3,102,500	3,700,000	4,350,000	4,390,000
- of which executive directors and salaried directors[b] [c]	1,150,000[a]	625,000[a]	800,000[a]	500,000	750,000	850,000	750,000
	M. Bouygues	M. Bouygues	M. Bouygues		M. Bouygues	M. Bouygues	M. Bouygues
	O. Bouygues	O. Bouygues	O. Bouygues	O. Bouygues	O. Bouygues	O. Bouygues	O. Bouygues
		Y. Gabriel	Y. Gabriel	Y. Gabriel	Y. Gabriel	Y. Gabriel	Y. Gabriel
					F. Bertière	F. Bertière	F. Bertière
							H. Le Bouc
							N. Paolini
- of which ten employees of the company	320,000[a]	412,000[a]	422 000[a]	347,000	356,000	530,000	470,000
Original exercise price, prior to adjustment	€27.08 to €27.56	€22.80	€29.61	€31.34	€40.00	€63.44	€43.23
Exercise price after adjustment[a]	€23.00 to €23.41	€19.37	€25.15	€31.34	€40.00	€63.44	€43.23
Start of exercise period	25/06/2006 17/12/2006	17/06/2007	15/03/2008	21/06/2009	05/09/2010	05/06/2011	31/03/2012
Expiry date	24/06/2009 16/12/2009	16/06/2010	14/03/2011	20/06/2012	04/09/2013	04/06/2014	30/09/2015
Number of options outstanding at 31/12/2008	1,663,255	1,778,270	3,209,261	2,873,966	3,595,514	4,322,200	4,354,450
Total							**21,796 916**

[a] In accordance with the law, the exercise prices were adjusted on 7 January 2005 because of an exceptional payout.

[b] Total options granted, including salaried directors who are no longer members of the Board in 2009.

[c] Including only executive directors and salaried directors currently in office.

Olivier Poupart-Lafarge was Deputy CEO of Bouygues until 2008 and benefited from the 2002, 2003, 2004, 2005, 2006 and 2007 plans.

Michel Derbesse was Deputy CEO until 2005 and a director of Bouygues until 2008, and benefited from the 2002, 2003 and 2004 plans.

Alain Dupont was a director of Bouygues until 2008 and benefited from the 2004, 2005, 2006 and 2007 plans.

Alain Pouyat was a director of Bouygues until 2006, and benefited from 2002, 2003, 2004, 2005 and 2006 plans.

5. Stock options granted to or exercised by the ten Bouygues employees having received the largest number of options in 2008

5.1 Table 9 – Stock options granted to the ten Bouygues employees (not corporate officers) having received the largest number of options in 2008

Name	Company granting the options	Grant date	Number of options	Option exercise price (€)
Jacques Bernard	Bouygues	31 March 2008	30,000	43.23
Blandine Delafon	Bouygues	31 March 2008	25,000	43.23
Jean-François Guillemin	Bouygues	31 March 2008	35,000	43.23
Philippe Marien	Bouygues	31 March 2008	35,000	43.23
Philippe Montagner	Bouygues	31 March 2008	100,000	43.23
Alain Pouyat	Bouygues	31 March 2008	100,000	43.23
Olivier Roussat	Bouygues	31 March 2008	50,000	43.23
Jean-Claude Tostivin	Bouygues	31 March 2008	35,000	43.23
Lionel Verdouck	Bouygues	31 March 2008	35,000	43.23
Gilles Zancanaro	Bouygues	31 March 2008	25,000	43.23
		Total	470,000	

In 2008, 1,990,168 Bouygues stock options were exercised by employees of Bouygues or of one of its subsidiaries other than corporate officers, salaried directors, and the ten employees mentioned above.

5.2 Table 10 – Stock options exercised in 2008 by the ten Bouygues employees having exercised the largest number of options

Name[1]	Company granting the options	Grant date	Number of options	Option exercise price (€)
Philippe Montagner	Bouygues	3 July 2001	150,000	32.81
Alain Pouyat	Bouygues	27 March 2001	23,538	33.47
Robert Brard	Bouygues	25 June 2002	1,308	23.41
	Bouygues	17 June 2003	4,708	19.37
Jean-Philippe Lafond	Bouygues	15 March 2004	4,708	25.15
Gérard Heslouin	Bouygues	27 March 2001	3,531	33.47
Christine Marie Bonin	Bouygues	17 June 2003	1,000	19.37
Jean-Gabriel Pichon	Bouygues	27 March 2001	707	33.47
		Total	189,500	

[1] *Only these seven employees exercised stock options in 2008.*

III • Other information on executive directors

Table 11 – Executive directors: Restrictions on combining position as corporate officer with employment contract – Supplementary retirement benefits – Severance compensation – Non-competition indemnities

Executive director	Employment contract		Supplementary retirement scheme[1]		Severance compensation or benefits due or likely to be due on termination or change of office[2]		Indemnities relating to non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Martin Bouygues Position: Chairman and CEO		X	X			X		X
Olivier Bouygues Position: Deputy CEO		X	X			X		X

[1] ***Additional retirement provision***

Members of the Group's management committee also benefit from the additional retirement provisions representing 0.92% of the reference salary per year of service under the regime. At the date of this report, this additional retirement provision represented 11.50% of the annual remuneration paid to Martin Bouygues and Olivier Bouygues, ie approximately €260,000 and €230,000, respectively. The Group is not obliged to set aside provisions in respect of this additional retirement provision, which takes the form of an insurance policy taken out with an insurer outside the Group. This additional retirement provision has been approved pursuant to the regulated agreements procedure.

[2] ***Compensation on leaving the company***

The company and its subsidiaries have not entered into any commitment and have not given any undertaking relating to the granting of severance compensation in the event that the executive directors leave the company.

No commitments or similar undertakings have been granted on behalf of salaried directors. Although not strictly classified as severance compensation, a salaried director benefits from the provisions of the applicable collective agreement (Paris region construction company executives' collective agreement for Bouygues SA), which provides for certain compensation if the director's employment contract is terminated. Yves Gabriel, François Bertière, Hervé Le Bouc and Nonce Paolini are eligible for such compensation.

Share ownership

I • Changes in share ownership over the last three years

Shareholder	Situation at 31 December 2008[a]				Situation at 31 December 2007				Situation at 31 December 2006			
	Number of shares	% of capital	Number of voting rights[b]	% of voting rights	Number of shares	% of capital	Number of voting rights[b]	% of voting rights	Number of shares	% of capital	Number of voting rights[b]	% of voting rights
SCDM[c]	65,697,622	19.16	128,226,184	28.58	63,058,772	18.15	123,435,517	27.18	62,693,562	18.73	118,995,301	27.61
Bouygues employeesd[d]	52,723,553	15.38	87,120,448	19.42	49,419,820	14.22	83,258,608	18.33	44,286,383	13.23	73,697,437	17.10
Artémis group[e]	3,220,398	0.94	3,590,796	0.80	6,982,575	2.01	11,289,093	2.49	6,982,575	2.09	9,789,093	2.27
Other French shareholders	87,569,595	25.54	96,050,378	21.41	88,837,389	25.56	97,010,106	21.36	90,102,298	26.90	97,749,293	22.69
Capital Group International[f]	21,651,817	6.32	21,651,817	4.83	21,651,817	6.23	21,651,817	4.77	26,969,688	8.06	26,969,688	6.26
Other foreign shareholders	110,077,111	32.11	110,077,111	24.54	116,691,812	33.58	116,691,812	25.68	102,181,590	30.52	102,181,590	23.71
Bouygues	1,877,983[g]	0.55	1,877,983[h]	0.42	860,393[g]	0.25	860,393[h]	0.19	1,561,487[g]	0.47	1,561,487[h]	0.36
Total	**342,818,079**	**100**	**448,594,717**	**100**	**347,502,578**	**100**	**454,197,346**	**100**	**334,777,583**	**100**	**430,943,889**	**100**

[a] *Based on a survey of identifiable bearer shares as at 31 December 2008 – 195,603,605 bearer shares identified.*

[b] *In accordance with Article 223-11 of the AMF General Regulation, the total number of voting rights has since 2006 been calculated on the basis of all shares with voting rights attached, including those of which the voting rights have been suspended.*

[c] *SCDM is a company controlled by Martin Bouygues and Olivier Bouygues. This figure includes shares owned directly by Martin Bouygues and Olivier Bouygues.*

[d] *Employees may own shares either under company savings schemes or directly.*

[e] *The Artémis group (François Pinault) includes Artémis, Tennessee and Financière Pinault, companies which directly own Bouygues shares.*

[f] *Based on a declaration of the passing of an ownership threshold dated 17 July 2007*

[g] *Treasury shares held under share buy-back programmes and the liquidity contract.*

[h] *Voting rights attached to shares held by Bouygues are suspended.*

Apart from Capital Group International, the company is not aware of any shareholder, other than those shown in the table above, holding more than 5% of the capital or voting rights.

Significant changes in share ownership

The main changes in share ownership since 31 December 2007 are as follows:

- an increase in the interest held by employees from 14.22% to 15.38% of the capital and from 18.33% to 19.42% of the voting rights, thanks to regular subscriptions to two mutual funds invested in Bouygues shares (company savings scheme and statutory profit-sharing scheme);
- an increase in the interest held by SCDM (from 18.15% to 19.16% of the capital) following purchases of shares on the stock market. The percentage of voting rights held by SCDM increased to a greater extent (from 27.18% to 28.58%) due to the acquisition of double voting rights;
- a reduction in the interest held by foreign shareholders, who represented 38.43% of the capital and 29.36% of the voting rights (versus 39.81% and 30.46% respectively at 31 December 2007); this is a slight reversal of the trend seen in previous years;
- a reduction in the interest held by the Pinault group, which now holds just 0.94% of the capital and 0.80% of the voting rights (versus 2.01% and 2.49% respectively at 31 December 2007).

II • Shareholder agreements

The shareholder agreement between SCDM and Artémis signed on 4 December 1998 was terminated on 24 May 2006, when the Artémis group passed below the thresholds of 5% of the capital and voting rights of Bouygues.

As far as the company is aware, no shareholder agreement relating to the company's capital has existed since that date.

III • Voting rights

The terms on which the principal shareholders of Bouygues hold voting rights are no different from those enjoyed by the other shareholders. They are entitled, on the same terms as the other shareholders, to double voting rights subject to the conditions specified in Article 12 of the by-laws, the terms of which are reproduced below in the *Legal information* section.

IV • Transactions in Bouygues shares during 2008 by directors, officers and other persons referred to in Article L. 621-18-2 of the Monetary and Financial Code (Article 223-26 of the AMF General Regulation)

Person involved	Transaction carried out	Nature of transaction	Number of transactions	Number of shares	Amount (€)
SCDM	In a personal capacity	Purchase	20	2,557,400	113,124,734.10
	By a related party (SCDM, a subsidiary)	Purchase	1	81,450	3,958,445.57
François Bertière	In a personal capacity	Exercise of options	1	11,769	393,908.43
Martin Bouygues	By a related party	Purchase	2	200	6,949.20
Michel Cote	In a personal capacity	Exercise of options	2	20,999	669,185.83
		Sale	2	20,999	913,911.74
Michel Derbesse	In a personal capacity	Exercise of options	1	176,535	4,132,684.35
		Sale	3	201,535	8,667,901.95
Alain Dupont	In a personal capacity	Exercise of options	1	35,307	1,181,725.29
		Sale	1	35,307	1,418,282.19
Yves Gabriel	In a personal capacity	Exercise of options	1	17,654	590,879.38
		Sale	1	17,654	708,984.64
Hervé Le Bouc	In a personal capacity	Purchase	1	10	431.30
		Exercise of options	1	58,845	1,479,951.75
		Sale	1	10,000	517,000.00
Nonce Paolini	In a personal capacity	Exercise of options	1	500	12,575.00
Olivier Roussat	In a personal capacity	Exercise of options	1	3,708	71,823.96
		Sale	1	3,708	148,505.40

Stock market performance

I • Bouygues on the stock market in 2008

Bouygues shares are listed on the Euronext Paris market (compartment A), and are included in the CAC 40, Euronext 100, FTSE Eurofirst 80 and Dow Jones Stoxx 600 indices. They are eligible for the deferred settlement service (SRD) and for French equity savings plans (PEAs).

There were a total of 342,818,079 shares in issue at 31 December 2008.

The average number of shares in issue during 2008 was 342,609,161.

The average daily volume traded during 2008 was 1,923,905 shares.

Over the year, Bouygues shares fell by 47%, slightly underperforming the CAC 40 index which lost 43%.

After a good 2007, in which Bouygues was the seventh best performer in the CAC 40, the first quarter of 2008 saw a sharp fall of 29% in the Bouygues share price.

The share price then remained relatively stable until early September, with a series of good financial results helping the share outperform the CAC 40 from end-March to early-September.

From September, the share price was hit by macroeconomic concerns about sectors in which Bouygues operates (especially construction and property) and the general financial environment.

After the summer, stock markets worldwide were hit by the banking crisis (sparked by the collapse of the investment bank Lehman Brothers on 15 September) and the wider financial crisis. These problems triggered a sharp economic contraction, affecting all regions of the world simultaneously.

	Number of shares[1]	Dividend paid for the year (€)	Quoted market price (€)			Dividend yield based on closing price (%)
		Net	High	Low	Closing	
2004	332,758,624	0.75	34.26	25.94	34.00	2.2
2005	336,762,896	0.90	42.67	28.75	41.30	2.2
2006	334,777,583	1.20	49.42	36.05	48.63	2.5
2007	347,502,578	1.50	67.43	48.42	57.00	2.6
2008	342,818,079	1.60	57.25	24.04	30.20	5.3

On 3 March 2009, the share was trading at €22.22.

[1] Includes investment certificates for the period prior to 2006. All outstanding investment certificates were reconstituted as shares on 18 May 2006.

II • Trends in share price and trading volume

Bouygues share price over the last 18 months

	High (€)	Low (€)	Number of shares traded	Capital traded (€ million)
2007				
July	64.20	57.49	32,986,553	2,030
August	58.32	49.55	47,813,855	2,590
September	61.39	55.00	33,945,170	1,990
October	66.58	59.84	29,061,416	1,840
November	66.58	55.12	32,227,982	1,940
December	63.27	55.25	26,952,725	1,590
2008				
January	57.25	45.76	50,354,570	2,592
February	53.14	45.15	44,096,836	2,137
March	45.40	39.44	44,398,578	1,883
April	49.70	40.20	58,992,083	2,730
May	52.49	46.85	27,945,270	1,396
June	52.51	40.05	39,136,631	1,761
July	44.74	38.70	34,334,437	1,429
August	47.42	40.08	28,570,301	1,220
September	43.07	29.40	49,103 423	1,796
October	35.28	24.04	73,001,750	2,130
November	34.59	24.30	36,459,803	1,082
December	32.30	27.21	29,634,698	884

Source: NYSE - Euronext

Share capital

I • General information

1. Share capital

On 31 December 2007, the share capital of Bouygues was €347,502,578 divided into 347,502,578 shares with a nominal value of €1 each.

In 2008, 2,268,436 new shares were created following the exercise of stock subscription options granted to Group employees.

A total of 6,952,935 shares bought back by the company were cancelled on 3 June 2008.

Consequently, the share capital of Bouygues at 31 December 2008 was €342,818,079 divided into 342,818,079 shares with a nominal value of €1 each.

The total number of voting rights[1] was 448,594,717 at 31 December 2008 (454,197,346 at 31 December 2007).

[1]Including non-voting shares, in accordance with the calculation provisions set out in the AMF's General Regulation.

2. Changes in the share capital over the last five years

All amounts in the opposite table are in euros.

Period	Increases and reductions in share capital over the last five years	Amount of the changes in share capital		Amount of the share capital	Aggregate number of shares and investment certificates[a]
		Nominal	Premium and incorporation of reserves		
From 1 January to 10 June 2004	• Exercise of stock options for 386,240 shares • Conversion of OCEANE bonds: 13,556,732 shares	386,240 13,556,732	3,646,271 335,881,691	333,586,209 347,142,941	333,586,209 347,142,941
15 June 2004	• Cancellation of 13,942,972 shares bought back by the company	(13,942,972)	(379,655,105)	333,199,969	333,199,969
From 11 June to 6 October 2004	• Exercise of stock options for 191,742 shares	191,742	4,032,822	333,391,711	333,391,711
14 December 2004	• Cancellation of 633,087 shares bought back by the company	(633,087)	(20,177,199)	332,758,624	332,758,624
From 1 January to 16 June 2005	• Exercise of stock options for 801,427 shares	801,427	14,464,213	333,560,051	333,560,051
21 June 2005	• Cancellation of 1,048,873 shares bought back by the company	(1,048,873)	(31,649,972)	332,511,178	332,511,178
From 17 June to 8 December 2005	• Exercise of stock options for 1,163,673 shares	1,163,673	26,788,468	333,674,851	333,674,851
13 December 2005	• Cancellation of 7,312,776 shares bought back by the company	(7,312,776)	(279,502,996)	326,362,075	326,362,075
28 December 2005	• Subscription by the *Bouygues Confiance 3* employee share ownership scheme for 9,972,331 shares	9,972,331	240,034,007	336,334,406	336,334,406
From 9 December to 31 December 2005	• Exercise of stock options for 428,490 shares	428,490	7,986,521	336,762,896	336,762,896
From 1 January to 30 November 2006	• Exercise of stock options for 3,818,642 shares	3,818,642	90,923,045	340,581,538	340,581,538
6 December 2006	• Cancellation of 6,410,706 shares bought back by the company	(6,410,706)	(263,827,884)	334,170,832	334,170,832
From 1 December to 31 December 2006	• Exercise of stock options for 606,751 shares	606,751	17,022,599	334,777,583	334,777,583
From 1 January to 30 April 2007	• Exercise of stock options for 916,501 shares	916,501	25,156,127	335,694,084	335,694,084
10 May 2007	• Subscription by the *Bouygues Partage* employee share ownership scheme for 6,371,520 shares	6,371,520	225,806,669	342,065,604	342,065,604
From 1 May to 30 November 2007	• Exercise of stock options for 3,347,448 shares	3,347,448	117,506,137	345,413,052	345,413,052
4 December 2007	• Cancellation of 5,019,768 shares bought back by the company	(5,019,768)	(266,633,333)	340,393,284	340,393,284
31 December 2007	• Subscription by the *Bouygues Confiance 4* employee share ownership scheme for 6,947,662 shares	6,947,662	293,052,383	347,340,946	347,340,946
1 December to 31 December 2007	• Exercise of stock options for 161,632 shares	161,632	4,004,984	347,502,578	347,502,578
From 1 January to 31 May 2008	• Exercise of stock options for 1,072,839 shares	1,072,839	30,161,529	348,575,417	348,575,417
3 June 2008	• Cancellation of 6,952,935 shares bought back by the company	(6,952,935)	(321,937,158)	341,622,482	341,622,482
From 1 June to 31 December 2008	• Exercise of stock options for 1,195,597 shares	1,195,597	34,383,665	342,818,079	342,818,079

[a]Reconstitution of existing investment certificates as shares on 18 May 2006 further to a decision by the Annual General Meeting of 27 April 2006.

3. Authorisations to increase or reduce the share capital or to buy back shares

In accordance with Article L. 225-100, paragraph 7 of the Commercial Code, the following table lists the current powers granted to the Board of Directors by the Annual General Meeting, and the use made of these powers during the financial year.

Purpose	Maximum nominal amount	Use of the powers during the 2008 financial year	Expiry/ Duration
Securities issues			
1. Capital increase with pre-emptive rights for existing shareholders, by issuing ordinary shares and securities giving access to the capital *(AGM of 26 April 2007, thirteenth resolution)*	- Issue of shares: €150 million (nominal amount) - Issue of debt securities: €5 billion	Nil	26 June 2009 (26 months)
2. Capital increase without pre-emptive rights for existing shareholders, by issuing ordinary shares and securities giving access to the capital *(AGM of 26 April 2007, fifteenth resolution)*	- Issue of shares: €150 million[a] - Issue of debt securities: €5 billion[a]	Nil	26 June 2009 (26 months)
3. Capital increase by incorporating share premiums, reserves or earnings into the capital *(AGM of 26 April 2007, fourteenth resolution)*	€4 billion	Nil	26 June 2009 (26 months)
4. Increase in 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 26 April 2007, sixteenth resolution)*	15% of the initial issue[a]	Nil	26 June 2009 (26 months)
5. Setting of the price for public issues of equity instruments or other securities giving access to the capital, without pre-emptive rights for existing shareholders *(AGM of 26 April 2007, seventeenth resolution)*	10% of the capital[a]	Nil	26 June 2009 (26 months)
6. Capital increase as consideration for contributions in kind consisting of a company's shares or securities giving access to the capital *(AGM of 26 April 2007, eighteenth resolution)*	10% of the capital[a]	Nil	26 June 2009 (26 months)
7. Capital increase without pre-emptive rights for existing shareholders as consideration for shares tendered to a public exchange offer *(AGM of 26 April 2007, nineteenth resolution)*	- Issue of shares: €150 million[a] - Issue of debt securities: €5 billion[a]	Nil	26 June 2009 (26 months)
8. Issue of shares as a result of the issue by a Bouygues subsidiary of securities giving access to shares in the company, now or in the future *(AGM of 26 April 2007, twenty-first resolution)*	€150 million[a]	Nil	26 June 2009 (26 months)
9. Capital increase in the event of a public offer *(AGM of 24 April 2008, thirteenth resolution)*	Ceilings fixed in the relevant authorisations	Nil	24 October 2009 (18 months)
10. Issue of equity warrants during the period of a public offer for the company's shares *(AGM of 24 April 2008, twelfth resolution)*	€400 million	Nil	24 October 2009 (18 months)
11. Issue of securities giving rights to allotment of debt securities *(AGM of 26 April 2007, twenty-fifth resolution)*	€5 billion	Nil	26 June 2009 (26 months)
Issues carried out for the benefit of employees and senior executives			
12. Capital increase for the benefit of employees or corporate officers who are members of a company savings scheme *(AGM of 26 April 2007, twentieth resolution)*	10% of the capital	Nil	26 June 2009 (26 months)
13. Allotment of existing or new bonus shares *(AGM of 26 April 2007, twenty-fourth resolution)*	10% of the capital	Nil	26 June 2010 (38 months)
14. Grant of stock subscription and/or purchase options *(AGM of 24 April 2008, eleventh resolution)*	10% of the capital[b]	4,379,950 stock subscription options granted with effect from 31 March 2008[c]	24 June 2011 (38 months)
Share buybacks and reduction in share capital			
15. Purchase by the company of its own shares *(AGM of 24 April 2008, ninth resolution)*	10% of the capital[d]	7,970,525[e]	24 October 2009 (18 months)
16. Reduction of share capital by cancelling shares *(AGM of 24 April 2008, tenth resolution)*	10% of the capital in any 24-month period	6,952,935 shares cancelled on 3 June 2008	24 October 2009 (18 months)

[a]To be applied against the overall ceiling specified in point 1 [b]To be applied against the ceiling applicable to bonus share awards [c]Within the scope of the authorisation given by the Annual General Meeting of 28 April 2005 [d]Within the limit of 5% of the capital for shares purchased in order to be delivered as payment or consideration in an acquisition, merger, spin-off or contribution [e]Including 6,807,542 in connection with the authorisation given by the Annual General Meeting of 26 April 2007

II • Financial authorisations submitted to the Annual General Meeting of 23 April 2009

The table opposite summarises the delegated powers and authorisations to be conferred on the Board of Directors by the Annual General Meeting of 23 April 2009. With effect from the date of their approval by the meeting, these financial authorisations cancel and replace the unused portion, if applicable, of those previously granted for the same purpose.

Purpose	Aggregate ceiling or maximum nominal amount	Expiry/ Duration
Securities issues		
1. Increase share capital with pre-emptive rights for existing shareholders, by issuing shares or securities giving access to shares of the company or one of its subsidiaries *(fourteenth resolution)*	- Issue of shares: €150 million - Issue of debt securities: €5 billion	23 June 2011 (26 months)
2. Increase share capital without pre-emptive rights for existing shareholders, by issuing shares or securities giving access to shares of the company or one of its subsidiaries *(sixteenth resolution)*	- Issue of shares: €150 million[a] - Issue of debt securities: €5 billion[a]	23 June 2011 (26 months)
3. Increase share capital by incorporating share premiums, reserves or earnings into capital *(fifteenth resolution)*	€4 billion	23 June 2011 (26 months)
4. Increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights for existing shareholders *(seventeenth resolution)*	15% of the initial issue[a]	23 June 2011 (26 months)
5. Set the price of immediate or future public issues of equity securities or issues falling within the scope of Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders *(eighteenth resolution)*	10% of the share capital[a] per 12-month period	23 June 2011 (26 months)
6. Increase share capital as consideration for contributions in kind consisting of a company's shares or securities giving access to capital *(nineteenth resolution)*	10% of the share capital[a]	23 June 2011 (26 months)
7. Increase share capital without pre-emptive rights for existing shareholders, as consideration for securities tendered to a public exchange offer *(twentieth resolution)*	- Issue of shares: €150 million[a & b] - Issue of debt securities: €5 billion[a]	23 June 2011 (26 months)
8. Issue shares following the issue by a Bouygues subsidiary of securities giving immediate or future access to shares in the company *(twenty-second resolution)*	- Issue of shares: €150 million[a] - Issue of debt securities: €5 billion[a]	23 June 2011 (26 months)
9. Increase share capital during the period of a public offer *(twenty-fifth resolution)*	Ceilings fixed in the relevant authorisations	23 October 2010 (18 months)
10. Issue equity warrants during the period of a public offer *(twenty-fourth resolution)*	€400 million, capped at the nominal amount of share capital	23 October 2010 (18 months)
11. Issue securities giving rights to allotment of debt securities *(twenty-third resolution)*	€5 billion	23 June 2011 (26 months)
Issues carried out for the benefit of employees and senior executives		
12. Increase share capital for the benefit of employees or corporate officers who are members of a company savings scheme *(twenty-first resolution)*	10% of the share capital	23 June 2011 (26 months)
Share buybacks and reduction in share capital		
13. Purchase by the company of its own shares *(twelfth resolution)*	10% of the share capital[c]	23 October 2010 (18 months)
14. Reduce share capital by cancelling shares *(thirteenth resolution)*	10% of the share capital per 24-month period	23 October 2010 (18 months)

[a]To be applied against the overall ceiling specified in point 1 [b]Within the limit of 20% of the share capital for capital increases carried out in connection with issues falling within the scope of paragraph II of Article L. 411-2 of the Monetary and Financial Code
[c]Within the limit of 5% of the share capital for shares purchased in order to be delivered as payment or consideration in an acquisition, merger, spin-off or contribution

III • Company savings scheme

On 31 December 2008, Group employees owned 14.46% of the share capital of Bouygues and 18.15% of its voting rights, through a number of employee savings schemes.

The scheme created in 1968 invests in Bouygues shares bought on the market. At 31 December 2008, this fund owned 3.44% of the capital of Bouygues and 4.95% of the voting rights.

The Group savings plan collects voluntary contributions from employees and the contribution made by the company. These are invested in Bouygues shares by direct purchases made on the market. At 31 December 2008, this fund owned 4.75% of the capital of Bouygues and 6.52% of its voting rights.

Following the increases in the share capital carried out in 2005 and 2007, the leveraged employee share ownership schemes known as *Bouygues Confiance 3, Bouygues Partage* and *Bouygues Confiance 4,* owned 6.11% of the share capital and 6.45% of the voting rights at 31 December 2008.

The Bouygues Immobilier employee savings scheme owned 0.17% of the share capital and 0.22% of the voting rights at 31 December 2008.

IV • Potential creation of new shares

A total of 6,650,786 shares would be added to the 342,818,079 shares existing on 31 December 2008 if all readily exercisable stock options (options for which the lock-up period has expired with an exercise price less than the closing share price of €30.20 at 31 December 2008) were exercised, representing 1.94% of the share capital at 31 December 2008. This would increase the total number of shares to 349,468,865.

V • Share buybacks

1. Summary of the use made by the Board of Directors of the authorisations granted by the Annual General Meeting

The Annual General Meetings of 26 April 2007 and 24 April 2008 authorised the Board of Directors to enable the company to repurchase its own shares though share buyback programmes.

1.1 Transactions carried out in 2008

The table below, prepared in accordance with Article L. 225-211 of the Commercial Code, summarises the transactions carried out pursuant to these authorisations in 2008.

Transactions carried out by Bouygues on its own shares in 2008	
Number of shares purchased	7,970,525
Number of shares sold	0
Number of own shares held by the company at 31 December 2008	1,877,983
Value (purchase price) of own shares held by the company at 31 December 2008	€73,986,614
Breakdown of transactions by purpose	
Cancellation of shares	
Number of shares cancelled	6,952,935 shares cancelled on 3 June 2008, ie 1.99% of share capital at that date
Reallocations	-
Number of own shares held by the company at 31 December 2008	116,483 shares of €1 par value each, ie 0.03% of share capital
Liquidity contract	
Number of shares purchased	1,283,500
Number of shares sold	0
Reallocations	-
Number of own shares held by the company at 31 December 2008	1,761,500 shares of €1 par value each, ie 0.51% of share capital

1.2 Position at 16 February 2009

The table below, prepared in accordance with the provisions of Article 241-2 of the AMF's General Regulation and AMF instruction No. 2005-06 dated 22 February 2005, presents in summary format the transactions carried out by the company on its own shares from 16 February 2008 (the day after the date of the report on the previous programme) to 16 February 2009 inclusive, the date of this report.

Percentage of share capital held in treasury directly or indirectly:	0.59%
Number of shares cancelled over the preceding 24 months:	11,972,703
Number of shares in the portfolio[a]:	2,023,990
Book value of the portfolio:	€78,261,969
Market value of the portfolio[b]:	€56,125,243

[a] *Including 1,900,000 shares pursuant to a liquidity contract complying with the AMAFI Code of Ethics, and 123,990 shares to be cancelled*

[b] *Closing price at 16 February 2009: €27.73*

2. Transactions carried out between 16 February 2008 and 16 February 2009

2.1 Transactions outside the liquidity contract

	Overview						
	Aggregate gross flows		Position opened at 16 February 2009				
				Calls purchased		Futures	
	Purchases	Sales/ Transfers	Direct purchases	Calls purchased	Long futures contracts	Calls written	Short futures contracts
Number of shares	3,460,640	0	123,990	a			
Average maximum expiry date (years)				a			
Average traded price	€36.46						
Average exercise price				a			
Amount	€126,162,256						

[a]*Calls purchased:*

	Option 1	*Option 2*	*Option 3*	*Option 4*
Number of shares	*3,056,000*	*2,496,145*	*327,060*	*55,370*
Average maximum expiry date (years)	*3.4*	*1.8*	*3.4*	*3.8*
Average exercise price	*€31.34*	*€31.34*	*€45.55*	*€53.97*

2.2 Transactions under the liquidity contract

	Aggregate gross amounts		Portfolio securities at 16 February 2009
	Purchases	Sales/ Transfers	
Number of shares	1,240,000	0	1,900,000
Average traded price	€29.86	-	-
Amount	€37,025,236	-	-

3. Shares cancelled by the company

The Board of Directors resolved on 3 June 2008 to cancel 6,952,935 shares, putting into effect the authorisation granted by the Combined Annual General Meeting of 24 April 2008 to the Board of Directors to cancel up to 10% of the shares comprising the share capital in any 24-month period in accordance with the law.

4. Description of the share buyback programme submitted for approval by the Combined Annual General Meeting of 23 April 2009

Pursuant to Articles 241-2 and 241-3 of the AMF's General Regulation and European regulation 2273/2003 of 22 December 2003, the company presents below a description of the share buyback programme to be submitted for approval by the Combined Annual General Meeting of 23 April 2009.

Maximum percentage of the share capital that can be repurchased by the company: 10% of the total number of shares comprising the share capital at the date of the buyback. Based on the share capital at 16 February 2009, and excluding the 2,023,990 own shares held at that date, the maximum number of ordinary shares that may be repurchased is 32,258,673; the total number of shares held at a given date may not exceed 10% of issued share capital at that date.

4.1 The objectives of the buyback programme are to:

- cancel shares under the conditions provided for by law, subject to authorisation by the extraordinary general meeting;
- ensure the liquidity of and organise the market for the company's shares, through an investment service provider acting under the terms of a liquidity agreement that complies with a code of conduct recognised by the AMF;
- retain shares with a view to using them subsequently as a medium of payment or exchange in an acquisition, merger, spin-off or contribution, where applicable, in accordance with accepted market practice and applicable regulations. The shares retained must not represent more than 5% of the share capital, as required by paragraph 6, Article L. 225-209 of the Commercial Code;
- retain shares with a view to delivering them subsequently upon exercise of rights attached to securities that are redeemable, convertible, exchangeable or otherwise exercisable for the company's shares;
- allot shares to employees or corporate officers of the company or related companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option schemes, corporate savings plans and inter-company savings schemes or through an allotment of bonus shares;
- implement any market practice accepted by the AMF and generally to carry out any other transaction in compliance with prevailing regulations.

The shares repurchased and retained by Bouygues shall not carry voting or dividend rights. The shares may be purchased, in compliance with applicable regulations, in any manner, notably on or off-market (including the over-the-counter market), by using, in particular, derivative financial instruments, and at any time, especially during a public tender, exchange offer or standing offer. The entire programme may be carried out through block trades.

Shares acquired may be sold under the conditions laid down by the AMF in its instruction dated 6 December 2005 regarding the introduction of a new regime governing the buyback of a company's own shares.

Within the scope of this authorisation, the company may purchase on or off-market its own shares. The purchase price cannot exceed €80.00 per share and the sale price cannot be less than €30.00 per share, subject to any adjustments relating to share capital transactions.

The maximum amount of funds that can be used for the share buyback programme is €1,500,000,000 (one billion five hundred million euros).

The authorisation is given for eighteen months as from the date of the Annual General Meeting of 23 April 2009, ie 23 October 2010.

4.2 Breakdown of own shares held by intention

At 16 February 2009, the company held its own shares for the following reasons:

- Cancellation: 123,990
- Liquidity contract: 1,900,000

Results of Bouygues SA

I • Dividend

Appropriation and distribution of the earnings of Bouygues SA (parent company)

The Annual General Meeting, having acquainted itself with the management report and having noted that distributable earnings amount to €1,561,624,722.56 is asked to approve the following appropriation and distribution:

- distribution of a first dividend (5% of par) of €0.05 per share, representing a total amount of €17,140,903.95 drawn from distributable earnings;
- distribution of an additional dividend of €1.55 per share, representing a total amount of €531,368,022.45;
- appropriation of the balance, amounting to €1,013,115,796.16 to retained earnings.

Subject to approval by the Annual General Meeting, the dividend, equivalent to €1.60 per share, will be payable in cash from 4 May 2009. The dividend detachment date (ex-rights date) for the Euronext Paris market will be 28 April 2009. The cut-off date for the positions which, after settlement, will qualify for payment (record date) will be 30 April 2009.

If the company holds any of its own shares at the dividend payment date, an amount equal to the dividends not distributed because of the nature of these shares will be appropriated to retained earnings.

The company is required by law to state the amount of dividends distributed in the last three years. They were as follows:

	2005	2006	2007
Number of shares	336,762,896	334,777,583	347,502,578
Dividend	€0.90	€1.20	€1.50
Total dividend[1] (distributed earnings eligible for tax relief in accordance with paragraph 2 of Article 158.3 of the General Tax Code)	€301,951,234.80	€400,003,315.20	€509,751,964.50

[1] The amounts shown represent dividends actually paid, taking account of the fact that shares held by the company itself do not qualify for dividend.

Dividends not claimed within five years are paid to the French government.

II • Five-year financial summary

	2004	2005	2006	2007	2008
1. CAPITAL AT YEAR-END					
a) Share capital (€)	332,758,624	336,762,896	334,777,583	347,502,578	342,818,079
b) Number of ordinary shares in issue	332,254,414	336,289,029	334,777,583	347,502,578	342,818,079
c) Number of investment certificates (without voting rights)	504,210	473,867			
d) Maximum number of shares to be issued in the future:					
• by reconstitution of investment certificates and voting right certificates as shares	504,210	473,867			
• by exercise of stock options	17,626,248	20,953,720	20,094,262	19,803,112	6,650,786
2. OPERATIONS AND RESULTS FOR THE YEAR (€)					
a) Sales excluding taxes	68,137,090	64,270,115	60,463,413	68,394,069	80,191,869
b) Earnings before tax, depreciation, amortisation and provisions	385,435,019	173,230,055	490,059,858	603,251,275	828,481,044
c) Income tax	55,295,002	(37,656,430)	60,879,976	165,057,092	144,731,014
d) Employee profit-sharing	(69,154)	(224,770)	(473,100)	(637,019)	(502,273)
e) Earnings after tax, depreciation, amortisation and provisions	585,890,338	260,833,378	603,396,473	750,574,451	882,494,363
f) Distributed earnings	248,928,093	301,951,235	400,003,315	509,751,964	548,508,926
3. PER SHARE DATA (€)					
a) Earnings after tax but before depreciation, amortisation and provisions	1.32	0.40	1.65	2.21	2.84
b) Earnings after tax, depreciation, amortisation and provisions	1.76	0.77	1.80	2.16	2.57
c) Gross dividend per share	0.75	0.90	1.20	1.50	1.60
4. PERSONNEL					
a) Average number of employees during the year	227	195	175	171	179
b) Total payroll for the year (€)	38,215,169	34,374,008	28,511,081	31,377,274	45,589,718
c) Amount paid in respect of employee benefits (social security, welfare benefits, etc.) for the year (€)	13,363,283	11,678,781	10,910,295	12,139,850	15,429,376

Legal information

I • General information

Company name:	Bouygues
Registered office:	32 avenue Hoche 75008 Paris, France
Registration number:	572 015 246 Paris
APE code:	7010Z
Form:	*Société Anonyme* (public limited company)
Date of incorporation:	15 October 1956
Termination date:	14 October 2089
Financial year:	1 January to 31 December
Governing law:	French

II • Brief history of the Group

1952 Francis Bouygues forms a building firm

1955 First diversification: creation of Bouygues Immobilier

1970 Bouygues is floated on the Paris stock market

1984 Expansion into services, takeover of Saur (sold in 2005)

1986 Acquisition of Colas, the world's leading roadbuilder

1987 Bouygues is named operator and main shareholder of TF1

1989 Martin Bouygues is appointed Chairman and CEO of the Bouygues group

1996 Launch of Bouygues Telecom, France's third mobile phone operator

2002 Bouygues Telecom launches i-mode™, the pocket internet

2004 Exceptional payout of €1.7 billion

2006 Stake acquired in Alstom

2007 Bouygues owns 89.5% of Bouygues Telecom

III • By-laws

1. Purpose (Article 2 of the by-laws)

The company has as its purpose in all countries:

- the acquisition, directly or indirectly, of interests in all French or foreign companies or groupings, whatever their purpose or business, and the management and disposal as appropriate of such interests;
- the creation, acquisition, operation and disposal of all French or foreign undertakings, in any field of business, whether industrial, commercial or financial, including in particular in the construction sector (building, civil works, roads, property) and the service sector (public utilities management, media, telecommunications);
- and, in general, all industrial, commercial, financial, mining and agricultural operations or transactions and all operations or transactions involving movable or real property relating directly or indirectly to the purpose set forth above or to all similar or related purposes that may enable or facilitate the achievement or pursuit thereof.

2. Appropriation of earnings (Article 24 of the by-laws)

At least 5% of net earnings for the year, minus prior-year losses if any, are retained in order to constitute the legal reserve. This requirement ceases to be mandatory when the legal reserve equals one-tenth of the share capital.

The sum necessary to pay shareholders a first dividend equal to 5% of the paid-up share capital is deducted from distributable earnings. After appropriations to other reserves and to retained earnings decided by the Annual General Meeting, the balance of distributable earnings is divided between the shareholders.

3. Annual meeting (Articles 19 to 21 of the by-laws)

Annual meetings of shareholders are called in accordance with the formalities required by law; they include all shareholders, whatever the number of shares they hold.

Special meetings of holders of bonds issued by the company may be called in the cases provided for by the prevailing laws and regulations.

4. Double voting rights (Article 12 of the by-laws. Provision in force since 1 January 1972)

Double voting rights are allocated to all fully paid-up shares that are proved to have been registered for at least two years in the name of the same holder.

In the event of a capital increase by incorporation of reserves, profits or premiums, double voting rights are conferred as of issue on registered shares allocated as a bonus to shareholders in respect of existing shares conferring such entitlement. Double voting rights attached to registered shares will be lost if such shares are converted into bearer shares or if title to them is transferred, except in cases where the law provides otherwise.

The extraordinary annual meeting may not abolish double voting rights unless authorised to do so by a special meeting of holders of those rights (Article L. 225-99 of the Commercial Code).

5. Notification of major holdings (Article 8.3 of the by-laws)

Persons holding directly or indirectly at least 1% of the capital or voting rights are required to inform the company of the total number of shares they own. Notification must be made by registered letter with acknowledgment of receipt sent to the registered office within fifteen days of conclusion of the transaction, on or off the stock market, irrespective of delivery of the securities.

Further disclosures must be made under the same conditions each time the 1% threshold is crossed, whether upwards or downwards.

If disclosures are not made under the conditions set forth above, the voting rights attached to shares exceeding the fraction that should have been disclosed are suspended under the conditions provided by law if a request to that effect is made at the Annual Meeting by one or more shareholders holding at least 5% of the share capital or voting rights.

Under the terms of Article 8.2 of its by-laws, the company is authorised to use all legal means regarding the identification of holders of securities conferring an immediate or future right to vote at shareholders' meetings.

IV • Shareholder agreements entered into by Bouygues

1. Bouygues Telecom

The material provisions of the Bouygues Telecom shareholder agreement are the following: a reciprocal right of pre-emption; prohibition, without the prior agreement of the other shareholders, on disposals of securities to a telephone operator providing services to the public; an undertaking by each party not to acquire a stake in the capital of any competing operator.

2. Alstom

In connection with the formation of a joint venture called Alstom Hydro Holding between Alstom subsidiaries Alstom Power Centrales and Alstom Holdings and Bouygues, Bouygues and Alstom entered into a joint-venture agreement on 29 September 2006, which was amended by a supplemental agreement dated 31 October 2006.

In the joint-venture agreement, the parties included a provision whereby Bouygues could sell its holding in the simplified limited company (SAS) Alstom Hydro Holding within a twenty day period after 31 October 2009, or prior to such date, in the event that the Board of Directors of Alstom Hydro Holding became deadlocked on the adoption of certain decisions under the contract. If this option is exercised, the Alstom Hydro Holding shares may be sold either in cash for a total price of €175 million or against delivery by Alstom Power Centrales of 4,400,000 Alstom shares.

If Bouygues were to exercise the option for shares in Alstom, Alstom Power Centrales has undertaken to do its utmost to deliver the relevant shares, or failing which, pay Bouygues a cash sum equal to 4,400,000 shares multiplied by the closing price of the Alstom share on the third trading day preceding the effective exit date of Bouygues from the joint venture.

In accordance with Article L. 233-11 of the Commercial Code, the terms of this agreement between Bouygues and Alstom have been disclosed to the AMF, which published them on 14 November 2006.

V • Factors likely to have an impact on any public tender offer price

In accordance with Article L. 225-100-3 of the Commercial Code, the factors likely to have an impact on the offer price in any potential tender offer relating to Bouygues' shares are set out below:

- Capital structure: information relating to Bouygues' share capital structure is set out in the *Share ownership* section.
- Restrictions in the by-laws on exercise of voting rights: Article 8.3 of the by-laws, relating to the notification of major holdings, is reproduced in section III (By-laws) of this chapter.
- Direct or indirect holdings in the share capital of which Bouygues is aware pursuant to Articles L. 233-7 and L. 233-12 of the Commercial Code: the relevant information is set out in the *Share ownership* section.
- Powers of the Board of Directors with respect to issuance and buy-back of shares: the relevant information is set out in the *Share capital* section.
- Agreements entered into by Bouygues which will be modified or expire in the event of a change of control of Bouygues: the ten-year bonds maturing in 2016, seven-year bonds maturing in 2013, and the 20-year bonds in sterling maturing in 2026, as well as the seven-year bonds maturing in 2015, include a "change of control" clause providing for the early redemption of bond debt in the event of a change of control of Bouygues resulting in a rating downgrade.
- A change of control of Bouygues could potentially jeopardise TF1's authorisation to operate a national terrestrial television broadcasting service; indeed, Article 41-3-2 of the law of 30 September 1986 governing audiovisual media specifies that any natural or legal person which controls, within the meaning of Article L. 233-3 of the Commercial Code, any company holding such an authorisation, or which has placed it under its authority or dependency, is deemed to be the holder of the authorisation. Article 42-3 adds that the authorisation may be withdrawn, without prior formal demand, if there is any material change to the circumstances based on which the authorisation was granted, in particular changes to share capital structure.

VI • Publicly available documents

The following documents (originals or copies) may be accessed at the company's registered office and/or online at *www.bouygues.com* ("Finance/Shareholders" pages) throughout the period for which this Registration Document is valid:

- deed of incorporation and company by-laws;
- all reports, appraisals and statements drawn up by the auditors, part of which are incorporated or referred to in the Registration Document;
- historical financial data relating to the company and its subsidiaries for the two financial years preceding the publication of the Registration Document.

Annual publications

In accordance with Article L. 451-1-1 of the Monetary and Financial Code, and Article 222-7 of the AMF General Regulation, this document contains all the information published or made public by the company within the European Economic Area or in any other country during the last 12 months in order to satisfy its legal or regulatory obligations with respect to financial instruments, issuers of financial instruments or markets in financial instruments.

I • Information published on the AMF's website *(www.amf-france.org)*

1. Registration Document

Publication date	Subject
2008	
10 April	2007 Registration Document

2. Disclosures

Publication date	Subject
2008	
14 January	Purchase and sale of own shares by the company
28 April	Purchase and sale of own shares by the company
8 July	Purchase and sale of own shares by the company
1 September	Purchase and sale of own shares by the company
4 December	Purchase and sale of own shares by the company
2009	
20 January	Purchase and sale of own shares by the company

II • Information published in the French legal gazette *(BALO) (www.journal-officiel.gouv.fr)*

Publication date	Subject
2008	
30 January	Admission to trading and listing of shares
15 February	Full-year 2007 sales
7 March	Notice of meeting (Annual General Meeting)
14 March	Amendment to the notice of meeting (Annual General Meeting)
21 March	Full-year financial statements
26 March	Amendment to the full-year financial statements
4 April	Notice of meeting (Annual General Meeting)
16 May	First-quarter 2008 sales
16 May	Notice of approval of the 2007 financial statements
13 August	First-half 2008 sales
2009	
6 March	Notice of meeting (Annual General Meeting)

III • Information published on the company's website *(www.bouygues.com)*

1. Regulated information

1.1 Registration Document

Publication date	Subject
2008	
11 April	2007 Registration Document

1.2 Press releases announcing formalities for obtaining the Registration Document

Publication date	Subject
2008	
11 April	Formalities for obtaining or consulting the 2007 Registration Document

1.3 Half-year review

Publication date	Subject
2008	
28 August	2008 half-year review

1.4 Quarterly information

Publication date	Subject
2008	
14 May	Quarterly financial information – first-quarter 2008
14 November	Quarterly financial information – first nine months of 2008

1.5 Report on internal control and corporate governance

Publication date	Subject
2008	
11 April	Report on internal control and corporate governance for financial year 2007 (published in the Registration Document)

1.6 Fees paid to auditors

Publication date	Subject
2008	
11 April	Fees paid to auditors for financial year 2007 (published in the Registration Document)

1.7 Total number of shares and voting rights at the end of each calendar month

Publication date	Subject
2008	
2 January	Number of shares and voting rights at 31 December 2007
1 February	Number of shares and voting rights at 31 January 2008
3 March	Number of shares and voting rights at 29 February 2008
1 April	Number of shares and voting rights at 31 March 2008
5 May	Number of shares and voting rights at 30 April 2008
2 June	Number of shares and voting rights at 31 May 2008
1 July	Number of shares and voting rights at 30 June 2008
1 August	Number of shares and voting rights at 31 July 2008
1 September	Number of shares and voting rights at 31 August 2008
1 October	Number of shares and voting rights at 30 September 2008
3 November	Number of shares and voting rights at 31 October 2008
1 December	Number of shares and voting rights at 30 November 2008
2009	
5 January	Number of shares and voting rights at 31 December 2008
2 February	Number of shares and voting rights at 31 January 2009
2 March	Number of shares and voting rights at 28 February 2009

1.8 Description of share buyback programme

Publication date	Subject
2008	
11 April	Description of the buyback programme submitted to the Annual General Meeting of 24 April 2008 for approval (published in the Registration Document)

1.9 Statutory press releases

Publication date	Subject
2008	
13 February	Full-year 2007 sales
27 February	Full-year 2007 recurring net profit
14 May	Quarterly financial information – first-quarter 2008
3 June	First-quarter 2008 net profit
11 August	First-half 2008 sales
28 August	First-half 2008 net profit
14 November	Quarterly financial information – first nine months of 2008
2 December	Nine-month 2008 net profit
2009	
3 March	Full-year 2008 sales and net profit

1.10 Press releases announcing formalities for obtaining the documents in preparation for the Annual General Meeting

Publication date	Subject
2008	
7 March	Press release announcing formalities for obtaining or consulting the documents in preparation for the Annual General Meeting
4 April	Press release announcing formalities for obtaining or consulting the documents in preparation for the Annual General Meeting
2009	
6 March	Press release announcing formalities for obtaining or consulting the documents in preparation for the Annual General Meeting

1.11 Trading in the company's shares

Liquidity contract

Publication date	Subject
2008	
3 January	Press release containing the half-yearly statement of the liquidity contract
1 July	Press release containing the half-yearly statement of the liquidity contract
15 October	Amendment to the AFEI liquidity contract signed by Rothschild & Cie Banque and Bouygues SA on 30 April 2004
2009	
5 January	Press release containing the half-yearly statement of the liquidity contract

Weekly trading disclosures

Publication date	Subject
2008	
7 January	Transactions carried out between 31 December 2007 and 4 January 2008
14 January	Transactions carried out between 7 January and 9 January 2008
4 February	Transactions carried out between 31 January and 1 February 2008
11 February	Transactions carried out on 8 February 2008
18 February	Transactions carried out on 11 February 2008
3 March	Transactions carried out on 29 February 2008
10 March	Transactions carried out between 3 March and 7 March 2008
17 March	Transactions carried out between 10 March and 11 March 2008
25 March	Transactions carried out on 17 March 2008
31 March	Transactions carried out between 26 March and 27 March 2008
7 April	Transactions carried out between 31 March and 1 April 2008
5 May	Transactions carried out between 30 April and 2 May 2008
2 June	Transactions carried out on 30 May 2008
9 June	Transactions carried out on 2 June 2008
7 July	Transactions carried out between 30 June and 4 July 2008
4 August	Transactions carried out between 31 July and 1 August 2008
1 September	Transactions carried out on 29 August 2008
8 September	Transactions carried out on 1 September 2008
6 October	Transactions carried out between 30 September and 1 October 2008
13 October	Transactions carried out between 7 October and 8 October 2008
3 November	Transactions carried out on 31 October 2008
12 November	Transactions carried out on 3 November 2008
1 December	Transactions carried out on 28 November 2008
8 December	Transactions carried out on 1 December 2008
2009	
5 January	Transactions carried out between 31 December 2008 and 2 January 2009
12 January	Transactions carried out between 7 January and 9 January 2009
2 February	Transactions carried out on 30 January 2009
9 February	Transactions carried out on 2 February 2009
2 March	Transactions carried out on 27 February 2009
9 March	Transactions carried out on 2 March 2009

Monthly trading disclosures

Publication date	Subject
2008	
2 January	Transactions carried out in December 2007

1.12 Remuneration and stock options

Publication date	Subject
2009	
3 March	Report on remuneration, stock options and performance shares awarded in 2008

2. Annual General Meeting

Publication date	Subject
2008	
7 March	Notice of meeting published in the French legal gazette *(BALO)*
7 March	Press release announcing the formalities for obtaining or consulting the documents in preparation for the Annual General Meeting
14 March	Amendment to the notice of meeting published in the French legal gazette *(BALO)*
4 April	Notice of meeting published in the French legal gazette *(BALO)*
4 April	Press release announcing the formalities for obtaining or consulting the documents in preparation for the Annual General Meeting
24 April	Slide presentation
24 April	Voting results
25 June	Q&A
2009	
6 March	Notice of meeting published in the French legal gazette *(BALO)*
6 March	Press release announcing the formalities for obtaining or consulting the documents in preparation for the Annual General Meeting

IV • Information published through a primary information provider accredited by the AMF *(www.lesechos-comfi.fr)*

Publication date	Subject
2008	
2 January	Number of shares and voting rights at 31 December 2007
2 January	Monthly press release summarising weekly disclosures of share buybacks published in December 2007
3 January	Press release containing the half-yearly statement of the liquidity contract of Bouygues SA
1 February	Number of shares and voting rights at 31 January 2008
13 February	Full-year 2007 sales
28 February	Full-year 2007 net profit
3 March	Number of shares and voting rights at 29 February 2008
7 March	Press release announcing the formalities for obtaining or consulting the documents in preparation for the Annual General Meeting
1 April	Number of shares and voting rights at 31 March 2008
4 April	Press release announcing the formalities for obtaining or consulting the documents in preparation for the Annual General Meeting
11 April	Press release announcing the formalities for obtaining or consulting the Registration Document
5 May	Number of shares and voting rights at 30 April 2008
14 May	Quarterly information – first-quarter 2008 sales
2 June	Number of shares and voting rights at 31 May 2008
3 June	First-quarter 2008 net profit
1 July	Press release containing the half-yearly statement of the liquidity contract
1 July	Number of shares and voting rights at 30 June 2008
1 August	Number of shares and voting rights at 31 July 2008
11 August	First-half 2008 sales
28 August	First-half 2008 net profit
28 August	2008 half-year review
1 September	Number of shares and voting rights at 31 August 2008
1 October	Number of shares and voting rights at 30 September 2008
15 October	Amendment to the AFEI liquidity contract signed by Rothschild & Cie Banque and Bouygues SA on 30 April 2004
3 November	Number of shares and voting rights at 31 October 2008
14 November	Nine-month 2008 sales
1 December	Number of shares and voting rights at 30 November 2008
2 December	Nine-month 2008 net profit
2009	
5 January	Number of shares and voting rights at 31 December 2008
5 January	Press release containing the half-yearly statement of the liquidity contract
2 February	Number of shares and voting rights at 31 January 2009
2 March	Number of shares and voting rights at 28 February 2009
3 March	Full-year 2008 sales and net profit
6 March	Press release announcing the formalities for obtaining or consulting the documents in preparation for the Annual General Meeting

V • Information filed with the Office of the Clerk of the Paris Commercial Court *(www.infogreffe.fr)*

Publication date	Subject
2008	
7 February	Decision to increase the share capital Amendment of by-laws Updated by-laws
19 May	Decision to increase the share capital
19 May	Decision to reduce the share capital
22 May	Filing of 2007 parent company financial statements
22 May	Filing of 2007 consolidated financial statements
24 June	Changes to the Board of Directors
30 July	Decision to reduce the share capital Amendment of by-laws Updated by-laws
30 July	Changes to the Board of Directors
2009	
2 February	Decision to increase the share capital Amendment of by-laws Updated by-laws

VI • Information published in a journal of legal announcements *(Les Petites Affiches)*

Publication date	Subject
2008	
10 January	Change in share capital
4 April	Notice of meeting (Annual General Meeting)
16 May	Changes to the Board of Directors
30 May	Additional changes to the Board of Directors
6 June	Change in share capital
6 June	Changes to the Board of Directors
2009	
9 January	Change in share capital

VII • Financial announcements

Publication date	Subject	Publication
28 February 2008 7 March 2008 4 April 2008 1 September 2008 3 December 2008 5 March 2009 6 March 2009	Full-year 2007 results Press release (Annual General Meeting) Press release (Annual General Meeting) First-half 2008 results Nine-month 2008 results Full-year 2008 results Press release (Annual General Meeting)	*Les Échos*
29 February 2008 2 September 2008 6 March 2009	Full-year 2007 results First-half 2008 results Full-year 2008 results	*Le Monde*
1 March 2008 30 August 2008 7 March 2009	Full-year 2007 results First-half 2008 results Full-year 2008 results	*Le Figaro*
1 March 2008 6 September 2008 7 March 2009	Full-year 2007 results First-half 2008 results Full-year 2008 results	*Investir*
8 March 2008 14 March 2009	Full-year 2007 results Full-year 2008 results	*Journal des Finances*
3 March 2008 3 September 2008 9 March 2009	Full-year 2007 results First-half 2008 results Full-year 2008 results	*La Tribune*
3 March 2008 9 March 2009	Full-year 2007 results Full-year 2008 results	*Option Finance*
6 March 2008 4 September 2008 12 March 2009	Full-year 2007 results First-half 2008 results Full-year 2008 results	*L'Agefi Hebdo*
5 September 2008	First-half 2008 results	*Le Revenu*
7 March 2008 5 September 2008	Full-year 2007 results First-half 2008 results	*La Vie Financière*
7 March 2008 12 March 2009	Full-year 2007 results Full-year 2008 results	*Valeurs actuelles*
5 March 2008 25 September 2008 25 March 2009	Full-year 2007 results First-half 2008 results Full-year 2008 results	*Financial Times* Europe edition
14 March 2008 4 September 2008 13 March 2009	Full-year 2007 results First-half 2008 results Full-year 2008 results	*Wall Street Journal* US edition
14 March 2008 4 September 2008 13 March 2009	Full-year 2007 results First-half 2008 results Full-year 2008 results	*Wall Street Journal* Europe edition
17 March 2008 12 March 2009	Full-year 2007 results Full-year 2008 results	*Handelsblatt*

Michaël Cavril,
foreman at Aximum,
a Colas subsidiary

Financial statements

Consolidated financial statements

Parent company financial statements

Consolidated financial statements

Consolidated balance sheet at 31 December 2008 (€ million)

Assets

	Note	31/12/2008 Net	31/12/2007 Net
Property, plant and equipment	3.2.1	**6,120**	5,564
Intangible assets	3.2.2	**1,096**	1,073
Goodwill	3.2.3	**5,157**	5,123
Investments in associates	3.2.4	**4,742**	4,393
Other non-current financial assets	3.2.4	**1,309**	1,223
Deferred tax assets and long-term tax receivable	7.1	**246**	225
NON-CURRENT ASSETS	**16**	**18,670**	**17,601**
Inventories/Programmes/Broadcasting rights	4.1	**3,023**	2,763
Advances and down-payments on orders	4.2	**429**	363
Trade receivables	4.3	**7,097**	6,911
Tax asset (receivable)	4.3	**99**	81
Other receivables and prepaid expenses	4.3	**2,247**	2,285
Cash and equivalents	4.4	**3,840**	3,386
Financial instruments[a]		**24**	9
Other current financial assets		**59**	29
CURRENT ASSETS		**16,818**	**15,827**
Assets held for sale and discontinued operations			
TOTAL ASSETS	**16**	**35,488**	**33,428**

[a] *Hedging of financial liabilities at fair value*

Liabilities and shareholders' equity

	Note	31/12/2008	31/12/2007
Shareholders' equity			
- Share capital		**343**	348
- Share premium and reserves		**5,767**	5,317
- Translation reserve		**(54)**	(28)
- Treasury shares		**(3)**	(22)
- Consolidated net profit for the period		**1,501**	1,376
Shareholders' equity attributable to the Group		**7,554**	6,991
Minority interests		**1,211**	1,214
SHAREHOLDERS' EQUITY	**5**	**8,765**	**8,205**
Non-current debt	8.1	**7,025**	7,067
Non-current provisions	6.1	**1,682**	1,493
Deferred tax liabilities and non-current tax liabilities	7.2	**89**	84
NON-CURRENT LIABILITIES	**16**	**8,796**	**8,644**
Advances and down-payments received	10	**1,301**	1,419
Current debt	8.1	**1,337**	328
Current taxes payable	10	**163**	223
Trade payables	10	**7,577**	7,442
Current provisions	6.2	**628**	597
Other current liabilities	10	**6,468**	6,268
Overdrafts and short-term bank borrowings	10	**393**	276
Financial instruments[a]		**25**	12
Other current financial liabilities		**35**	14
CURRENT LIABILITIES	**10**	**17,927**	**16,579**
Liabilities on held-for-sale assets and discontinued operations			
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**16**	**35,488**	**33,428**
NET DEBT	**9.1**	**(4,916)**	**(4,288)**

Consolidated income statement

(€ million)

	Note	Year ended 31/12/2008	Year ended 31/12/2007
SALES[a]	**11/16**	**32,713**	**29,588**
Other revenues from operations	11.1	**128**	137
Purchases used in production		**(15,081)**	(13,197)
Personnel costs		**(6,471)**	(5,968)
External charges		**(7,384)**	(7,092)
Taxes other than income tax		**(660)**	(600)
Net depreciation and amortisation expense		**(1,335)**	(1,245)
Net charges to provisions and impairment losses		**(505)**	(419)
Changes in production and property development inventories		**78**	379
Other income and expenses from operations[b]		**747**	580
CURRENT OPERATING PROFIT	**12/16**	**2,230**	**2,163**
Other operating income and expenses	12/16	**0**	18
OPERATING PROFIT	**12/16**	**2,230**	**2,181**
Financial income		**158**	146
Financial expenses		**(435)**	(381)
COST OF NET DEBT	**13/16**	**(277)**	**(235)**
Other financial income and expenses		**(19)**	**23**
Income tax expense	14.1/16	**(605)**	(633)
Share of profits and losses of associates	3.2.4/16	**357**	257
NET PROFIT FROM CONTINUING OPERATIONS	**16**	**1,686**	**1,593**
Net profit of discontinued and held-for-sale operations		**0**	0
NET PROFIT	16	**1,686**	1,593
Net profit attributable to the Group	**16**	**1,501**	**1,376**
Net profit attributable to minority interests		**185**	217
BASIC EARNINGS PER SHARE (€)	**15**	**4.38**	**4.06**
DILUTED EARNINGS PER SHARE (€)	**15**	**4.34**	**3.94**

[a] Of which sales generated abroad		***10,392***	*8,803*
[b] Of which reversals of provisions and impairment no longer required		***243***	*226*

Statement of recognised income and expense

(€ million)

	Note	31/12/2008	31/12/2007
Net profit for the period		**1,686**	**1,593**
Change in cumulative translation adjustment		**(27)**	(38)
Changes in fair value of financial instruments designated as hedges and other financial assets		**(53)**	16
Actuarial gains/(losses) on employee benefits (amendment to IAS 19)		**(44)**	16
Taxes on transactions recognised directly in equity		**19**	18
Share of profits and losses recognised directly in equity by associates		**(80)**	58
Other movements, net			(1)
Income and expense recognised directly in equity	**5.3**	**(185)**	**69**
Total recognised income and expense		**1,501**	**1,662**
Attributable to the Group		**1,320**	1,448
Attributable to minority interests		**181**	214

Consolidated cash flow statement (€ million)

	Note	Year ended 31/12/2008	Year ended 31/12/2007
I - CASH FLOW FROM CONTINUING OPERATIONS			
A - NET CASH GENERATED BY OPERATING ACTIVITIES			
Cash flow			
Net profit from continuing operations	15/16	**1,686**	1,593
Share of profit or loss from associates[a]		**(245)**	(184)
Elimination of dividends from non-consolidated companies		**(12)**	(12)
Charges to/(write-backs of) depreciation, amortisation, impairment & non-current provisions		**1,503**	1,284
Gains and losses on asset disposals		**(153)**	(53)
Miscellaneous non-cash items		**(46)**	23
Sub-total		**2,733**	2,651
Cost of net debt	13	**277**	235
Income tax expense for the period	14	**605**	633
Cash flow	**16**	**3,615**	3,519
Income taxes paid during the period		**(692)**	(556)
Changes in working capital related to operating activities[b]		**(182)**	756
NET CASH GENERATED BY OPERATING ACTIVITIES		**2,741**	**3,719**
B - NET CASH USED IN INVESTING ACTIVITIES			
Purchase price of property, plant and equipment and intangible assets	16	**(1,882)**	(1,787)
Proceeds from disposals of property, plant and equipment and intangible assets	16	**103**	108
Net liabilities related to property, plant and equipment and intangible assets		**(72)**	30
Purchase price of non-consolidated companies and other investments	16	**(63)**	(25)
Proceeds from disposals of non-consolidated companies and other investments	16	**26**	44
Net liabilities related to non-consolidated companies and other investments		**(4)**	5
Effects of changes in scope of consolidation			
Purchase price of investments in consolidated companies	16	**(293)**	(2,170)
Proceeds from disposals of investments in consolidated companies	16	**112**	56
Net liabilities related to investments in consolidated companies and other cash effects of changes in scope of consolidation		**(49)**	169
Other cash flows related to investing activities (changes in loans, dividends received from non-consolidated companies)		**(98)**	(49)
NET CASH USED IN INVESTING ACTIVITIES		**(2,220)**	**(3,619)**

	Note	Year ended 31/12/2008	Year ended 31/12/2007
C - NET CASH USED IN FINANCING ACTIVITIES			
Capital increases/reductions and acquisitions of treasury shares		**(256)**	465
Dividends paid during the period			
Dividends paid to shareholders of the parent company		**(510)**	(400)
Dividends paid to minority shareholders of consolidated companies		**(175)**	(168)
Change in debt[c]		**1,001**	22
Cost of net debt	13	**(277)**	(235)
Other cash flows related to financing activities		**80**	(154)
NET CASH USED IN FINANCING ACTIVITIES		**(137)**	**(470)**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS		**(45)**	**(49)**
CHANGE IN NET CASH POSITION (A + B + C + D)		**339**	**(419)**
Net cash position at 1 January	**4.5**	**3,110**	**3,529**
Net cash flows during the period		**339**	(419)
Other non-monetary flows		**(2)**	
Net cash position at 31 December	**4.5**	**3,447**	**3,110**
II - CASH FLOWS FROM DISCONTINUED AND HELD-FOR-SALE OPERATIONS			

[a] *Elimination of share of profits/(losses) of associates and inclusion of dividends paid by associates*
[b] ***Definition of change in working capital related to operating activities:** Current assets - current liabilities, excluding income taxes paid*
[c] ***Definition of debt:** current debt + non-current debt*

Changes in consolidated shareholders' equity – Year ended 31 December 2008 (€ million)

Attributable to the Group	Share capital & share premium	Reserves related to capital/Retained earnings	Consolidated reserves and profit for the period	Translation reserve	Treasury shares	Items recognised directly in equity	TOTAL
POSITION AT 1 JANUARY 2007	**2,077**	**1,040**	**2,387**	**8**	**(69)**	**(4)**	**5,439**
MOVEMENTS DURING 2007							
Capital and reserves transactions, net	411	203	(220)		272	17	**683**
Acquisitions of treasury shares					(225)	(22)	**(247)**
Dividend paid			(400)				**(400)**
Other transactions with shareholders			68				**68**
Net profit for the year (attributable to the Group)			1,376				**1,376**
Income and expense recognised directly in equity			2	(36)		106	**72**
POSITION AT 31 DECEMBER 2007	**2,488**	**1,243**	**3,213**	**(28)**	**(22)**	**97**	**6,991**
MOVEMENTS DURING 2008							
Capital and reserves transactions, net	(283)	241	(221)		350	(2)	**85**
Acquisitions of treasury shares					(331)	(22)	**(353)**
Dividend paid			(510)				**(510)**
Other transactions with shareholders	(1)	1	21				**21**
Net profit for the year (attributable to the Group)			1,501				**1,501**
Income and expense recognised directly in equity				(26)		(155)	**(181)**
POSITION AT 31 DECEMBER 2008	**2,204**	**1,485**	**4,004**	**(54)**	**(3)**	**(82)**	**7,554**

Changes in consolidated shareholders' equity – Year ended 31 December 2008 (€ million) – Continued

Minority interests	Share capital & share premium	Reserves related to capital/Retained earnings	Consolidated reserves and profit for the period	Translation reserve	Treasury shares	Items recognised directly in equity	TOTAL
POSITION AT 1 JANUARY 2007			**1,155**			**1**	**1,156**
MOVEMENTS DURING 2007							
Capital and reserves transactions, net			7				**7**
Dividend paid			(168)				**(168)**
Other transactions with shareholders			3				**3**
Net profit for the year (attributable to minority interests)			217				**217**
Translation adjustments						(2)	**(2)**
Changes in scope of consolidation			2				**2**
Income and expense recognised directly in equity						(1)	**(1)**
POSITION AT 31 DECEMBER 2007			**1,216**			**(2)**	**1,214**
MOVEMENTS DURING 2008							
Capital and reserves transactions, net			8				**8**
Dividend paid			(175)				**(175)**
Other transactions with shareholders							**0**
Net profit for the year (attributable to minority interests)			185				**185**
Translation adjustments						(1)	**(1)**
Changes in scope of consolidation			(17)				**(17)**
Income and expense recognised directly in equity						(3)	**(3)**
POSITION AT 31 DECEMBER 2008			**1,217**			**(6)**	**1,211**
TOTAL SHAREHOLDERS' EQUITY	**2,204**	**1,485**	**5,221**	**(54)**	**(3)**	**(88)**	**8,765**

See the statement of recognised income and expense:

	2008	***2007***
Attributable to the Group	*(181)*	*72*
Attributable to minority interests	*(4)*	*(3)*
	(185)	*69*

Notes to the consolidated financial statements

Contents

- **Declaration of compliance:**

The consolidated financial statements of the Bouygues group for the year ended 31 December 2008 have been prepared using the principles and methods defined in the standards issued by the International Accounting Standards Board (IASB), which comprise International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), and interpretations issued by the SIC and IFRIC Committees and are referred to collectively as "IFRS", as endorsed by the European Union (unless otherwise indicated) and applicable as of 31 December 2008.

- **The financial statements are presented in millions of euros and comprise:**

- the balance sheet and income statement;

- the statement of recognised income and expense;

- the statement of changes in shareholders' equity;

- the cash flow statement;

- the notes to the financial statements.

The comparatives presented are from the consolidated financial statements for the year ended 31 December 2007.

Note 1 • Significant events of the year

1.1 Scope of consolidation at 31 December 2008

Main changes in scope of consolidation during the year:

At 31 December 2008, 1,244 entities were consolidated, against 1,211 at end-2007. The net increase of 33 mainly relates to Colas (26 entities: construction project and asphalt companies, and quarries).

There were no material acquisitions or divestments within the Bouygues group scope of consolidation during 2008.

Alstom

- 7 July 2008: 2-for-1 stock split, with the par value of shares halved to €7.
- 2008: Acquisition of additional shares on the stock market.

During 2008, Bouygues acquired a further 946,000 Alstom shares for €119 million. After dilution arising from capital increases carried out by Alstom, Bouygues held an interest of 29.8% in Alstom at 31 December 2008. Further acquisitions were made in January and February 2009 to restore the Bouygues group's stake to 30%.

Additional goodwill of €83 million was recognised on these acquisitions.

The investment in Alstom is still accounted for by the equity method, and is carried at net acquisition cost plus the Bouygues group's share of Alstom's net profit. Net profit for the fourth quarter of 2008 was estimated on the basis of Alstom's accounts for the six months ended 30 September 2008; the contribution recognised by the Bouygues group for the year ended 31 December 2008 was €317 million.

Amortisation charged through the consolidated income statement on fair value remeasurements of intangible assets and other items relating to acquisitions made in 2008 and in previous years had a net negative impact of €19 million (share attributable to the Bouygues group). This impact is not included in the contribution of €317 million.

In accordance with IAS 28, the interest in Alstom is included under "Investments in associates" in the balance sheet, at a carrying amount of €3,865 million (including goodwill).

1.2 Consolidated sales for the year ended 31 December 2008

Consolidated sales for the year ended 31 December 2008 were €32,713 million, 10.6% higher than sales for the previous year.

1.3 Financial crisis

The financial aspects of the crisis have no material impact on the consolidated financial statements.

The cash position of the Bouygues group at 31 December 2008 has not been affected by the crisis, in line with the Group's consistent policy of not using sensitive or volatile investment vehicles. The notes to the financial statements include analysis and commentary on these issues, including sensitivity to currency risk, interest rate risk and customer risk, etc.

The Group also has access to significant confirmed bank facilities (see Note 8 on liquidity risk).

In July 2008, Bouygues prepaid the €1 billion bond issue due to mature May 2009 (classified in current debt), refinanced by carrying out a new €1 billion seven-year bond issue at a rate of 6.125% (classified in non-current debt).

Any effects of the crisis on the Group's operations have been taken into account by the relevant business segments.

The consolidated financial statements have been prepared using consistent accounting policies, and applying the principle of prudence in accounting treatments requiring the use of estimates or judgement as described in Note 2.2, "Basis of preparation".

1.4 Significant events and changes in the scope of consolidation since 31 December 2008

Subsequent to 31 December 2008, there have been no material changes in the scope of consolidation and no transaction liable to have a material effect on the results, consolidated shareholders' equity or activities of the Bouygues group, based on information currently available.

Note 2 • Accounting policies

2.1 Business areas

The Bouygues group is a diversified industrial group. Its businesses are split into two sectors, and are based in more than 85 countries:

- Construction:
  - Bouygues Construction (Building & Civil Works, Electrical Contracting);
  - Bouygues Immobilier (Property);
  - Colas (Roads).
- Telecoms/Media:
  - TF1 (Television);
  - Bouygues Telecom (mobile/fixed-line telephony).
- As at 31 December 2008, the Bouygues group also held a 29.8% interest in Alstom (Power and Transport).

2.2 Basis of preparation

The Bouygues group consolidated financial statements include the financial statements of Bouygues and its subsidiaries, and investments in associates. They are presented in millions of euros, the currency in which the majority of the Group's transactions are denominated.

The consolidated financial statements were adopted by the Board of Directors on 3 March 2009.

The consolidated financial statements for the year ended 31 December 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS) using the historical cost convention, with the exception of certain financial assets and financial liabilities measured at fair value. Comparatives for the year ended 31 December 2007 are presented in the financial statements.

The general accounting policies applied by the Bouygues group in the consolidated financial statements for the year ended 31 December 2008 are the same as those used to prepare the financial statements as of 31 December 2007. There have been no significant changes in accounting policy.

New standards, amendments and interpretations effective within the European Union and mandatorily applicable to periods beginning on or after 1 January 2008:

The Bouygues group applied the same standards, interpretations and accounting policies in preparing the 2008 consolidated financial statements as were applied in preparing the 2007 consolidated financial statements.

The Bouygues group has elected to apply the specific provisions of EC Regulation 611-2007, which allows the adoption of IFRIC 11 (IFRS 2 – Group and Treasury Share Transactions) to be postponed until 1 January 2009.

The amendment to IAS 39 was mandatorily applicable from 1 July 2008, but the reclassifications of financial assets covered by the amendment have no impact on the consolidated financial statements of the Bouygues group.

Other key standards and interpretations issued by the IASB but not yet mandatorily applicable (whether or not endorsed by the European Union):

- Revised IAS 1, "Presentation of Financial Statements". Applicable from January 2009.
- Revised IFRS 3 and IAS 27, Business Combinations phase 2. Applicable to financial periods beginning on or after 1 July 2009 (ie for the Bouygues group, the year commencing 1 January 2010), and not yet endorsed by the European Union or the Accounting Regulatory Committee (ARC).
- IFRIC 12, "Service Concession Arrangements": Applicable to periods beginning on or after 1 January 2008, with endorsement by the European Union expected during 2009. The Bouygues group applies this interpretation to the Portsmouth PFI contract (Colas), which is accounted for as a receivable (financial asset) since this treatment most closely reflects the underlying economic and financial reality of the contract.

  Bouygues Construction: PFI contracts are entered into with local and governmental authorities by companies in which the Bouygues group holds an interest of less than 20%. These entities are not consolidated, given the effective limitations on the Group's role in them. Most concession companies are accounted for as associates (equity method).
- IFRIC 15, "Agreements for the Construction of Real Estate": Applicable to annual periods beginning on or after 1 January 2009; ARC position statement pending. IFRIC 15 is unlikely to materially change the profit recognition policies currently used for the Group's property development activities.

Principal new standards, amendments and interpretations for which early adoption is allowed:

The Bouygues group has decided not to early adopt in 2008 the following pronouncements issued by the IASB, which are not yet mandatorily applicable.

- IFRS 8, "Operating Segments" (management-based approach): to be applied from 1 January 2009.
- Amendment to IAS 23, "Borrowing Costs": to be applied from 1 January 2009.
- Amendment to IFRS 2, "Share-Based Payment" (vesting conditions and cancellations): to be applied from 1 January 2009.

The Bouygues group has early adopted the following interpretation:

- IFRIC 13, "Customer Loyalty Programmes": mandatorily applicable from 1 July 2008, and early adopted by Bouygues Telecom effective 31 December 2007.

Elective accounting treatments and estimates used in the valuation of certain assets, liabilities, income and expenses:

Preparing financial statements to comply with IFRS standards and interpretations requires the use of estimates and assumptions which may have affected the amounts reported for assets, liabilities and contingent liabilities at the balance sheet date, and the amounts of income and expenses reported for the financial year.

These estimates and assumptions have been applied consistently on the basis of past experience and of various other factors regarded as reasonable forming the basis of assessments of the valuations of assets and liabilities for accounting purposes. Actual results may differ materially from these estimates if different assumptions or conditions apply.

The main items involved are goodwill impairment, share-based payment (stock options), employee benefits (lump-sum retirement benefits, etc.), fair value of unlisted financial instruments, deferred tax assets, and provisions.

Where no standard or interpretation applies to a specific transaction, Group management has exercised its judgement to define and apply accounting policies that will provide relevant and reliable financial information, such that the financial statements:

- represent faithfully the financial position, financial performance and cash flows of the Group;
- reflect the economic substance of the underlying transactions;
- are neutral, prudent, and complete in all material respects.

Goodwill is tested annually for impairment as of 31 December, or during the year if there is evidence of impairment, by comparing the Group's share of the recoverable amount of the goodwill with the carrying amount in the consolidated financial statements. If this carrying amount is greater than the recoverable amount, a provision for impairment is recorded in accordance with IAS 36.

2.3 Consolidation methods

Full consolidation:

- Companies over which Bouygues exercises control are consolidated using the full consolidation method.
- Assessment of exclusive control over TF1:

  Bouygues holds 43.02% of the capital and voting rights of TF1. Exclusive control by Bouygues over TF1 is demonstrated by the following:

  Bouygues has consistently and regularly held a majority of the voting rights exercised at TF1 shareholders' meetings, and no other shareholder directly or indirectly controls a higher share of voting rights than Bouygues.

  Bouygues has clearly had exclusive power to determine decisions at TF1 shareholders' meetings during at least two consecutive financial years.

Other factors indicating the existence of exclusive control include:

- the large number of seats on the TF1 Board of Directors allocated to Bouygues;
- the role of Bouygues in appointing key executives of TF1.

All these factors clearly establish that Bouygues exercises exclusive control over TF1.

Proportionate consolidation: investments in joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. Bouygues consolidates the assets, liabilities, income and expenses of such entities using the proportionate consolidation method based on the percentage of control exercised. This definition applies to Bouygues Construction and Colas construction project companies.

Investments in associates:

An associate is a company over which Bouygues exercises significant influence without exercising control. Significant influence is presumed to exist where Bouygues directly or indirectly holds at least 20% of the entity's voting rights.

The net profit or loss and assets and liabilities of such entities are accounted for by the equity method.

- Alstom: Bouygues exercises significant influence over Alstom, as demonstrated by (i) its 29.8% interest in the capital and (ii) its control of two seats on the Board of Directors. The carrying amount of this investment (including goodwill) is reported under "Investments in associates" in the balance sheet.

In accordance with IAS 39, equity investments in non-consolidated entities are recognised at fair value and are subject to impairment testing.

Changes in the scope of consolidation

	2008	2007
Fully consolidated	**954**	917
Proportionately consolidated	**252**	258
Equity method (associates)	**38**	36
	1,244	1,211

The main changes during 2008 are described in Note 1 "Significant Events".

2.4 Business combinations

The acquisition cost of a business combination (including transaction costs) is allocated to the identifiable assets and liabilities of the acquiree, measured at fair value at the acquisition date. These identifiable assets and liabilities are presented in the balance sheet using the full fair value method in accordance with IFRS 3. This method involves remeasuring the assets and liabilities acquired at fair value in full (including minority interests), rather than remeasuring just the percentage interest acquired.

Goodwill recognised prior to 1 January 2004 continues to be measured using the partial fair value method. This method involves restricting the fair value remeasurement of identifiable items to the percentage interest acquired. Subsequent to this date, minority interests in these items have been measured under IFRS at the carrying amount of consolidated assets and liabilities as shown in the balance sheet of the acquired entity.

Fair value is the amount for which an asset or cash generating unit could be sold between knowledgeable, willing parties in an arm's length transaction. Goodwill represents the excess of acquisition cost over the acquirer's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities that can be reliably measured at the acquisition date; it is allocated to the cash generating unit (which within the Bouygues group equates to the business segment) benefiting from the business combination.

The main initial allocations of acquisition cost to identifiable assets and liabilities may be adjusted within the twelve months following the acquisition date, after which they may no longer be adjusted.

Negative goodwill is taken to the income statement in the period in which the acquisition is made.

Subsequently, goodwill is carried at cost net of any impairment losses identified using the methods described under "Subsequent remeasurement of non-current assets" below, in accordance with IAS 36. Impairment losses are charged to the income statement as an operating item.

Additional acquisitions of minority interests are recognised as goodwill. Partial disposals are recognised in the income statement, in "Other income and expenses from operations".

2.5 Foreign currency translation

2.5.1 Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into euros at the average exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the closing exchange rate. Translation differences are recognised as income or expenses in the income statement. Non-monetary assets and liabilities denominated in foreign currencies and accounted for at historical cost are translated using the exchange rate on the date of the transaction.

2.5.2 Financial statements of foreign entities

All assets and liabilities of consolidated entities with a functional currency other than the euro are translated at the closing exchange rate. Income and expenses are translated at the average exchange rate for the period. Translation differences arising from this treatment, and arising from the retranslation of a subsidiary's opening shareholders' equity at the closing exchange rate, are taken to the translation reserve (which is a component of consolidated shareholders' equity). Translation differences arising on the net investment in foreign subsidiaries and associates are recognised in shareholders' equity.

2.6 Deferred taxation

Deferred taxation is recognised on differences between the carrying amount and tax base of assets or liabilities, and arises as a result of:

- Temporary differences between the carrying amount and tax base of assets or liabilities, which may be:
  - items generating a tax liability in the future (deferred tax liabilities), arising mainly from income that is liable to tax in future periods; or
  - items deductible from taxable profits in the future (deferred tax assets), mainly provisions that are temporarily non-deductible for tax purposes.
- Tax losses available for carry-forward (deferred tax assets), provided that there is a genuine probability of recovery in future periods.
  - Deferred taxes are measured using known applicable tax rates at the balance sheet date.
  - Deferred taxes are not discounted.
  - Deferred tax assets are included in non-current assets.

2.7 Non-current assets

2.7.1 Property, plant and equipment

Property, plant and equipment is measured at acquisition cost net of accumulated depreciation and impairment. Depreciation is recognised on a straight line basis over the estimated useful life of the asset.

Useful lives by main asset category and business segment:

	Construction	Media	Telecoms	
Mineral deposits (quarries)	[a]			
Non-operating buildings	10 to 40 years	25 to 50 years	-	
Industrial buildings	10 to 20 years	-	20 years	
Plant, equipment and tooling	3 to 15 years	3 to 7 years	5 to 10 years	[b]
Other property, plant and equipment (vehicles and office equipment)	3 to 10 years	2 to 10 years		[b]

In accordance with IAS 16, when an item of property, plant and equipment consists of components with different useful lives, each component is accounted for and depreciated as a separate item of property, plant and equipment.

Gains and losses on disposal represent the difference between the sale proceeds and the carrying amount, and are recognised in the income statement under "Other operating income and expenses".

[a]Depreciated on the basis of the rate of depletion, up to a maximum of 40 years (Colas).

[b]Depending on the type of asset.

Depreciation periods are reviewed annually, and may be adjusted if expectations differ from previous estimates.

Leases:

Items of property, plant and equipment held under leases (or agreements containing leases in the sense of IFRIC 4) whereby the Bouygues group retains substantially all the risks and rewards of ownership are recognised as assets in the balance sheet. Leases are classified as finance leases or operating leases in accordance with the criteria specified in IAS 17.

Assets held under finance leases are recognised in the balance sheet in "Property, plant and equipment" at the lower of fair value or the present value of the minimum lease payments, less accumulated depreciation and impairment losses. They are depreciated over their estimated useful lives. The lease obligation is recognised as a liability under "Debt" in the balance sheet.

Obligations under operating leases are disclosed in off-balance sheet commitments.

Grants received:

Investment grants received from national, regional or local governments are netted off the value of the assets concerned in the balance sheet, and depreciated at the same rate as those assets once receipt of the grant becomes unconditional.

2.7.2 Intangible assets

IAS 38 defines an intangible asset as an identifiable non-monetary asset without physical substance, which may be:

- separable, ie capable of being independently sold, transferred, licensed, rented or exchanged;
- derived from contractual or other legal rights, whether separable or not.

Intangible assets with finite useful lives are depreciable. Intangible assets with indefinite useful lives are not depreciable, but are subject to an impairment test at each balance sheet date.

Intangible assets include:

Development expenses:

- In accordance with IFRS, incorporation and research expenses are expensed as incurred.
- Development expenses are capitalised if the IAS 38 criteria are met, ie if they are expected to generate future economic benefits and their cost can be reliably measured.

Concessions, patents and similar rights:

These include the following assets held by Bouygues Telecom:

Type of asset	Amortisation method	Period
GSM frequency costs	straight line	12 years
UMTS licence[a]	straight line	17.5 years[a]
IAP-IRU (indefeasible right of use)	straight line	15 years
IT system software and developments, office applications	straight line	3/5/8 years

[a]***UMTS licence:*** *Bouygues Telecom has been amortising its UMTS licence since the high-speed network opened on 26 May 2005.*

The fee for the UMTS licence, awarded for a 20-year period, comprises:

- a fixed component of €619.2 million, recognised as an intangible asset on the date the licence was awarded (12 December 2002);
- a variable component, calculated at 1% of sales generated by the operation of the third generation mobile network, which is recognised in the income statement for the period.

2.7.3 Other intangible assets

Other intangible assets recognised by the Group include leasehold rights and broadcasting rights (TF1).

TF1 broadcasting rights:

This item includes shares in films and programmes produced or co-produced by TF1 Films Production, TF1 Vidéo, Glem and Téléma; distribution and trading rights owned by TF1 International, TCM DA and TF1 Entreprises; and music rights owned by Une Musique and Baxter.

Broadcasting rights are recognised as assets, at historical cost. Dates of initial recognition and amortisation methods are as follows:

Initial recognition	Amortisation method		
	Film co-production shares	Broadcasting rights Distribution/Trading	Music rights
At end of shooting or on receipt of censor's certificate	in line with revenues (minimum 3 years straight line)		
On signature of contract for distribution and/or trading rights		Distribution: minimum 3 years straight line, or in line with revenues Trading: 5 years	2 years 75% in year 1 25% in year 2

- For films co-produced by TF1 Films Production and Téléma, the Group adopts industry practice and amortises in line with revenues, based on a minimum straight-line charge over 3 years.
- An impairment loss is recognised against audiovisual rights on a line by line basis where estimated future revenues do not cover the carrying amount of the asset.

2.7.4 Subsequent remeasurement of non-current assets

The carrying amount of non-current assets is reviewed in accordance with Group accounting policies on an annual basis, or more frequently if internal or external events or circumstances indicate that an asset may be impaired. In particular, the carrying amount of indefinite-lived intangible assets and goodwill is compared with their recoverable amount.

In determining value in use, intangible assets to which independent cash flows cannot be directly allocated are grouped within the cash-generating units (CGU) to which they belong, or within the appropriate group of CGUs representing the lowest level at which management monitors return on investment (business segment level in the case of the Bouygues group). The value in use of CGUs is measured using the discounted cash flow (DCF) method, applying the following principles:

- the cash flows used are derived from the three-year business plan prepared by the management of the business segment (and approved by the Board of Directors of the Bouygues group on 2 December 2008) as part of the Group's management cycle, or in the case of Alstom from a panel of thirteen analysts;
- the discount rate is determined by reference to the segment's weighted average cost of capital;
- the terminal value is calculated by aggregating the discounted cash flows to infinity, based on normative cash flows and a perpetual growth rate that is consistent with the growth potential of the markets in which the business segment operates and with its competitive position in those markets;
- the fair value of business segments listed on the stock market is measured by reference to the quoted market price.

The recoverable amount (higher of value in use or fair value less costs to sell) of the CGU as determined above is then compared with the carrying amount in the consolidated balance sheet of the non-current assets (including goodwill) attributed to the CGU. If this carrying amount is greater than the recoverable amount of the CGU, an impairment loss is recognised, this loss being allocated in the first instance to any goodwill recognised in the balance sheet.

Information on impairment tests performed:

Segments for which goodwill is shown as a separate asset in the balance sheet:

Bouygues Telecom

The recoverable amount of the Bouygues Telecom CGU was determined by calculating its value in use using the DCF method, based on three-year cash flow projections as per the business plan approved by the Bouygues Telecom Board of Directors.

The discount rate used was 6.16% or 5.61%, depending on the assumptions used. Cash flows beyond the projection period were extrapolated using a reasonable, sector-specific perpetual growth rate (based on three-year cash flow projections, and on normative cash flow thereafter).

An analysis of the sensitivity of the calculation to the valuation of the key parameters showed no probable scenario in which the recoverable amount of the CGU would become less than the carrying amount of the assets tested.

Colas

The recoverable amount of the Colas CGU was determined by calculating its value in use using the DCF method, based on three-year cash flow projections as per the business plan approved by the Colas Board of Directors.

The discount rate used was 5.52% or 5.05%, depending on the assumptions used. Cash flows beyond the projection period were extrapolated using a reasonable, sector-specific perpetual growth rate (based on three-year cash flow projections, and on normative cash flow thereafter).

An analysis of the sensitivity of the calculation to the valuation of the key parameters showed no probable scenario in which the recoverable amount of the CGU would become less than the carrying amount of the assets tested.

TF1

The recoverable amount of the TF1 CGU was determined using the following approach:

- Reference to the stock market valuation at end-2008, adjusted to reflect a control premium.
- Calculation of value in use using the DCF method, based on three-year cash flow projections as per the latest business plan approved by the TF1 Board of Directors (discount rate: 6.59% or 5.98%, depending on the assumptions used).

Cash flows beyond the projection period were extrapolated using a reasonable, sector-specific perpetual growth rate (using normative cash flow after the initial three-year period).

The value in use calculated using this approach was much higher than the carrying amount of the assets tested.

An analysis of the sensitivity of the calculation to the valuation of the key parameters showed no probable scenario in which the recoverable amount of the CGU would become less than its carrying amount.

Impairment testing of goodwill on associates:

Because goodwill included in the carrying amount of investments in associates is not shown separately, it is not tested separately for impairment under IAS 36. The total carrying amount of the investment is tested for impairment by comparing its recoverable amount with its carrying amount.

Alstom

The recoverable amount of the interest in Alstom was determined using the following approach:

- Reference to the stock market valuation at end-2008, adjusted to reflect a control premium.
- Calculation of value in use using the DCF method at 31 December 2008, based on information published by a panel of thirteen analysts.

Cash flows beyond the projection period were extrapolated using a reasonable, sector-specific perpetual growth rate (using normative cash flow after the initial three-year period).

The value in use calculated using this approach was much higher than the carrying amount of the assets tested (discount rate: 8.74% or 7.86%, depending on the assumptions used).

An analysis of the sensitivity of the calculation to the valuation of the key parameters showed no probable scenario in which the recoverable amount of the CGU would become less than the carrying amount of the assets tested.

The following information as of 31 December 2008 is disclosed in Note 3 to the financial statements:

- Consolidated purchase price of listed shares.
- Quoted closing share price at 31 December 2008.

Other non-current assets:

For other non-current assets, in particular non-depreciable assets, an impairment loss is recognised as soon as there is evidence that the asset is impaired.

2.7.5 Non-current financial assets

In addition to deferred tax assets (treated as non-current), other non-current financial assets include loans and receivables (including amounts due from non-consolidated companies), deposits and caution money, and investments in non-consolidated companies over which the Bouygues group exercises neither control nor significant influence.

Investments in non-consolidated companies are measured at fair value, with changes in fair value taken to shareholders' equity.

Fair value is the market price for listed investments, and value in use for unlisted investments. Value in use is determined using the most appropriate criteria for each individual investment.

If there is objective evidence that an investment is impaired, the accumulated losses taken to shareholders' equity are recognised in the income statement.

Advances to non-consolidated companies, and other loans and receivables, are accounted for at amortised cost, determined using the effective interest method.

In the case of variable-rate loans and receivables, cash flows are periodically re-estimated to reflect changes in market interest rates, resulting in an adjustment to the effective interest rate and hence to the valuation of the loan or receivable.

Loans and receivables are reviewed for objective evidence of impairment. An impairment loss is recognised if the carrying amount of a financial asset is greater than the estimated recoverable amount as determined by impairment testing. Impairment losses are recognised in the income statement (see Note 3.2.4 for details).

2.8 Current assets

2.8.1 Inventories

Inventories are stated at the lower of cost (first in first out or weighted average cost, depending on the nature of the business) or market price.

Where the realisable value of inventory is lower than cost, the necessary provision for impairment is recognised.

2.8.2 Programmes and broadcasting rights (TF1)

In order to secure broadcasting schedules for future years, the TF1 group enters into binding contracts, sometimes for a period of several years, under which it acquires (and the other party agrees to deliver) programmes and sports transmission rights.

A programme is treated as ready for transmission and recognised in inventory under "Programmes and broadcasting rights" when the following two conditions are met: technical acceptance (for in-house and external productions), and opening of rights (for external productions). Any programme acquisition advance payments made before these conditions are met are treated as supplier prepayments.

Rights ordered under irrevocable contracts but not yet available for transmission are valued as follows:

Programmes and broadcasting rights

The line "Programmes and broadcasting rights" in the balance sheet includes:

- in-house productions, made by TF1 group companies for TF1 channels;
- external productions, comprising broadcasting rights acquired by the TF1 group's channels and co-production shares of broadcasts made for the TF1 group's channels.

Rights acquisition contracts not yet recognised in inventory at the balance sheet date are priced at the contractual amount or the estimated future cash outflow, less any advance payments made under the contract. Advance payments are recognised in the balance sheet as a supplier prepayment.

Sports transmission rights

Acquisitions of sports transmission rights under irrevocable orders placed before the balance sheet date are priced at the contractual amount less any sums already paid at that date.

- External productions that have not been broadcast, and the rights to which have expired, are expensed as a component of current operating profit.
- The value of programmes and broadcasting rights is measured as follows:
  - in-house production: overall production cost (direct costs plus a portion of indirect production costs);
  - broadcasting rights and co-productions: purchase cost, less consumption for the year calculated at each balance sheet date and any impairment losses.

TF1 SA programmes (which account for most of the group's programme inventory) are deemed to have been consumed as transmitted. If they are acquired for a single transmission, they are regarded as having been consumed in full at the time of this transmission. If they are acquired for two or more transmissions, consumption is calculated according to the type of programme using the rules described below (unless otherwise specified in the acquisition contract):

	Type of programme		
	Dramas with a running time of at least 52 minutes	Films, TV movies, serials and cartoons	Other programmes and broadcasting rights
1st transmission	80%	50%	100%
2nd transmission	20%	50%	-

"Other programmes and broadcasting rights" in the table above refers to children's programmes (other than cartoons), entertainment shows, plays, factual and documentary programmes, news, sport, and dramas with a running time of less than 52 minutes.

A provision for impairment is recorded once it becomes probable that a programme will not be transmitted, or if the contractual value at which it was recognised in inventory exceeds the value attributable to it using the rules described above. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management.

2.8.3 Trade receivables

Trade receivables are carried at face value, net of impairment recorded to reflect the probability of recovery. These receivables are usually short-term and non interest-bearing. They are measured at the original invoice amount, unless application of an implied interest rate would have a material effect.

In line with the percentage of completion method of accounting for long-term contracts, trade receivables include:

- statements issued as works are executed or services provided, and accepted by the project owner;
- unbilled receivables, arising where works are entitled to acceptance but billing or acceptance by the project owner has been temporarily delayed.

2.8.4 Other current receivables and prepaid expenses

Other receivables are carried at face value, net of impairment recorded to reflect the probability of recovery.

2.9 Financial instruments

Some Group entities use hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates. The Group's policy on the use of financial instruments is described below.

2.9.1 Risks to which the Group is exposed

Currency risk

In general, the Bouygues group has little exposure to currency risk in routine commercial transactions, given that its international operations (primarily Bouygues Construction and Colas) do not involve exports. Where possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most projects executed outside France, on which local-currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. Exposure to currency risk is therefore limited to contract margins, and to any design work carried out in France. The Bouygues group also pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

Interest rate risk

The Group's financial income and expenses have low sensitivity to interest rate risk. The bulk of debt is in the form of fixed-rate bond issues, and a range of hedging instruments is used to convert variable-rate debt into fixed-rate debt.

On average over the year, the amount of variable-rate debt in the balance sheet is less than the amount of surplus cash invested at variable rates.

The consolidated income statement would be only marginally affected by fluctuations in euro interest rates, or by a divergence in interest rate trends between the euro and other major currencies.

2.9.2 Principles applied to all hedging instruments

The only instruments used for hedging purposes are forward currency purchases and sales, currency swaps and purchases of currency options for currency risk hedging purposes; and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes.

These instruments:

- are used solely for hedging purposes;
- are contracted solely with high-quality French and foreign banks;
- carry no liquidity risk in the event of a downturn.

Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of hedging instruments, the selection of counterparties with whom they are contracted, and more generally the management of exposure to currency risk and interest rate risk.

2.9.3 Hedging rules

Currency risk

Group policy is to hedge systematically all residual currency exposure relating to commercial transactions. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the contract award has been confirmed; if the hedged item ceases to exist (for example, if the service is not provided or the contract is cancelled), the hedge is closed out immediately.

In the interests of efficiency, the currency positions of some Group entities may be managed centrally, which in some cases may result in the offset of matching positions.

Currency derivatives are used solely for hedging purposes.

Interest rate risk

Group policy is for each sub-group to hedge some or all of its financial assets and liabilities, where these are foreseeable and recurring.

The aim is to control future interest expense by fixing the cost of debt using swaps and future rate agreements, or by limiting it through the use of caps, over a period equivalent to that of the financial liabilities to be hedged.

As with currency risk, the interest rate positions of some Group entities may, in the interests of efficiency, be managed centrally and partially offset.

2.9.4 Accounting methods

In general, the financial instruments used by the Group qualify for hedge accounting, which means that the hedging relationship is documented in accordance with the requirements of IAS 39. Two types of accounting treatment are used:

- Fair value hedges: changes in the fair value of the hedging instrument and changes in the fair value of the hedged item are recognised symmetrically in the income statement.
- Cash flow hedges: changes in the fair value of the hedging instrument are recognised in the income statement for the ineffective portion of the hedging relationship, and in shareholders' equity (until the hedge is closed out) for the effective portion.

2.10 Consolidated shareholders' equity

Treasury shares are deducted from consolidated shareholders' equity. No gains or losses arising on the cancellation of treasury shares are recognised in the income statement.

If a Group subsidiary holds its own shares, an additional percentage interest in that subsidiary is recognised at Group level.

Translation reserve

The translation reserve represents translation differences arising since 1 January 2004, when the reserve was deemed to be zero and the balance transferred to "Retained earnings".

Information about the management of capital (amendment to IAS 1)

The objective of Bouygues management in managing capital is to maintain consolidated shareholders' equity at a level consistent with:

- maintaining a reasonable gearing ratio (net debt to shareholders' equity);
- distributing regular dividends to shareholders.

However, the level of equity may vary over short periods, especially if a strategically important investment opportunity arises.

The business plan is a key management tool, used by the parent company to assess the financial position of each business segment and of the Group as a whole, and the effects on consolidated shareholders' equity.

Within these overall principles, Group management allows the subsidiaries responsible for segments and their respective parent companies a degree of autonomy to manage their equity in line with their specific objectives and needs, given that equity capital requirements vary from business to business and segment to segment.

Bouygues defines net debt as all financial liabilities (including financial instrument liabilities associated with debt and short-term investments), less cash and cash equivalents and associated financial instruments.

2.11 Non-current liabilities

2.11.1 Non-current debt (portion due after more than one year)

With the exception of derivative instruments accounted for as financial liabilities measured at fair value, all other borrowings and financial liabilities are recognised initially at fair value and subsequently at amortised cost, measured using the effective interest method.

Transaction costs directly attributable to the acquisition or issuance of a financial liability are offset against that liability, and amortised over the life of the liability using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments to maturity (or to the next market rate repricing date) to the net carrying amount of the liability. The calculation takes account of all fees and points paid or received by the parties to the contract.

The portion of long-term debt due within less than one year is included in current liabilities.

2.11.2 Non-current provisions

Under IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", a provision is recorded where the Group has an obligation to a third party at the balance sheet date resulting from a past event, the settlement of which is expected to result in a outflow from the group of resources embodying economic benefits.

The amount recognised as a provision represents the Group's estimate of the outflow of resources that will be needed to settle the obligation.

Non-current provisions are not usually associated with the normal business cycle of each segment (compare the definition of current provisions below).

Non-current provisions mainly comprise:

- Provisions established to cover the uninsured portion of risks under two-year and 10-year construction contract guarantees. These provisions are recognised in line with recognition of contract revenues, based on statistical data reflecting actual experience over the long term.
- Provisions related to notified tax reassessments and fines levied by the competition authorities.
- Provisions for litigation, claims and foreseeable risks relating to the Group's operations, especially foreign operations, including permanent withdrawal from projects and sundry risks and liabilities.
- Provisions for site rehabilitation and decommissioning costs (eg quarries).

  Costs incurred as a result of a contractual obligation to remedy immediate environmental damage are covered by a provision.
- Employee benefits:
  - Provisions for long-service awards.
  - Provisions for obligations to employees in respect of lump-sum benefits payable on retirement.

    This provision is calculated using the projected unit credit method based on final salary, and on the basis of the collective agreement for each business segment. The calculation takes account of:

    - status, age and length of service for each employee category;
    - employee turnover, calculated on the basis of the average number of leavers by business segment, age bracket and employee category;
    - average salary and wages including bonuses and benefits in kind, uplifted by a coefficient to reflect the applicable percentage of employer's social security charges;
    - a final salary inflation rate;
    - a discount rate applied to the obligation over the projected period to the retirement date;
    - estimated life expectancy, based on mortality tables.
  - Provisions for pension obligations (depending on the country and terms of the pension plan).

    To cover their pension obligations, Group companies make regular payments to external bodies including public and private pension funds and insurance companies (defined-contribution plans). There are however some remaining defined-benefit plans still in existence, mainly in the Colas group (United Kingdom, Ireland and Canada); only a limited number of employees are involved, as it was decided some years ago to close these plans to new entrants. The fair value of the assets held to cover these plans as of 31 December 2008 did not require any material impairment to be recognised in the consolidated financial statements for the year then ended.

- The actuarial assumptions used to measure the present value of the pension obligation and the service cost for the period in respect of defined-benefit plans represent the best estimate of the variables that will determine the final cost of the benefits. These assumptions are internally consistent. The discount rate was determined by reference to the expected market rate at the balance sheet date, taking into account the estimated timing of benefit payments.

From 2007 onwards, the Group has recognised in consolidated shareholders' equity the effect of changes in actuarial assumptions on the pension obligation.

2.12 Current liabilities

2.12.1 Advances and down-payments on orders

This item comprises advances and down-payments received from customers on start of construction contracts.

2.12.2 Current provisions

- Provisions relating to the normal business cycle of each segment. These mainly comprise:
  - Provisions for construction contract risks, joint ventures, etc.
  - Provisions for restructuring.
- Provisions for losses to completion on construction contracts:

  These relate to construction contracts in progress, and take account of claims accepted by the client. They are measured on a contract by contract basis, with no netting between them.

2.12.3 Trade payables and other current liabilities

Because of the short-term nature of these liabilities, the carrying amounts shown in the consolidated financial statements are a reasonable approximation of market value.

2.13 Income statement

As allowed under IAS 1, "Presentation of Financial Statements", the Bouygues group presents an income statement that classifies expenses by nature, in the format specified in recommendation 2004-R-02 issued by the French national accounting standard-setter, the Conseil National de la Comptabilité (CNC), on 27 October 2004. An income statement classifying expenses by function is shown in Note 16 to the financial statements.

2.13.1 Definition of operating revenues

Revenues from the Group's operations are recognised when:

- it is probable that the future economic benefits of the transaction will flow to the Group;
- the amount of revenue can be reliably measured;
- at the transaction date, it is probable that the amount of the sale will be recovered.

Bouygues Telecom

Bouygues Telecom generates revenue from services, and from sales of handsets and accessories.

Services

Price plans and commercial services are invoiced one month in advance, and the corresponding revenue is recognised on a straight-line basis over the service period.

Revenues from call charges other than price plans, roaming fees and interconnection fees are recognised as the service is used.

Revenues from prepaid cards are recorded when the card is sold to the distributor or retailer, but recognition is deferred until the card is activated and then adjusted for unused call time.

Services carried out on behalf of content providers in relation to SMS+ services, special numbers and i-mode services are not included in income and expenses for the period. Only the margin charged as consideration for the service is recognised in sales.

Sales of handsets and accessories

Sales of handsets and SIM cards are recognised on sale to the distributor or retailer, but the margin on the sale is eliminated until the line is activated by the customer.

Distributor/retailer commission

All commission payable to distributors and retailers is recognised as an expense.

Consumer loyalty programme

Consumers earn points as and when they are billed. Customers can then use these points to obtain a handset upgrade provided that they sign up again for a minimum period of 12 months.

Bouygues Telecom early adopted IFRIC 13, "Customer Loyalty Programmes", in its consolidated financial statements for the year ended 31 December 2007, as permitted by paragraph 10 of IFRIC 13. The European Union endorsed IFRIC 13 on 16 December 2008, in EC Regulation 1262/2008.

IFRIC 13 is now mandatorily applicable to accounting periods beginning on or after 1 July 2008.

In accordance with paragraphs AG1 to AG3 of IFRIC 13, Bouygues Telecom has measured the fair value of the loyalty points awarded under its consumer loyalty programme, and has not deferred any revenues as a result.

2.13.2 Accounting for long-term contracts

Construction activities

All activities related to construction contracts are accounted for using the percentage of completion method.

Under this method, the revenue recognised equals the latest estimate of the total selling price of the contract multiplied by the actual stage of completion determined by reference to the physical state of progress of the works. The latest estimate of the total selling price takes account of claims accepted by the client.

If it is regarded as probable that a contract will generate a loss on completion, a provision for expected losses on completion is recognised as a current provision in the balance sheet. The loss is provided for in full as soon as it is can be reliably measured, irrespective of the stage of completion.

Property development

The accounting treatment applied to property development activities is as follows:

Property development revenues are recognised using the percentage of completion method once the following conditions have been met:

- building permit with no appeal;
- signature of notarised deed of sale or development contract;

- construction contract signed (order given to start works).

The percentage of completion represents costs incurred to date as a proportion of the total estimated costs to completion.

Property development project finishing costs are recognised on a percentage of completion basis.

All interest charges associated with ongoing or completed property development projects are expensed as incurred.

2.13.3 Profits/losses from joint operations

These profits and losses are included in "Other operating income and expenses", and represent the Group's share of profits or losses from non-consolidated companies involved in the operation of production facilities for road-building and asphalt products; they are included in current operating profit.

2.13.4 Share-based payment

In accordance with IFRS 2, stock subscription options granted to corporate officers or employees of the Group are accounted for in the financial statements as follows: the fair value of the options granted (corresponding to the fair value of the services rendered by the employees as consideration for the options) is recognised as an employee benefit under "Personnel costs" in the income statement, with the matching entry credited to shareholders' equity.

The amount of the employee benefit is measured at the grant date of the option using the Black & Scholes model, and is charged to the income statement over the vesting period of the rights. In accordance with IFRS 2, this treatment applies only to plans awarded after 7 November 2002.

2.14 Cash flow statement

The cash flow statement is presented in accordance with IAS 7 and CNC recommendation 2004-R-02.

This statement explains changes in the Group's net cash position, which is defined as the net total of the following balance sheet items:

- cash and equivalents;
- overdrafts and short-term bank borrowings.

2.15 Off-balance sheet commitments

A summary of contractual obligations and commercial commitments is provided in Note 18.

2.16 Financial indicators

Definitions of key financial indicators:

2.16.1 Cash flow

Consolidated net profit before: net depreciation and amortisation expense, net changes in provisions and impairment losses, gains and losses on asset disposals, cost of net debt (included in financing activities in the cash flow statement), and net income tax expense for the period.

2.16.2 EBITDA

Current operating profit excluding net depreciation and amortisation expense and changes in provisions, and impairment losses (after reversals of utilised and non-utilised provisions and of impairment losses).

2.16.3 Free cash flow

Cash flow (as defined above) after cost of net debt and net income tax expense for the period, less net capital expenditure for the period.

2.16.4 Net debt

This represents the aggregate of:

- cash and equivalents;
- overdrafts and short-term bank borrowings;
- non-current and current debt;
- financial instruments (used to hedge financial liabilities measured at fair value).

Note 3 • Non-current assets 18,670

An analysis of non-current assets by business segment is provided in Note 16, "Segment information".

3.1 Acquisitions of non-current assets during the year, net of disposals

	2008	2007
Acquisitions of property, plant and equipment	1,683	1,570
Acquisitions of intangible assets	199	217
Capital expenditure	**1,882**	**1,787**
Acquisitions of non-current financial assets (investments in consolidated and non-consolidated companies, other long-term investments)	356	2,195
Acquisitions of non-current assets	**2,238**	**3,982**
Disposals of non-current assets	(241)	(208)
Acquisitions of non-current assets, net of disposals	**1,997[a]**	**3,774**

[a] *Includes net acquisitions of €872m by Bouygues Telecom (3G network, etc.) and of €540m by Colas*

3.2 Movements during the period

3.2.1 Property, plant and equipment

6,120

	Land and buildings	Industrial plant and equipment	Other property, plant and equipment	PP&E under construction and advance payments	Total
Gross value					
1 January 2007	**1,609**	**7,996**	**1,843**	**269**	**11,717**
Movements during 2007					
Translation adjustments	(14)	(53)	(16)	(2)	**(85)**
Changes in scope of consolidation	51	160	33	(7)	**237**
Acquisitions during the period	89	915	301	265	**1,570**
Disposals and other reductions	(20)	(368)	(140)		**(528)**
Transfers between items & other	61	107	28	(178)	**18**
31 December 2007	1,776	8,757	2,049	347	**12,929**
of which finance leases	29	94	105		**228**
Movements during 2008					
Translation adjustments	(16)	(50)	(11)		**(77)**
Changes in scope of consolidation	55	55	17	1	**128**
Acquisitions during the period	82	958	280	363	**1,683[a]**
Disposals and other reductions	(23)	(377)	(151)	(5)	**(556)**
Transfers between items & other	51	191	41	(257)	**26**
31 December 2008	**1,925**	**9,534**	**2,225**	**449**	**14,133**
of which finance leases	27	117	103		**247**
Depreciation and impairment					
1 January 2007	**(496)**	**(4,929)**	**(1,253)**		**(6,678)**
Movements during 2007					
Translation adjustments	4	31	9		**44**
Changes in scope of consolidation	(14)	(80)	(21)		**(115)**
Net expense for the period	(61)	(782)	(226)		**(1,069)**
Disposals and other reductions	6	312	133		**451**
Transfers between items & other	(3)		5		**2**
31 December 2007	**(564)**	**(5,448)**	**(1,353)**		**(7,365)**
of which finance leases	(8)	(59)	(88)		**(155)**
Movements during 2008					
Translation adjustments	2	21	6		**29**
Changes in scope of consolidation	(8)	(17)	(6)		**(31)**
Net expense for the period	(64)	(838)	(250)		**(1,152)**
Disposals and other reductions	12	345	137		**494**
Transfers between items & other	6	15	(9)		**12**
31 December 2008	**(616)**	**(5,922)**	**(1,475)**		**(8,013)**
of which finance leases	(10)	(63)	(85)		**(158)**
Carrying amount					
31 December 2007	1,212	3,309	696	347	**5,564**
of which finance leases	21	35	17		**73**
31 December 2008	**1,309**	**3,612**	**750**	**449**	**6,120[b]**
of which finance leases	17	54	18		**89**

[a] *Including Bouygues Telecom: network investments of €678m*
[b] *Includes investment grants netted off property, plant and equipment: negative impact €137m*

Analyses of the carrying amount of intangible assets and property, plant and equipment, and of net capital expenditure, by business segment and geographical area, are provided in Note 16, "Segment Information".

3.2.2 Intangible assets **1,096**

Overall increase in carrying amount: €23m

	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
Gross value				
1 January 2007	**173**	**990**	**1,121**	**2,284**
Movements during 2007				
Translation adjustments	0	0	(3)	**(3)**
Changes in scope of consolidation	0	12	80	**92**
Acquisitions during the period	21	37	159	**217**
Disposals and other reductions	0	(18)	(9)	**(27)**
Transfers between items and other	(9)	9	(10)	**(10)**
31 December 2007	**185**	**1,030**	**1,338**	**2,553**
Movements during 2008				
Translation adjustments	0	0	(3)	**(3)**
Changes in scope of consolidation	0	0	(1)	**(1)**
Acquisitions during the period	18	134	47	**199**
Disposals and other reductions	0	(5)	(14)	**(19)**
Transfers between items and other	0	31	(7)	**24**
31 December 2008	**203**	**1,190**[a]	**1,360**	**2,753**
Amortisation and impairment				
1 January 2007	**(103)**	**(280)**	**(879)**	**(1,262)**
Movements during 2007				
Translation adjustments	0	0	1	**1**
Changes in scope of consolidation	0	(3)	(56)	**(59)**
Net expense for the period	(29)	(71)	(84)	**(184)**
Disposals and other reductions	0	16	4	**20**
Transfers between items and other	10	(13)	7	**4**
31 December 2007	**(122)**	**(351)**	**(1,007)**	**(1,480)**
Movements during 2008				
Translation adjustments	0	1	1	**2**
Changes in scope of consolidation	0	1	1	**2**
Net expense for the period	(26)	(80)	(84)	**(190)**
Disposals and other reductions	0	4	5	**9**
Transfers between items and other	0	0	0	**0**
31 December 2008	**(148)**	**(425)**[a]	**(1,084)**	**(1,657)**
Carrying amount				
31 December 2007	**63**	**679**	**331**	**1,073**
31 December 2008	**55**	**765**[a]	**276**	**1,096**

[a]Includes Bouygues Telecom's UMTS licence: gross value €619m, carrying amount €492m.
See Note 2 for amortisation method used.

3.2.3 Goodwill 5,157

Overall increase in carrying amount during the year ended 31 December 2008: €34m (fully consolidated entities only, amounts for associates are disclosed in Note 3.2.4.1, "Investments in associates").

	Gross value	Impairment	Carrying amount
1 January 2007	**4,820**	**(39)**	**4,781**
Movements during 2007			
Changes in scope of consolidation	351		351
Impairment losses charged during the period		(2)	(2)
Other movements (including translation adjustments)	(11)	4	(7)
31 December 2007	**5,160**	**(37)**	**5,123**
Movements during 2008			
Changes in scope of consolidation	65[a]		65
Impairment losses charged during the period		(6)	(6)
Other movements (including translation adjustments)	(25)		(25)
31 December 2008	**5,200**	**(43)**	**5,157**

[a]Goodwill arising on the principal acquisitions made in 2008:

Bouygues:	*Colas (purchase of additional shares)*	*15*
Colas:	*SAMI (Drawnac Group), Gouyer Group*	*22*
Bouygues Construction:	*Codime (ETDE)* *Marazzi (Bouygues Entreprise France-Europe); Mibag, etc.*	*13*

Split of goodwill by cash generating unit (CGU)

	31/12/2008		31/12/2007	
	Total	% (Bouygues or subsidiaries)	Total	% (Bouygues or subsidiaries)
Bouygues Construction[a]	325	99.97	326	99.97
Colas[b]	1,089	96.78	1,052	96.44
TF1[b]	1,090	43.02	1,094	43.06
Bouygues Telecom[b]	2,651	89.55	2,651	89.55
Other activities	2			
Total Bouygues group	**5,157**		**5,123**	

[a]Only includes goodwill on subsidiaries acquired by the CGU.
[b]Includes goodwill on subsidiaries acquired by the CGU and on acquisitions made by the parent company (Bouygues SA).

Consolidated purchase price of listed shares

	Consolidated purchase price per share	Quoted closing share price at 31/12/2008[a]
TF1	12.75	10.44
Colas	92.10	142.00
Alstom	45.47	41.98

Impairment tests carried out using the methodology described in Note 2 showed no evidence that the recoverable amount of any CGU had fallen below the carrying amount of the assets tested.

[a]Before adjustment to reflect a control premium

3.2.4 Non-current financial assets 6,297

These assets include:
- investments in associates (companies accounted for by the equity method);
- other non-current financial assets (loans, receivables, investments in non-consolidated companies, etc.).

	Gross value				Amortisation and impairment	Carrying amount	Non-current deferred tax assets
	Associates[a]	Other non-current assets		Total gross value			
		Investments in non-consolidated companies	Other non-current assets				
1 January 2007	**2,960**	**235**	**1,028**	**4,223**	**(196)**	**4,027**	**216**
Movements during 2007							
Translation adjustments	(1)	(4)	(8)	(13)	1	(12)	(2)
Changes in scope of consolidation	1,229	32	(6)	1,255	(1)	1,254	13
Acquisitions and other increases	232	20	148	400		400	13
Net amortisation and impairment losses					(16)	(16)	
Disposals and other reductions	(85)	(11)	(38)	(134)	24	(110)	
Income and expense recognised directly in equity	58			58		58	(8)
Transfers between items and other	20		2	22	(7)	15	(7)
31 December 2007	**4,413**	**272**	**1,126**	**5,811**	**(195)**	**5,616**	**225**
Movements during 2008							
Translation adjustments	(5)	3	(21)	(23)		(23)	(2)
Changes in scope of consolidation	92	2	9	103		103	
Acquisitions and other increases	418	58	142	618		618	12
Net amortisation and impairment losses					(17)	(17)	
Disposals and other reductions	(82)	(26)	(51)	(159)		(159)	
Income and expense recognised directly in equity	(80)			(80)		(80)	16
Transfers between items and other	(9)	2	(8)	(15)	8	(7)	(5)
31 December 2008	**4,747**	**311**	**1,197**	**6,255**	**(204)**	**6,051**	**246**
						6,297	
Amortisation and impairment	**(5)**	**(128)**	**(71)**	**(204)**			
Carrying amount	**4,742**	**183**	**1,126**	**6,051**			**246**

[a]Includes goodwill on associates of €2,795m

3.2.4.1 Investments in associates **4,742**

Components of carrying amount at 31/12/2008	Share of net assets held	Share of profit/(loss) for the period	Goodwill	Carrying amount
1 January 2007	**1,189**		**1,751**	**2,940**
Movements during 2007				
Translation adjustments	(1)			(1)
Acquisitions and share issues	324		963	1,287
Net profit/(loss) for the period		265		265
Impairment losses		(8)		(8)
Disposals and other reductions	(110)			(110)
Transfers between items & other	20			20
31 December 2007	**1,422**	**257**	**2,714**	**4,393**
Movements during 2008				
Translation adjustments	(5)			(5)
Acquisitions and share issues	103		90[b]	193
Net profit/(loss) for the period		360		360
Impairment losses		(3)		(3)
Disposals and other reductions	(195)		(9)	(204)
Appropriation of prior-year profit	257	(257)		
Transfers between items & other	8			8
31 December 2008	**1,590**	**357**	**2,795**	**4,742**[a]

[a]Includes: - Alstom = €3,865m
- Cofiroute (Colas) = €448m
(see below)

[b]Includes: - Alstom = increase of €83m (additional acquisitions during 2008): total goodwill: €2,450m

A list of associates in which the Bouygues group holds an interest is provided in Note 24 (Detailed list of consolidated companies at 31 December 2008).

Principal associates

	31/12/2007	Net movement in 2008	31/12/2008	Includes: share of net profit/(loss) for the period
Alstom	3,573	292	**3,865**	299[a]
Construction				
Concession companies	78	23	**101**	2
Other associates	5	(1)	**4**	
Roads				
Cofiroute	419	29	**448**	54
Other associates	55	(4)	**51**	(8)
Media	253	6	**259**	10
Other associates	10	4	**14**	
Total	**4,393**	**349**	**4,742**	**357**

[a]Contribution net of amortisation of €19m charged against fair value remeasurements in 2008 (based on a 29.78% interest)

Summary information about the assets, liabilities, income and expenses of the Bouygues Group's principal associates is provided below.

Amounts shown are for 100% of the associate	31/12/2008	
	Alstom[a]	Cofiroute
Non-current assets	8,518	5,808
Current assets	14,458	594
Total assets	**22,976**	**6,402**
Shareholders' equity	2,477	1,902
Non-current liabilities	2,545	3,696
Current liabilities	17,954	804
Total liabilities and equity	**22,976**	**6,402**
Sales	**8,956**	**1,350**
Current operating profit	**697**	**580**
Net profit	**531**	**324**
Net profit attributable to the Group	**527**	**324**

Amounts shown are for 100% of the associate	31/12/2007	
	Alstom[b]	Cofiroute
Non-current assets	8,357	5,352
Current assets	12,988	678
Total assets	**21,345**	**6,030**
Shareholders' equity	2,245	1,728
Non-current liabilities	2,632	3,672
Current liabilities	16,468	630
Total liabilities and equity	**21,345**	**6,030**
Sales	**16,908**	**1,039**
Current operating profit	**1,295**	**559**
Net profit	**862**	**349**
Net profit attributable to the Group	**852**	**349**

[a]Interim financial statements published by Alstom for the six months ended 30 September 2008 (Alstom's financial year-end is 31 March)
[b]Financial statements for the year ended 31 March 2008

3.2.4.2 Other non-current financial assets **1,309**

- Investments in non-consolidated companies: €183m
- Other non-current financial assets: €1,126m

Carrying amount of principal investments in non-consolidated companies at 31 December 2008

Investment	31/12/2008								31/12/2007
	Gross value	Impairment	Carrying amount	% interest	Total assets	Total current & non-current liabilities	Total sales	Net profit/(loss)	Carrying amount
French companies									
CERF (Colas quarry, France)[a]	34		**34**	100.0					
Sofica valor	3		**3**	18.9					
Sylver	4		**4**	49.0					4
Asphalt and binder companies (Colas)[b]	14	2	**12**						11
Other investments in French companies[b]	64	48	**16**						38
Sub-total	**119**	**50**	**69**						**53**
Foreign companies									
IEC Investments (Hong Kong)	51		**51**	15.0	211	8	17	(8)	43
Socoprim (Ivory Coast)	13		**13**	64.0	22				13
A1 - International (Netherlands)	13	6	**7**	50.0					13
Bombela (South Africa)	9		**9**	17.0	253	243			
CCIB (Romania)	6	6	**0**	22.0					0
VSL Corporation (United States)	22	22	**0**	100.0					0
Asphalt and binder companies (Colas)[b]	2	1	**1**						1
Other investments in foreign companies[b]	76	43	**33**						28
Sub-total	**192**	**78**	**114**						**98**
Total	**311**	**128**	**183**						**151**

[a] Acquired at the end of 2008, will be consolidated in 2009.
[b] The information provided for Colas asphalt & binder companies and other investments in French and foreign companies relates to a large number of companies, for which individual information is not disclosed on grounds of immateriality.

Other non-current financial assets 1,126

The main items included in this heading are

- Canal+ France financial asset (transfer of TPS) 705[a]
- advances to non-consolidated companies 196[b]
- non-current loans and receivables 63
- other long-term investments: 162

  comprising:

  - deposits and caution money 142
  - other long-term investment securities 20[c]

[a]*The Canal+ France financial asset received in exchange for the transfer of TPS shares represents 9.9% of the capital of Canal+ France plus a put option exercisable in February 2010. This option will enable TF1 to sell all its Canal+ France shares at the greater of:*
- a minimum price of €746m;
- an independent valuation at the exercise date.
On initial recognition, the Bouygues group designated this asset (comprising the interest in Canal+ France and the put option) as a financial asset at fair value through profit or loss.
The fair value of this financial asset is determined on the basis of the minimum price of €746m, discounted at the interest rate derived from the agreement signed on 6 January 2006. During the year ended 31 December 2008, the fair value of the asset increased by €39m, taking the carrying amount to €705m as of that date. This increase in fair value was recognised in the income statement under "Other financial income and expenses".

[b]*Mainly comprises €168m for the non-current receivable (financial asset) relating to Alstom Hydro Holding:*
In October 2006, Bouygues acquired 50% of Alstom Hydro Holding (Alstom's hydro-power division) from Alstom for €150m.
Under the agreements with Alstom signed on 29 September 2006 and 31 October 2006:
- Alstom has specific rights, in particular in the event of disagreement between the shareholders;
- Bouygues has an option to sell its shares back to Alstom in November 2009 (or earlier in the event of disagreement between the shareholders):
. at a minimum price of €175m; or
. in exchange for 4.4 million Alstom shares or the equivalent value in euros.
Consequently, Alstom has exclusive control over Alstom Hydro Holding, and Bouygues does not consolidate its interest in the company. Instead, this interest is recognised by Bouygues as a non-current financial asset. The carrying amount of this asset as of 31 December 2008 was €168m, corresponding to the present value of the minimum amount receivable. The effect of the unwinding of the discount on the asset during the year ended 31 December 2008 was a gain of €8m, recognised in the income statement under "Other financial income and expenses".
Because of the long-term industrial strategy underpinning relations between Bouygues and Alstom, the Bouygues group does not recognise the put option entitling it to exchange this asset for Alstom shares (exercisable October 2009) as a financial instrument.
If this item had been accounted for as a financial instrument, the resulting volatility would have had an estimated net negative impact of €90m in the year ended 31 December 2008, giving a cumulative change in fair value to date of €17m (corresponding to the fair value of the put option as of 31 December 2008), versus €107m as of 31 December 2007.

[c]*Main components of "Other long-term investment securities":*

- mutual funds	*13*
- other investments individually less than €2m	*7*
	20

Analysis of investments in non-consolidated companies and other non-current financial assets (excluding associates) by type 1,309

	Measured at fair value				
	Available-for-sale financial assets[a]	Other financial assets measured at fair value[b]	Loans and receivables[c]	Held-to-maturity financial assets[c]	Total
31 December 2007	**139**	**675**	**263**	**146**	**1,223**
Movements during 2008	7	37	(14)	56	**86**
31 December 2008	**146**	**712**	**249**	**202**	**1,309**
Due within less than 1 year	2		17	16	**35**
Due within 1-5 years	23	704	218	23	**968**
Due after more than 5 years	121	8	14	163	**306**

[a]*Impact of remeasurements recognised in equity*
[b]*Impact of remeasurements recognised in profit or loss*
[c]*Measured at amortised cost*

Investments in joint ventures

The Bouygues Group holds a number of interests in joint ventures, which are listed in Note 25 (Detailed list of consolidated companies at 31 December 2008).

Aggregate amounts of assets/liabilities and key income statement indicators are shown below:

Bouygues share in joint ventures	2008	2007
Non-current assets	144	164
Current assets	825	1,135
Total assets	**969**	**1,299**
Shareholders' equity	63	113
Non-current liabilities	121	116
Current liabilities	785	1,070
Total liabilities and equity	**969**	**1,299**
Sales	**1,638**	**1,450**
Operating profit	**29**	**98**
Net profit	**34**	**104**

3.2.5 Non-current tax assets 246

See Note 7 for details.

Note 4 • Current assets 16,818

4.1 Inventories 3,023

Stocks	31/12/2008 Gross value	Impairment[a]	Carrying amount	31/12/2007 Gross value	Impairment[a]	Carrying amount
Inventories: raw materials, supplies, finished goods and property development inventories	2,612	(131)	**2,481**	2,356	(93)	2,263
Programmes and broadcasting rights (TF1)	722	(180)	**542**	664	(164)	500
Total	**3,334**	**(311)**	**3,023**	**3,020**	**(257)**	**2,763**

		2008	2007
[a]Includes:	*Losses charged during the period:*	*(157)*	*(123)*
	Losses reversed during the period:	*108*	*89*

TF1: Programming schedules for future years not yet recognised

The maturities of broadcasting and sports transmission rights contracts (see Note 2 for details) are as follows:

	Maturity: within less than 1 year	within 1-5 years	after more than 5 years	Total 2008	Total 2007
Programmes and broadcasting rights[a]	578	749	55	**1,382**	1,337
Sports transmission rights	211	429	53	**693**	812
Total	**789**	**1,178**	**108**	**2,075**	**2,149**

[a]2008: Some of these contracts are denominated in foreign currencies: €13.9m in Swiss francs, €20.1m in pounds sterling and €353.2m in US dollars.

4.2 Advances and down-payments on orders 429

	31/12/2008 Gross value	Impairment	Carrying amount	31/12/2007 Gross value	Impairment	Carrying amount
Advances and down-payments on orders	433	(4)	**429**	367	(4)	363

4.3 Trade receivables, tax assets and other receivables 9,443

	31/12/2008 Gross value	Impairment	Carrying amount	31/12/2007 Gross value	Impairment	Carrying amount
Trade receivables (including unbilled receivables)	7,456	(359)	**7,097**	7,250	(339)	**6,911**
Current tax assets (tax receivable)	102	(3)	**99[a]**	84	(3)	**81**
Other receivables and prepaid expenses						
• Other operating receivables (employees, social security, government and other)	1,664	(48)	**1,616**	1,519	(35)	**1,484**
• Sundry receivables	494	(86)	**408**	694	(85)	**609**
• Prepaid expenses	223		**223**	192		**192**
Sub-total	**2,381**	**(134)**	**2,247**	**2,405**	**(120)**	**2,285**
Total	**9,939**	**(496)**	**9,443**	**9,739**	**(462)**	**9,277**

[a]Includes an estimated €38m of net excess payments on account of income taxes, to be refunded by the tax authorities in 2009.

Split of trade receivables between non-past due and past due balances as of 31 December 2008 and 31 December 2007

	Non-past due balances	Balances past due by: 0-6 months	6-12 months	>12 months	Total
Trade receivables	4,985	1,869	262	340	7,456
Impairment of trade receivables	(7)	(106)	(43)	(203)	(359)
Carrying amount of trade receivables at 31 December 2008	**4,978**	**1,763**	**219**	**137**	**7,097**
Carrying amount of trade receivables at 31 December 2007	**5,048**	**1,526**	**193**	**144**	**6,911**

An analysis of unimpaired trade receivables more than 12 months past due revealed no additional credit risk (recoverable VAT, offset with trade creditors, etc.).

4.4 Cash and equivalents 3,840

Cash and equivalents	31/12/2008 Gross value	31/12/2008 Impairment	31/12/2008 Carrying amount	31/12/2007 Gross value	31/12/2007 Impairment	31/12/2007 Carrying amount
Cash	792		**792**	905		**905**
Cash equivalents	3,054	(6)	**3,048**[a]	2,487	(6)	**2,481**
Total	**3,846**	**(6)**	**3,840**	**3,392**	**(6)**	**3,386**

a

- Bouygues SA holds €2,887m of these cash equivalents.
- Surplus cash is invested with high-quality French and foreign banks.
- Cash equivalents are readily convertible into cash.
- Cash and cash equivalents are measured at fair value.

The net cash position shown in the cash flow statement comprises the following items:

	31/12/2008	31/12/2007
Assets		
Cash	792	905
Cash equivalents	3,048	2,481
Sub-total	**3,840**	**3,386**
Liabilities		
Overdrafts and short-term bank borrowings	(393)	(276)
Sub-total	**(393)**	**(276)**
Total	**3,447**	**3,110**

Split of cash and equivalents by currency at 31 December 2008	Euro	Pound sterling	Swiss franc	Other European currencies	US dollar	Other currencies	Total
Cash	317	44	48	81	31	271	**792**
Cash equivalents	3,028		3	3		14	**3,048**
Financial instruments							
Overdrafts and short-term bank borrowings	(156)		(6)	(120)	(18)	(93)	**(393)**
Total at 31 December 2008	**3,189**	**44**	**45**	**(36)**	**13**	**192**	**3,447**
Total at 31 December 2007	**2,715**	**45**	**32**	**77**	**41**	**200**	**3,110**

4.5 Analysis of depreciation, amortisation, provisions and impairment in the balance sheet and income statement

	01/01/08	Translation adjustments	Charges and write-backs (operating): Depreciation & amortisation	Charges and write-backs (operating): Impairment & provisions	Charges and write-backs (operating): Write-backs (no longer required)	Other movements[a]	31/12/08
Depreciation and amortisation	(8,845)	31	(1,335)	(7)		485	**(9,671)**
Impairment of goodwill	(37)			(6)[b]		1	**(42)**
Impairment of investments in non-consolidated companies	(122)					(6)	**(128)**
Impairment of other non-current financial assets	(73)					(3)	**(76)**
Impairment of inventories	(257)	1		(57)	8	(6)	**(311)**
Impairment of trade receivables	(339)	(1)		(50)	35	(4)	**(359)**
Impairment of cash equivalents	(6)						**(6)**
Impairment of other current assets	(127)			(19)	4	1	**(141)**
Current and non-current provisions	**(2,090)**	**13**		**(366)**	**196**	**(63)**	**(2,310)**
Total		**44**	**(1,335)**	**(505)**	**243**	**405**	

[a] Write-backs on disposals and changes in scope of consolidation, and net charge recognised in financial income/expense
[b] Various Colas subsidiaries

Note 5 • Consolidated shareholders' equity

5.1 Share capital of Bouygues SA (€) €342,818,079

As of 31 December 2008, the share capital of Bouygues SA consisted of 342,818,079 shares with a par value of €1. Movements during 2008 were as follows:

	01/01/2008	Movements during 2008		31/12/2008
		Reductions	Increases	
Shares	347,502,578	(6,952,935)	2,268,436	**342,818,079**
Number of shares	**347,502,578**	**(6,952,935)**	**2,268,436**	**342,818,079**
Par value	€1			**€1**
Share capital (€)	**347,502,578**	**(6,952,935)**	**2,268,436**	**342,818,079**

5.2 Shareholders' equity as of 31 December 2008 attributable to the Group and to minority interests

	Share capital	Share premium	Reserves related to capital	Retained earnings	Consolidated reserves & profit for year	Treasury shares	Items recognised directly in equity	Total 31/12/2008
Attributable to the Group	343	1,862	805	679	4,004	(3)	(136)	**7,554**
Minority interests					1,217		(6)	**1,211**
Total shareholders' equity	**343**	**1,862**	**805**	**679**	**5,221**	**(3)**	**(142)[a]**	**8,765**

[a]Cumulative balance of items recognised directly in equity as of 31 December 2008

5.3 Analysis of income and expense recognised directly in equity (change in the period, portion attributable to the Group)

	Ref.	Attributable to the Group	
		year ended 31/12/2008	year ended 31/12/2007
Translation differences	1	(26)	(36)
Fair value remeasurements (financial instruments)	2	(50)	17
Actuarial gains/(losses)	3	(43)	16
Taxes on items recognised directly in equity		18	18
Share of Alstom remeasurements (equity-accounted)		(80)	58
Other movements during the period			(1)
Sub-total		**(181)**	**72**
		Minority interests	**Minority interests**
Other income and expenses		**(4)**	**(3)**
Total		**(185)**	**69**

These items are reported in the statement of recognised income and expense.

5.3.1 Translation differences

Principal translation differences in the year ended 31 December 2008 arising on foreign companies reporting in:

	31/12/2007	Movements during 2008	31/12/2008
US dollar	(40)	18	**(22)**
Canadian dollar	9	(25)	**(16)**
Pound sterling	(3)	(15)	**(18)**
Other currencies	6	(4)	**2**
Total	**(28)**	**(26)**	**(54)**

5.3.2 Fair value remeasurements (portion attributable to the Group)

Amounts recognised directly in equity on the remeasurement at fair value of financial instruments and available-for-sale financial assets

	31/12/2007	Movements during 2008	31/12/2008
Gross movement (excluding associates)	115	(66)[a]	**49**

Mainly currency hedging instruments and fair value remeasurement of financial instruments.

[a]Includes reclassification as of 1 January 2008 of items recognised directly in equity in respect of associates, which are now reported separately: -€16m

5.3.3 Actuarial gains and losses on employee benefits (IAS 19) (portion attributable to the Group)

	31/12/2007	Movements during 2008	31/12/2008
Gross movement (excluding associates)	58	(95)[a]	**(37)**

Mainly due to the drop in the 10-year OAT rate (3.66% in 2008, versus 4.35% in 2007)

[a]Includes reclassification as of 1 January 2008 of items recognised directly in equity in respect of associates, which are now reported separately: -€50m

5.4 Analysis of "Other transactions with shareholders"

Share-based payment (IFRS 2): impact on consolidated shareholders' equity

	2008	2007	(charged to "Personnel costs")
TF1 and Bouygues SA stock options			
Transfer to reserves:			
• TF1		2	Portion attributable to the Bouygues group
• Bouygues SA	**21**	16	Based on plans granted since November 2002
Consolidated expense	**21**	**18**	
2007 employee share ownership plans			
Bouygues Partage and *Bouygues Confiance 4* plans		50	Cost of the employee benefit
Total	**21**	**68**	

5.5 Analysis of "Acquisitions of treasury shares"

Treasury shares held	31/12/2007	Acquisitions	Cancellations (capital reductions)[a]	31/12/2008
By Bouygues SA	(22)	(331)	350	**(3)**
Under a liquidity agreement	(28)	(43)		**(71)**
Total	**(50)**	**(374)**	**350**	**(74)**

[a]Reduction in the share capital of Bouygues SA effective 6 June 2008

Note 6 • Non-current and current provisions

6.1 Non-current provisions = 1,682

	Long-term employee benefits[a]	Litigation and claims[b]	Guarantees given[c]	Other non-current provisions[d]	Total
1 January 2007	**406**	**333**	**268**	**434**	**1,441**
Movements during 2007					
Translation adjustments	(2)		(2)		**(4)**
Changes in scope of consolidation	13	6	2	8	**29**
Charges to provisions	55	96	98	110	**359**
Provisions utilised	(28)	(87)	(47)	(47)	**(209)**
Provisions no longer required	(8)	(53)	(23)	(21)	**(105)**
Actuarial gains and losses	(16)				**(16)**
Transfers between items	5			(7)	**(2)**
31 December 2007	**425**	**295**	**296**	**477**	**1,493**
Movements during 2008					
Translation adjustments	(4)	(1)	(4)		**(9)**
Changes in scope of consolidation	2	2	1	1	**6**
Charges to provisions	51	106	104	118	**379**
Provisions utilised	(16)	(29)	(59)	(54)	**(158)**
Provisions no longer required	(7)	(41)	(21)	(41)	**(110)**
Actuarial gains and losses	44				**44**
Transfers between items	(2)		2	37	**37**
31 December 2008	**493**	**332**	**319**	**538**	**1,682**

			Principal segments involved	
*[a] **Long-term employee benefits***		***493***	*- Bouygues Construction*	*135*
Lump-sum retirement benefits	*358*		*- Colas*	*249*
Long-service awards	*106*		*- TF1*	*33*
Other long-term employee benefits	*29*			
*[b] **Litigation and claims***		***332***	*- Bouygues Construction*	*156*
Provisions for customer disputes	*176*		*- Bouygues Immobilier*	*31*
Subcontractor claims	*39*		*- Colas*	*125*
Employee-related litigation and claims	*22*			
Other litigation and claims	*95*			
*[c] **Guarantees given***		***319***	*- Bouygues Construction*	*212*
Provisions for guarantees given	*226*		*- Bouygues Immobilier*	*20*
Additional building/civil engineering/ civil works guarantees	*93*		*- Colas*	*87*
*[d] **Other non-current provisions***		***538***	*- Bouygues Construction*	*143*
Risks related to official inspections	*139*		*- Colas*	*187*
Provisions for miscellaneous foreign risks	*81*		*- Bouygues Telecom*	*93*
Provisions for subsidiaries and affiliates	*25*			
Other non-current provisions	*293*			

6.2 Current provisions = 628

Provisions relating to the operating cycle (see Note 2):

	Provisions for customer warranties	Provisions for project risks and project completion	Provisions for expected losses to completion	Other current provisions	Total
1 January 2007	**36**	**165**	**112**	**211**	**524**
Movements during 2007					
Translation adjustments	(1)	(3)	(2)		(6)
Changes in scope of consolidation	1	2	13	8	24
Charges to provisions	36	76	80	102	294
Provisions utilised	(17)	(41)	(61)	(73)	(192)
Provisions no longer required	(5)	(19)	(12)	(17)	(53)
Transfers between items		1	1	4	6
31 December 2007	**50**	**181**	**131**	**235**	**597**
Movements during 2008					
Translation adjustments	(1)		(3)		(4)
Changes in scope of consolidation	1	1	(1)		1
Charges to provisions	33	70	114	122	339
Provisions utilised	(23)	(41)	(79)	(66)	(209)
Provisions no longer required	(8)	(32)	(18)	(29)	(87)
Transfers between items	3	(2)		(10)	(9)
31 December 2008	**55**	**177**[a]	**144**[c]	**252**[b]	**628**

[a] Including:		***Principal segments involved***	
- Provisions for risks on completed projects	*79*	*Mainly Bouygues Construction and Colas*	
- Provisions for final settlement on projects	*98*		
[b] Including:			
- Reinsurance costs	*22*	*- Challenger Réassurance*	*21*
- Rental guarantees (Bouygues Immobilier)	*29*	*- Bouygues Construction*	*53*
- Current customer litigation/vendor's liability guarantee (TF1)	*26*	*- Bouygues Immobilier*	*52*
- Other current provisions	*175*	*- Colas*	*39*
		- TF1	*41*

[c] Relates to the Construction segment, mainly Bouygues Construction and Colas
(Individual project provisions are not disclosed for confidentiality reasons).

Note 7 • Non-current tax assets/liabilities 246/89

7.1 Non-current tax assets

	31/12/2007	Movement	31/12/2008
Deferred tax assets	225	21	**246**
Bouygues Telecom	8	14	**22**
Colas	86	5	**91**
Bouygues Construction	78	7	**85**
Other business segments	53	(5)	**48**
Non-current tax receivable			
Total non-current tax assets	**225**	**21**	**246**

Deferred tax assets mainly derived from:
- temporary differences (provisions temporarily non-deductible for tax purposes, etc.)
- tax losses with a genuine probability of recovery (see Note 7.3)

7.2 Non-current tax liabilities

	31/12/2007	Movement	31/12/2008
Deferred tax liabilities	84	5	**89**[a]
Other non-current tax liabilities			
Total non-current tax liabilities	**84**	**5**	**89**

[a] Primarily Colas

7.3 Net deferred tax asset/liability by business segment

Type of deferred taxation by business segment	Net deferred tax asset/(liability) at 31/12/2007	Changes in scope of consolidation	Translation adjustment	Movements during 2008		Other items	Net deferred tax asset/(liability) at 31/12/2008[a]
				Gain	Expense		
A - Tax losses available for carry-forward							
Bouygues Construction	5			2			**7**
Bouygues Immobilier				1		1	**2**
Colas	8			2			**10**
TF1	9			4			**13**
Sub-total	**22**			**9**		**1**	**32**
B - Temporary differences							
Bouygues Construction	71	1	(1)	1		4	**76**
Bouygues Immobilier	31	(2)		1		(2)	**28**
Colas	4	(2)		7	(15)	8	**2**
TF1	12				(8)	(3)	**1**
Bouygues Telecom	8			10		4	**22**
Bouygues SA and other activities	(7)			3	(7)	7	**(4)**
Sub-total	**119**	**(3)**	**(1)**	**22**	**(30)**	**18**	**125**
Total	**141**	**(3)**	**(1)**	**31**	**(30)**	**19**	**157**

[a]Breakdown of net deferred tax assets:
- Deferred tax assets: 246
- Deferred tax liabilities: (89)
157

Main sources of deferred taxation:	***2008***	***2007***
- Deferred tax assets on employee benefits (mainly lump-sum retirement benefits)	*144*	*122*
- Deferred taxation on provisions temporarily non-deductible for tax purposes	*88*	*163*
- Restricted provisions booked solely for tax purposes	*(106)*	*(209)*
- Other	*31*	*65*
	157	*141*

7.4 Period to recovery of deferred tax assets

31 December 2008	Less than 2 years	2 to 5 years	More than 5 years	Total
Expected period to recovery of deferred tax assets	71	56	119	**246**

7.5 Unrecognised deferred tax assets

Amount of deferred tax assets not recognised due to low probability of recovery at end 2008 (mainly tax loss carry-forwards):

	31/12/2007	Movements during 2008	31/12/2008
Bouygues Construction[a]	49	24	**73**
Bouygues Immobilier[a]	21	16	**37**
Colas[a]	23	5	**28**
TF1	34	(6)	**28**
Other	8	1	**9**
Total unrecognised deferred tax assets	**135**	**40**	**175**

[a]Relates solely to companies not included in the Bouygues SA group tax election

Note 8 • Non-current and current debt 8,362

Non-current debt	**7,025**
Current debt	**1,337**

8.1 Interest-bearing debt by maturity

	Current debt (maturing 2009)				Non-current debt							
	Accrued interest	1 to 3 months	4 to 12 months	Total maturing 2009	1 to 2 years 2010	2 to 3 years 2011	3 to 4 years 2012	4 to 5 years 2013	5 to 6 years 2014	6 or more years 2015 & later	Total 31/12/2008	Total 31/12/2007
Bond issues	172		989	**1,161**	497	749		1,148	992	3,171	**6,557**	**6,560**
Bank borrowings		35	75	**110**	104	74	24	18	13	83	**316**	**380**
Finance lease obligations		7	19	**26**	24	14	9	3	2	6	**58**	**54**
Other borrowings	3	7	30	**40**	21	57	5	5	2	4	**94**	**73**
Total debt	**175**	**49**	**1,113**	**1,337**	**646**	**894**	**38**	**1,174**	**1,009**	**3,264**	**7,025**	**7,067**
Comparative at 31 December 2007				**328**	**1,293**	**570**	**791**	**22**	**1,156**	**3,235**		**7,067**

Finance lease obligations by business segment	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
Non-current, 31 December 2008	1		43	1	12	1	**58**
Current, 31 December 2008	1		21		4		**26**
Non-current, 31 December 2007	2		34	2	16		**54**
Current, 31 December 2007	1		18	1	2		**22**

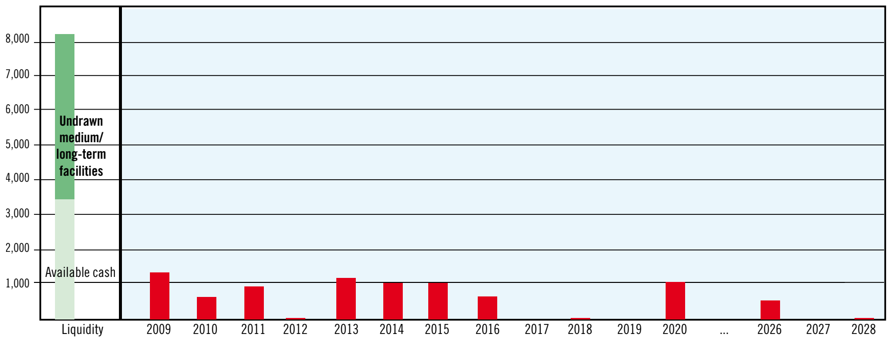
8.2 Confirmed credit facilities and drawdowns

Description	Confirmed facilities - Maturity				Drawdowns - Maturity			
	Less than 1 year	1 to 5 years	Over 5 years	Total	Less than 1 year	1 to 5 years	Over 5 years	Total
Bond issues (primarily Bouygues SA)	1,161	2,394	4,163	**7,718**	1,161	2,394	4,163	**7,718**
Bank borrowings	1,400	3,753	196	**5,349**	110	220	96	**426**
Finance lease obligations	26	50	8	**84**	26	50	8	**84**
Other borrowings	40	88	6	**134**	40	88	6	**134**
Total credit facilities	**2,627**	**6,285**	**4,373**	**13,285**	**1,337**	**2,752**	**4,273**	**8,362**

Undrawn confirmed credit facilities = €4,923m

8.3 Liquidity at 31 December 2008

As at 31 December 2008, available cash stood at €3,446 million (including -€1 million of financial instruments contracted to hedge net debt). The Group also had €4,923 million of undrawn confirmed medium-term credit facilities as at the same date.



The 10-year bond issue maturing May 2016, the seven-year bond issue maturing May 2013 and the 20-year sterling bond issue maturing 2026, all contain a change of control clause relating to Bouygues SA.

The credit facilities contracted by Bouygues contain no financial covenants or trigger events. The same applies to those contracted by Bouygues subsidiaries, except for a syndicated credit facility on which Colas had drawn down US$10m as at 31 December 2008; this facility is subject to compliance with a minimum level of net assets, a condition with which Colas was in compliance as at 31 December 2008.

8.4 Split of current and non-current debt by interest rate type

Split of current and non-current debt, including the effect of all open interest rate hedging contracts at the balance sheet date:

	31/12/2008	31/12/2007
Fixed rate[a]	**94%**	89%
Variable rate	**6%**	11%

[a]Rates fixed for more than one year

8.5 Interest rate risk

The split of financial assets and financial liabilities by interest rate type at 31 December 2008 was as follows:

	Variable rate	Fixed rate	Total
Financial liabilities (debt)	641	7,721	**8,362**
Financial assets[a] (net cash position)	3,446		**3,446**
Net position before hedging	(2,805)	7,721	**4,916**
Interest rate hedges	(107)	107	
Net position after hedging	**(2,912)**	**7,828**	**4,916**
Adjustment for seasonal nature of certain activities	275		
Net position after hedging and adjustment	**(2,637)**		

[a]Includes -€1 million for the fair value of financial instruments contracted to hedge net debt.

The effect of an immediate 1% rise in short-term interest rates on the net position described above would be to reduce net interest expense by €26.4m over a full year.

8.6 Split of current and non-current debt by currency

	Europe						
	Euro	Pound sterling	Other currencies	US dollar	CFA franc	Other currencies	Total
Non-current, 31 December 2008	6,132	654	65	39	82	53	**7,025**
Current, 31 December 2008	1,250	9	63	2	5	8	**1,337**
Non-current, 31 December 2007	6,258	663	86	1	28	31	**7,067**
Current, 31 December 2007	293	7	21		3	4	**328**

An analysis of net debt by business segment is provided in Note 16.

An analysis of collateral and pledges given by the Bouygues group is provided in Note 18.4.

Note 9 • Main components of change in net debt (4,916)

9.1 Change in net debt

	31/12/2007	Movements during 2008	31/12/2008
Cash and equivalents	3,386	454	**3,840**
Overdrafts and short-term bank borrowings	(276)	(117)	**(393)**
Net cash and equivalents	**3,110**	**337**	**3,447[a]**
Non-current debt	(7,067)	42	**(7,025)**
Current debt	(328)	(1,009)	**(1,337)**
Financial instruments, net	(3)	2	**(1)**
Total debt	**(7,398)**	**(965)**	**(8,363)**
Net debt	**(4,288)**	**(628)**	**(4,916)**

[a]*Net cash position as analysed in the 2008 cash flow statement (net cash flows + non-monetary movements)*

9.2 Principal transactions in the year ended 31 December 2008

Net debt at 31 December 2007	**(4,288)**
Acquisition of additional interest in Alstom	(119)
Other acquisitions/disposals of investments (Sami, Southwest Industries, Gouyer Group, ISAF, CERF, etc.)	(99)
Bouygues SA share issues *(Bouygues Confiance 4,* 2008 portion)	126
Dividends paid (Bouygues SA, minorities, etc.)	(685)
Purchase of treasury shares, net of exercise of stock options	(264)
Other financial transactions	(147)
Operating items	560
Net debt at 31 December 2008	**(4,916)**

Sign convention: cash and equivalents positive, debt negative

Note 10 • Current liabilities 17,927

Breakdown of current liabilities

	31/12/2008	31/12/2007
Advances and down-payments received	**1,301**	1,419
Current debt[a]	**1,337**	328
Current taxes payable	**163**	223
Trade payables	**7,577**	7,442
Current provisions[b]	**628**	597
Other current liabilities, deferred income and similar		
Other operating liabilities (employees, Social Security, government)	**2,646**	2,592
Deferred income	**1,921**	1,600
Unrealised foreign exchange gains	**2**	0
Other non-financial liabilities	**1,899**	2,076
Overdrafts and short-term bank borrowings	**393**	276
Other current financial liabilities	**60**	26
Total	**17,927**	**16,579**

[a]*See analysis in Note 8* [b]*See analysis in Note 6.2*

Note 11 • Analysis of sales and other revenues from operations

11.1 Analysis by accounting classification

	2008	2007[a]
Sales of goods	**2,873**	2,643
Sales of services	**12,435**	11,401
Construction contracts	**17,405**	15,544
Sales	**32,713**	**29,588**
Royalties		
Other revenues from operations	**128**	137
Other revenues from operations	**128**	**137**
Total	**32,841**	**29,725**

There were no material exchanges of goods or services in the year ended 31 December 2008.

[a]*Restatement of -€25m to reflect retrospective change in accounting policy for recognition of revenue by TF1 subsidiaries on transactions where the subsidiary acts as agent for a third party.*

Consolidated balance sheet: information about construction contracts

	Bouygues Construction	Colas	Total
Unbilled works	368	409	**777**
Warranty retentions	74	51	**125**
Works billed in advance	1,447	357	**1,804**
Advance payments received	656	94	**750**

11.2 Analysis by business segment

Sales reported by consolidated companies (excluding associates) include accounting revenues from works contracts and sales of goods and services.

Business segment	2008 sales				2007 sales			
	France	International	Total	%	France	International	Total	%
Construction	5,063	4,073	**9,136**	28	4,743	3,345	**8,088**	27
Property	2,732	177	**2,909**	9	1,940	134	**2,074**	7
Roads	7,208	5,518	**12,726**	39	6,898	4,742	**11,640**	40
Media	2,237	338	**2,575**	8	2,420	302	**2,722**	9
Telecoms	5,073		**5,073**	15	4,780		**4,780**	16
Bouygues SA & other activities	8	286	**294**	1	4	280	**284**	1
Consolidated sales	**22,321**	**10,392**	**32,713**	**100**	**20,785**	**8,803**	**29,588**	**100**
% change vs. 2007	**7%**	**18%**	**11%**					

11.3 Analysis by geographical area

	2008 sales		2007 sales	
	Total	%	Total	%
France	**22,321**	68	20,785	70
European Union (27 members)	**4,175**	13	3,506	12
Rest of Europe	**1,015**	3	840	3
Africa	**1,617**	5	1,304	4
Middle East	**253**	1	140	1
United States and Canada	**2,140**	6	2,102	7
Central and South America	**188**	1	211	1
Asia-Pacific	**1,004**	3	700	2
Total	**32,713**	**100**	**29,588**	**100**

11.4 Split by type of contract, France/International (%)

	2008			2007		
	France	International	Overall	France	International	Overall
Public-sector contracts[a]	32	50	**38**	30	49	**35**
Private-sector contracts	68	50	**62**	70	51	**65**

[a] *Sales billed directly to government departments or local authorities (mainly works and maintenance contracts) in France and abroad.*

Note 12 • Operating profit 2,230

	2008	2007
Current operating profit		
Sales	**32,713**	29,588
Other revenues from operations	**128**	137
Purchases used in production and external charges	**(22,465)**	(20,289)
Taxes other than income tax	**(660)**	(600)
Personnel costs	**(6,471)**	(5,968)
Net depreciation, amortisation, provisions and impairment		
Depreciation and amortisation	**(1,335)**	(1,245)
Net charge to provisions and impairment losses	**(505)**	(419)
Changes in production & property development inventories	**78**	379
Other operating income and expenses	**747**	580
Reversals of provisions no longer required	**243**	226
Net gain on disposals of non-current assets	**176**	69
Other income and expenses	**328**	285
Current operating profit	**2,230**	**2,163**
Non-current operating income and expenses	**0**	18[a]
Operating profit	**2,230**	**2,181**

See Note 16 for an analysis by business segment.

[a]Write-back of provisions for anti-competitive practice penalties (Bouygues Construction and Colas)

Note 13 • Cost of net debt (277)

13.1 Components of cost of net debt

	2008	2007
Financial expenses	**(435)**	(381)
Financial income	**158**	146
Including:		
- on finance leases	**(4)**	(2)
- on financial instruments	**6**	5
Total cost of net debt	**(277)**	**(235)**

	2008	2007
Interest expense on net debt	**(382)**	(339)
Interest expense related to treasury management	**(44)**	(34)
Interest expense on finance leases	**(4)**	(2)
Net positive/(negative) effect of financial instruments	**6**	5
Income from cash and equivalents	**147**	135
Total cost of net debt	**(277)**	**(235)**

Note 14 • Income tax expense (605)

14.1 Analysis of income tax expense

	2008			2007		
	France	Other countries	Total	France	Other countries	Total
Tax payable to the tax authorities	(470)	(137)	**(607)**	(491)	(160)	**(651)**
Change in deferred tax liabilities	1	(8)	**(7)**	(3)	(4)	**(7)**
Change in deferred tax assets	11	(2)	**9**	14	11	**25**
Total	**(458)**	**(147)**	**(605)**	**(480)**	**(153)**	**(633)**

See Note 16 for an analysis by business segment.

14.2 Tax proof (reconciliation between standard tax rate and effective tax rate)

Differences between the standard corporate income tax rate applicable in France and the effective tax rate based on the consolidated financial statements are as follows:

	2008	2007
Net profit (100%)	**1,686**	1,593
Eliminations:		
Income tax expense	**605**	633
Net profit of discontinued and held-for-sale operations		
Share of profits and losses of associates	**(357)**	(257)
Net profit from continuing operations before tax	**1,934**	**1,969**
Gross tax rate	**31.30%**	32.10%
Standard tax rate in France	**34.43%**	34.43%
Recognition and utilisation of tax loss carry-forwards	**1.60%**	(0.73%)
Effect of permanent differences	**(2.18%)**	(0.70%)
Flat-rate taxes, dividend taxes and tax credits	**0.31%**	0.62%
Taxes at rates not linked to profits: differential tax rates, long-term capital gains, foreign taxes	**(2.89%)**	(1.45%)
Effective tax rate	**31.27%**	**32.17%**

Note 15 • Net profit from continuing operations and diluted earnings per share

15.1 Net profit from continuing operations

Net profit from continuing operations for the period was €1,686m; the portion attributable to the Bouygues group rose by 9%. An analysis is provided below:

	2008	2007	Change
Net profit from continuing operations (100%)	**1,686**	1,593	6%
Minority interest in net profit from continuing operations	**(185)**	(217)	(15%)
Net profit from continuing operations attributable to the Group	**1,501**	**1,376**	**9%**

15.2 Basic and diluted earnings per share

Earnings per share before dilution (basic earnings per share) is obtained by dividing net profit attributable to the Group by the weighted average number of shares outstanding during the year, excluding the average number of ordinary shares bought and held as treasury shares.

	2008	2007
Net profit attributable to the Group (€m)	**1,501**	1,376
Weighted average number of shares outstanding	**342,609,161**	338,921,348
Basic earnings per share (€)	**4.38**	**4.06**

Diluted earnings per share is calculated by reference to the weighted average number of shares outstanding, adjusted for the conversion of all potentially dilutive shares (ie stock subscription options legally exercisable and in the money at the balance sheet date).

	2008	2007
Net profit used to calculate diluted earnings per share	**1,501**	1,376
Weighted average number of shares outstanding	**342,609,161**	338,921,348
Adjustment for potentially dilutive effect of stock options	**3,567,732**	10,433,177
Diluted earnings per share (€)	**4.34**	**3.94**

Note 16 • Segment information

Segment information is provided in two forms: **1. By business segment:** Construction (Bouygues Construction), Property (Bouygues Immobilier), Roads (Colas), Media (TF1), Telecoms (Bouygues Telecom), Bouygues SA and other activities. - **2. By geographical area:** France, European Union, Rest of Europe, Africa, Asia-Pacific, Americas, and Middle East. (Sales are allocated by the location where the sale is generated, and property, plant and equipment by the location of the asset). Inter-segment sales are generally conducted on an arm's length basis.

16.1 Analysis by business segment – Year ended 31 December 2008

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total 2008
INCOME STATEMENT							
Total sales	9,497	2,924	12,789	2,595	5,089	483	**33,377**
Inter-segment sales	(361)	(15)	(63)	(20)	(16)	(189)	**(664)**
Third-party sales	**9,136**	**2,909**	**12,726**	**2,575**	**5,073**	**294**	**32,713**
Net depreciation and amortisation expense	(154)	(6)	(466)	(95)	(585)	(29)	**(1,335)**
Net charges to provisions	(168)	(86)	(153)	(53)	(24)	(21)	**(505)**
Current operating profit	**308**	**247**	**681**	**177**	**817**		**2,230**
Non-current operating income and expenses							
Operating profit	**308**	**247**	**681**	**177**	**817**		**2,230**
Cost of net debt	93	(17)	(21)	(23)	(3)	(306)	**(277)**
Income tax expense	(114)	(89)	(217)	(41)	(279)	135	**(605)**
Share of profits/(losses) of associates	2		46	10		299	**357**
Net profit from continuing operations	**294**	**111**	**495**	**164**	**534**	**88**	**1,686**
Net profit of discontinued and held-for-sale operations							
Net profit	**294**	**111**	**495**	**164**	**534**	**88**	**1,686**
Net profit attributable to the Group	**297**	**105**	**474**	**71**	**478**	**76**	**1,501**
BALANCE SHEET							
Property, plant and equipment	574	16	2,346	178	2,600	406	**6,120**
Intangible assets	86	3	66	166	770	5	**1,096**
Goodwill	325		1,089	1,090	2,651	2	**5,157**
Deferred tax assets and non-current tax receivable	85	32	91	17	22	(1)	**246**
Investments in associates	105		499	259		3,879[a]	**4,742**
Other non-current assets	147	16	195	741	5	205	**1,309**
Cash and equivalents	379	107	371	17	14	2,952	**3,840**
Unallocated assets							**12,978**
Total assets							**35,488**
Non-current debt	375	61	186	695	105	5,603	**7,025**
Non-current provisions	646	78	648	59	139	112	**1,682**
Deferred tax liabilities and non-current tax liabilities	2	1	79	3		4	**89**
Current debt	26	77	53	4	7	1,170	**1,337**
Overdrafts and short-term bank borrowings	(2,614)	(33)	130	19	9	2,882	**393**
Unallocated liabilities							**24,962**
Total liabilities							**35,488**
Net debt[b]	**2,592**	**1**	**(7)**	**(699)**	**(107)**	**(6,696)**	**(4,916)**
CASH FLOW STATEMENT							
Cash flow	**452**	**222**	**1,185**	**270**	**1,409**	**77**	**3,615**
Acquisitions of property, plant and equipment and intangible assets, net of disposals	**(253)**	**(8)**	**(540)**	**(58)**	**(872)**	**(48)**	**(1,779)**
Acquisitions of investments in consolidated companies & other investments, net of disposals	**54**	**(9)**	**(114)**	**(7)**		**(142)**	**(218)**
OTHER INDICATORS							
EBITDA	**534**	**312**	**1,219**	**317**	**1,405**	**40**	**3,827**
Free cash flow	**178**	**108**	**409**	**149**	**255**	**(145)**	**954**

[a]Includes €3,865m for Alstom [b]Contribution at business segment level, including Bouygues Relais and Uniservice current accounts (these inter-segment accounts are eliminated in the "Bouygues SA & other activities" column).

16.2 Analysis by business segment – Year ended 31 December 2007

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total 2007
INCOME STATEMENT							
Total sales	8,340	2,075	11,673	2,739	4,796	462	**30,085**
Inter-segment sales	(252)	(1)	(33)	(17)	(16)	(178)	**(497)**
Third-party sales	**8,088**	**2,074**	**11,640**	**2,722**	**4,780**	**284**	**29,588**
Net depreciation and amortisation expense	(127)	(5)	(413)	(88)	(579)	(33)	**(1,245)**
Net charges to provisions	(142)	(38)	(151)	(40)	(34)	(14)	**(419)**
Current operating profit	**293**	**210**	**637**	**305**	**746**	**(28)**	**2,163**
Non-current operating income and expenses	21		(3)				**18**
Operating profit	**314**	**210**	**634**	**305**	**746**	**(28)**	**2,181**
Cost of net debt	79	(10)	(10)	(21)	3	(276)	**(235)**
Income tax expense	(122)	(60)	(209)	(93)	(256)	107	**(633)**
Share of profits/(losses) of associates	7		62	8		180	**257**
Net profit from continuing operations	**289**	**128**	**481**	**228**	**492**	**(25)**	**1,593**
Net profit of discontinued and held-for-sale operations							
Net profit	**289**	**128**	**481**	**228**	**492**	**(25)**	**1,593**
Net profit attributable to the Group	**287**	**124**	**457**	**98**	**440**	**(30)**	**1,376**
BALANCE SHEET							
Property, plant and equipment	496	12	2,184	158	2,332	382	**5,564**
Intangible assets	58	3	71	208	727	6	**1,073**
Goodwill	326		1,052	1,094	2,651		**5,123**
Deferred tax assets and non-current tax receivable	78	33	86	22	8	(2)	**225**
Investments in associates	83		474	253		3,583	**4,393**
Other non-current assets	154	18	162	692	4	193	**1,223**
Cash and equivalents	473	162	372	39	16	2,324	**3,386**
Unallocated assets							**12,441**
Total assets							**33,428**
Non-current debt	356	116	149	618	17	5,811	**7,067**
Non-current provisions	566	86	590	48	96	107	**1,493**
Deferred tax liabilities and non-current tax liabilities	2	3	74	1		4	**84**
Current debt	6	117	45	10	5	145	**328**
Overdrafts and short-term bank borrowings	(2,339)	(68)	(172)	5	(194)	3,044	**276**
Unallocated liabilities							**24,180**
Total liabilities							**33,428**
Net debt	**2,450**	**(2)**	**347**	**(597)**	**188**	**(6,674)**	**(4,288)**
CASH FLOW STATEMENT							
Cash flow	**410**	**205**	**1,098**	**394**	**1,330**	**82**	**3,519**
Acquisitions of property, plant and equipment and intangible assets, net of disposals	**(299)**	**(7)**	**(624)**	**(129)**	**(596)**	**(24)**	**(1,679)**
Acquisitions of investments in consolidated companies & other investments, net of disposals	**(70)**	**(32)**	**(338)**	**(231)**	**(9)**	**(1,415)**	**(2,095)**
OTHER INDICATORS							
EBITDA	**463**	**227**	**1,143**	**426**	**1,332**	**10**	**3,601**
Free cash flow	**68**	**128**	**254**	**151**	**480**	**(109)**	**972**

16.3 Analysis by geographical area

Year ended 31 December 2008	France	European Union (27 members)	Rest of Europe	Africa	Asia- Pacific	Americas	Middle East	Total
Income statement								
Third-party sales	**22,321**	**4,175**	**1,015**	**1,617**	**1,004**	**2,328**	**253**	**32,713**
Balance sheet								
Property, plant and equipment[a]	4,711	412	85	307	109	488	8	**6,120**
Intangible assets	1,056	25		4		11		**1,096**
Unallocated assets								**28,272**
Total assets								**35,488**
Cash flow statement								
Purchase price of property, plant and equipment and intangible assets	(1,451)	(91)	(18)	(123)	(66)	(124)	(9)	**(1,882)**

[a] *Includes assets held under finance leases.*

Year ended 31 December 2007	France	European Union (27 members)	Rest of Europe	Africa	Asia- Pacific	Americas	Middle East	Total
Income statement								
Third-party sales	**20,785**	**3,506**	**840**	**1,304**	**700**	**2,313**	**140**	**29,588**
Balance sheet								
Property, plant and equipment[a]	4,289	408	74	276	56	458	3	**5,564**
Intangible assets	1,021	35	2	7		8		**1,073**
Unallocated assets								**26,791**
Total assets								**33,428**
Cash flow statement								
Purchase price of property, plant and equipment and intangible assets	(1,351)	(128)	(15)	(138)	(25)	(129)	(1)	**(1,787)**

[a] *Includes assets held under finance leases.*

16.4 Income statement by function

31/12/2008	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
Consolidated sales	**9,136**	**2,909**	**12,726**	**2,575**	**5,073**	**294**	**32,713**
Cost of sales	(7,813)	(2,409)	(10,944)	(2,082)	(3,500)	(233)	**(26,981)**
Gross profit	**1,323**	**500**	**1,782**	**493**	**1,573**	**61**	**5,732[a]**
Research and development expenses	(11)	(1)	(70)	(14)	(24)	(1)	**(121)**
Selling expenses	(406)	(175)		(124)	(181)	(1)	**(887)**
Administrative expenses	(606)	(77)	(1,025)	(178)	(548)	(52)	**(2,486)**
Goodwill impairment			(6)				**(6)**
Other current operating income and expenses	8				(3)	(7)	**(2)**
Current operating profit	**308**	**247**	**681**	**177**	**817**		**2,230**

[a]*Gross margin rate = 17.5%*

31/12/2007	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
Consolidated sales	**8,088**	**2,074**	**11,640**	**2,722**	**4,780**	**284**	**29,588**
Cost of sales	(6,881)	(1,674)	(10,009)	(1,997)	(3,365)	(256)	**(24,182)**
Gross profit	**1,207**	**400**	**1,631**	**725**	**1,415**	**28**	**5,406[a]**
Research and development expenses	(10)	(2)	(67)	(16)	(24)	(1)	**(120)**
Selling expenses	(371)	(130)		(151)	(191)		**(843)**
Administrative expenses	(538)	(58)	(925)	(253)	(454)	(43)	**(2,271)**
Goodwill impairment			(2)				**(2)**
Other current operating income and expenses	5					(12)	**(7)**
Current operating profit	**293**	**210**	**637**	**305**	**746**	**(28)**	**2,163**

[a]*Gross margin rate = 18.3%*

Note 17 • Financial instruments

The tables presented below show the aggregate notional amounts at 31 December 2008 for each type of financial instrument used, split by residual maturity for interest rate hedges and by currency for currency hedges.

17.1 Interest rate hedges

Analysis by maturity

Maturity	Notional amounts at 31/12/2008				Notional amounts
	2009	2010 to 2013	After 2013	Total	31/12/2007
Interest rate swaps					
- on financial assets	28	2		**30[a]**	678
- on financial liabilities	796	823	154	**1,773[b]**	1,631
Caps/floors					
- on financial assets					
- on financial liabilities	48			**48**	215

[a]of which swaps paying fixed rate: €30m
[b]of which swaps paying fixed rate: €1,273m

Analysis by business segment

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total 31/12/2008	Total 31/12/2007
Interest rate swaps								
- on financial assets						30	**30**	678
- on financial liabilities	6		192[a]	700	675[a]	200	**1,773**	1,631
Caps/floors								
- on financial assets								
- on financial liabilities	36	12					**48**	215

[a]Includes forward interest rate swaps used for hedging purposes

In the case of renewable interest rate hedges, the amounts shown in each column relate to the longest maturity.

17.2 Currency hedges

Analysis by original currency

Currency	US dollar	Pound sterling	Swiss franc	Hong Kong dollar	Other currencies	Total	Total 31/12/2007
	At 31 December 2008 (equivalent value in € million)						
Forward purchases/sales							
- forward purchases	176	20	12	4	307	**519**	**534**
- forward sales	229	52	16	15	207	**519**	**370**
Currency swaps	68	169	57	29	91	**414**	**443**
Currency options							
- forward purchases	17	4	6			**27**	**55**
- forward sales	16	4	7			**27**	**20**

Analysis by business segment

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total 31/12/2008	Total 31/12/2007
Forward purchases/sales								
- forward purchases	234		215	51	19		**519**	**534**
- forward sales	424		75	20			**519**	**370**
Currency swaps	5			31		378	**414**	**443**
Currency options								
- forward purchases				4	23		**27**	**55**
- forward sales					27		**27**	**20**

17.3 Market value of hedging instruments

At 31 December 2008, the market value (net present value) of the hedging instruments portfolio was -€4.5m. This amount mainly comprises the net present value of interest rate swaps contracted to hedge the Group's debt (fair value hedges and cash flow hedges), and the net present value of forwards and futures contracted to hedge currency risk arising on commercial transactions.

The split of this market value by type of hedge is as follows:

- Fair value hedges of components of net debt: +€1.6m
- Cash flow hedges: -€6.1m

In the event of a +1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of +€7.8m; in the event of a -1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€16.6m.

In the event of a uniform 1% depreciation in the euro against all other currencies, the hedging instruments portfolio would have a market value of -€12.2m.

These calculations were prepared by the Bouygues group, or obtained from the banks with whom the instruments were contracted.

Note 18 • Off-balance sheet commitments

18.1 Reciprocal commitments

Commitments given/received	Total 31/12/2008	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity under 1 year	Maturity 1 to 5 years	Maturity over 5 years	Maturity Total	Total 31/12/2007
Commitments given	**2,171**	**35**	**376**	**183**	**361**	**1,216**		**559**	**1,008**	**604**	**2,171**	**2,389**
Image transmission	**191**				191			78	111	2	**191**	**240**
Operating leases[a]	**1,553**	32	63	132	170	1,156[b]		248	703	602	**1,553**	**1,533**
Irrevocable purchase obligations	**427**	3	313[c]	51		60		233	194		**427**	**616**
Commitments received	**2,134**	**35**	**376**	**183**	**361**	**1,179**		**545**	**985**	**604**	**2,134**	**2,331**
Image transmission	**191**				191			78	111	2	**191**	**240**
Operating leases[a]	**1,553**	32	63	132	170	1,156		248	703	602	**1,553**	**1,533**
Irrevocable purchase obligations	**390**	3	313	51		23		219	171		**390**	**558**
Balance[d]	**37**					**37**		**14**	**23**		**37**	**58**

[a]Minimum future lease payments due until the normal renewal date of the lease (or earliest potential termination date) under operating leases relating to current operations (land, buildings, plant & equipment, etc.).

[b]Bouygues Telecom: commitments given in connection with operating activities, primarily commercial leases of property and sites housing technical installations for the network: includes site rentals of €698m, and property and other rentals of €458m (including the new corporate HQ and the new Technological Centre).

[c]Bouygues Immobilier: irrevocable commitments, subject to conditions, relating to the purchase of land banks.

[d]Bouygues Telecom: effect of the specific terms of certain equipment supply contracts.

18.2 Sundry commitments

	Total 31/12/2008	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity under 1 year	Maturity 1 to 5 years	Maturity over 5 years	Maturity Total	Total 31/12/2007
Commitments given	**953**	**86**	**35**	**96**	**194**	**488**	**54**	**546**	**302**	**105**	**953**	**996**
Other contractual obligations and commercial commitments given (guarantees, endorsements, etc.)[a]	**953**	86	35	96	194	488	54	546	302	105	**953**	**996**
Commitments received	**236**				**113**	**39**	**84**	**109**	**127**		**236**	**203**
Other contractual obligations and commercial commitments received (guarantees, endorsements, etc.)	**236**				113	39	84	109	127		**236**	**203**
Balance	**717**	**86**	**35**	**96**	**81**	**449**	**(30)**	**437**	**175**	**105**	**717**	**793**

[a]In the course of its ordinary activities, the Group provides ten-year guarantees or performance bonds for which no quantified estimate or disclosure is made unless it becomes apparent that the guarantee or bond may require the Group to make payments, in which case a provision would be recognised.

Collateral and pledges given as security for debt: see Note 18.4.

Sundry commitments: comments

Commitments given by Bouygues Telecom	
GSM licence	Bouygues Telecom has a GSM licence that requires compliance with a number of obligations, with which the company is in compliance. This licence is due for renewal in 2009.
UMTS licence	The order of 3 December 2002 authorising Bouygues Telecom to establish and operate a UMTS network requires compliance with a number of obligations regarding the date of opening the network for commercial use, the rollout timetable and coverage of the French population, and the services offered. Bouygues Telecom is required to achieve 75% population coverage by 12 December 2010.
Blind spots	In 2002, Bouygues Telecom and the two other French mobile operators committed to providing coverage in a number of blind spots. This commitment was set out in an agreement signed in 2003 and amended in 2004. During 2008, the programme to provide coverage in blind spots continued. By 31 December 2008, over 96% of the 3,000 communities involved had coverage. The operators have also agreed to provide coverage to an additional 364 communities currently in blind spots by the end of 2011, when the programme is due to be completed.
Strategic road network	Under a national agreement signed in February 2007, Bouygues Telecom (along with Orange and SFR) agreed to provide coverage of over 57,000 km of France's strategic road network. Under the terms of the specifications relating to the renewal of its licence in December 2009, Bouygues Telecom must have provided this coverage by the end of 2010.

Commitment given by Bouygues SA

Commitment to retain the Alstom shares acquired from the French government for at least three years (until 31 October 2009).

Commitment received by Bouygues SA

Put option on Alstom Hydro-Holding shares granted by Alstom to Bouygues SA, exercisable 31 October 2009; see Note 3.2.4.3.

TF1 commitments

Under the agreements between Vivendi, TF1 and M6, the commitments and guarantees provided by TF1 and M6 in respect of the obligations of TPS were covered by a counter-guarantee issued by Vivendi taking effect from 4 January 2007.
Consequently, the commitments entered into by TF1 and M6 are disclosed neither in "Commitments given" nor in "Commitments received".

18.3 Summary of commitments (18.1 + 18.2)

	Total 31/12/2008	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity under 1 year	Maturity 1 to 5 years	Maturity over 5 years	Maturity Total	Total 31/12/2007
Total commitments given	**3,124**	121	411	279	555	1,704	54	1,105	1,310	709	**3,124**	**3,385**
Total commitments received	**2,370**	35	376	183	474	1,218	84	654	1,112	604	**2,370**	**2,534**

No material off-balance sheet commitments have been omitted from this disclosure, in accordance with applicable accounting standards

18.4 Collateral given

	Total 31/12/2008	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity under 1 year	Maturity 1 to 5 years	Maturity over 5 years	Maturity Total	Total 31/12/2007
Mortgages secured on land and buildings, pledges of plant and equipment	**29**	3		26				4	18	7	**29**	**14**
Pledges of securities and subordinated loans	**56**	56								56	**56**	**16**
Total	**85**	**59**		**26**				**4**	**18**	**63**	**85**	**30**

Treasury shares held by Bouygues: none of these shares was pledged as collateral or security or subject to any lien during the year ended 31 December 2008.

18.5 Contingent assets and liabilities

Contingent assets: Litigation	• The French Competition Council ruling of 30 November 2005, which ordered Bouygues Telecom to pay a fine of €58 million for alleged collusion, was upheld by the Paris Appeal Court on 12 December 2006. Bouygues Telecom has appealed against the Appeal Court's decision. • In a ruling dated 29 June 2007, the *Cour de Cassation* upheld the fine imposed on the three mobile operators for alleged collusion, but overturned the ruling on the sharing of information between 1997 and 2003 (fine imposed on Bouygues Telecom: €16 million). The *Cour de Cassation* referred the case back to the Paris Appeal Court, which will hear the case again on this issue in light of the ruling from the *Cour de Cassation.* The Appeal Court ruling is expected in early 2009.

18.6 Obligations under finance leases and operating leases

18.6.1 Obligations under finance leases

Summary of future minimum lease payments	under 1 year	1 to 5 years	Total
Finance leases at 31 December 2008	**25**	**56**	**81**
Comparative at 31 December 2007	**22**	**51**	**73**

Present value of minimum lease payments	under 1 year	1 to 5 years	Total
Minimum lease payments	25	56	**81**
Finance charges	2	5	**7**
Present value of minimum lease payments	**23**	**51**	**74**
Comparative at 31 December 2007	**20**	**47**	**67**

The amount of contingent rent under finance leases at 31 December 2008 is: nil.

18.6.2 Obligations under operating leases

Minimum payments for the year	Total lease payments for the year
Minimum payments for the year ended 31 December 2008	**197**

Summary of future minimum lease payments	under 1 year	1 to 5 years	over 5 years	Total
Operating leases at 31 December 2008	**248**	**703**	**602**	**1,553**
Comparative at 31 December 2007	**208**	**657**	**668**	**1,533**

Note 19 • Headcount, employee benefit obligations and employee share ownership

19.1 Average headcount

	2008	2007
Managerial staff	**21,450**	19,826
Supervisory, technical and clerical staff	**21,466**	20,038
Site workers	**32,586**	30,830
Sub-total: France	**75,502**	**70,694**
Expatriates and local contract staff	**72,250**	63,387
Total average headcount	**147,752**	**134,081**

19.2 Employee benefit obligations and retirement benefit obligations (post-employment benefits)

The tables below disclose information about the Bouygues group's retirement benefit obligations.

19.2.1 Defined-contribution plans

	2008	2007
Amounts recognised as expenses	**(1,690)**	(1,548)

These defined-contribution expenses comprise contributions to:

- health insurance and mutual insurance funds
- pension funds (compulsory and top-up schemes)
- unemployment insurance funds

For related-party information, see Note 20.

19.2.2 Defined-benefit plans

Net expense recognised in the income statement (as an operating item)

	Lump-sum retirement benefits		Pensions	
	2008	2007	2008	2007
Current service cost	**11**	5	**(1)**	(5)
Interest expense on obligation	**12**	10	**5**	5
Expected return on plan assets			**(6)**	(5)
Past service cost[a]	**6**	5	**1**	(1)
Net expense recognised in the income statement	**29**	**20**	**(1)**	**(6)**

[a] Primarily amortisation under master agreements

Amounts recognised in the balance sheet

	Lump-sum retirement benefits		Pensions[c]		Total 2008	Total 2007
	31/12/2008	31/12/2007	31/12/2008	31/12/2007		
Present value of obligation[a]	**418**	361	**221**	287	**639**	**648**
Fair value of plan assets (dedicated funds)	**(5)[b]**	(4)[b]	**(195)**	(259)	**(200)**	**(263)**
Unrecognised past service cost	**(55)**	(63)	**3**	5	**(52)**	**(58)**
Ratio of dedicated funds to present value of obligation			**88%**	90%		
Net obligation recognised	**358**	**294**	**29**	**33**	**387**	**327**

[a] Total present value of obligation relating to lump-sum retirement benefits and pensions.
[b] Residual TF1 fund covering a portion of the obligation.
[c] Relates primarily to Colas group pension funds located in the United Kingdom.

Movement in balance sheet items

	Lump-sum retirement benefits		Pensions	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Position at 1 January	**294**	**274**	**33**	**34**
Expense recognised	**29**	22	**(1)**	(4)
Changes in scope of consolidation		9	**1**	6
Translation adjustments			**(5)**	(1)
Transfers between items and other movements	**(7)**	2	**(1)**	1
Actuarial gains/losses recognised directly in equity	**42**	(13)	**2**	(3)
Position at 31 December	**358**	**294**	**29**	**33**

Main actuarial assumptions used to measure lump-sum retirement benefit obligations

	2008	2007
Discount rate (TEC 10 OAT)	**3.66%**	3.83-4.35%
Mortality table	**INSEE**	INSEE
Retirement age (depending on business segment)		
- Managerial staff	**62/65 years**	60/65 years
- Technical, supervisory, clerical staff & site workers	**60/65 years**	60/65 years
Salary inflation rate (depending on business segment)[a]	**2-5.5%**	2-5.5%

[a] *Including general inflation*

Analysis by business segment: year ended 31 December 2008

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
Net lump-sum retirement benefit expense	8	1	11	3	3	3	**29**
Non-current provisions (balance sheet):							
- lump-sum retirement benefits	109	8	158	26	27	30	**358**
- pensions			29				**29**

Analysis by geographical area: year ended 31 December 2008

	France (incl. overseas departments)	European Union	Rest of Europe	Africa	Asia-Pacific	Middle East	Total
Net lump-sum retirement benefit expense[a]	26			3			**29**
Non-current provisions (balance sheet):							
- lump-sum retirement benefits	335		1	20	1	1	**358**
- pensions		29					**29**

[a] *Pension expense for the year ended 31 December 2008 is not material.*

19.3 Employee share ownership

19.3.1 Stock options

Total number of effectively exercisable options: 6,650,786

Quoted share price on 31 December 2008: €30.20

Plan	Outstanding options at 31/12/2008	Date of grant	Earliest normal exercise date	Earliest company savings scheme exercise date	Exercise price (€)	Number of effectively exercisable options
2002.06	1,074,808	25/06/2002	25/06/2006	25/06/2003	23.41	1,074,808
2002.12	588,447	17/12/2002	17/12/2006	17/12/2003	23.00	588,447
2003.06	1,778,270	17/06/2003	17/06/2007	17/06/2004	19.37	1,778,270
2004.03	3,209,261	15/03/2004	15/03/2008	15/03/2005	25.15	3,209,261
2005.06	2,873,966	21/06/2005	21/06/2009	21/06/2006	31.34	-
2006.09	3,595,514	05/09/2006	05/09/2010	05/09/2007	40.00	-
2007.06	4,322,200	05/06/2007	05/06/2011	05/06/2008	63.44	-
2008.03	4,354,450	31/03/2008	31/03/2012	31/03/2009	43.23	-
Total						**6,650,786**

To be regarded as effectively exercisable, stock options must meet two conditions:

1) They must be legally exercisable at 31 December 2008, either by normal exercise or by partial exercise ahead of the normal exercise date under the terms of the company savings scheme; for plans awarded since June 2002, options are exercisable in annual 25% tranches after the first year.

2) They must be in the money at 31 December 2008, in other words the exercise price must be less than the closing share price on 31 December 2008 (€30.20).

Note 20 • Disclosures on related parties and remuneration of directors/senior executives

20.1 Related-party disclosures

	Expenses		Income		Receivables		Liabilities	
	2008	2007	2008	2007	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Parties with an ownership interest (SCDM)	**6**	6	**1**					
Joint ventures	**55**	91	**208**	244	**107**	111	**99**	103
Associates	**18**	7	**431**	587	**21**	47	**38**	161
Other related parties	**16**	13	**31**	36	**33**	33	**32**	40
Total	**95**	**117**	**671**	**867**	**161**	**191**	**169**	**304**
Maturity								
less than 1 year					148	165	166	289
1 to 5 years					12	9	3	15
more than 5 years					1	17		
of which impairment of doubtful receivables (primarily non-consolidated companies)					68	60		

20.2 Remuneration and benefits paid to directors and senior executives

These disclosures cover members of the Group's Management Committee who were in post on 31 December 2008. **Direct remuneration:** €15,623,168, comprising basic remuneration of €7,600,770, variable remuneration of €8,022,398 paid in 2009 on the basis of 2008 performance, and €487,878 of directors' fees. Directors' fees paid to non-executive and non-voting directors amounted to €551,600. **Short-term benefits:** none. **Post-employment benefits:** Members of the Management Committee belong to a top-up retirement benefit plan based on 0.92% of their reference salary for each year's membership of the plan. This plan is contracted out to an insurance company. Contributions paid into the fund managed by the insurance company amounted to €2,700,000 in 2008. **Long-term benefits:** none. **Termination benefits:** These comprise lump-sum retirement benefits of €935,919. **Share-based payment:** 935,000 stock options were awarded on 31 March 2008 at an exercise price of €43.23. The earliest exercise date is 31 March 2012, and the expense recognised in the year ended 31 December 2008 was €927,330.

Note 21 • Additional cash flow statement information

21.1 Cash flows of acquired and divested subsidiaries

Breakdown by business segment of net cash flows resulting from acquisitions and divestments of subsidiaries:

Acquired/divested subsidiaries	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total 31/12/2008
Cash and equivalents	(4)	5	(4)	2			**(1)**
Inventories	(8)	(33)	(9)	(1)			**(51)**
Trade and other receivables	(25)	75	(116)	(3)			**(69)**
Non-current assets	60	6	(65)			(144)	**(143)**
Goodwill	(7)		(41)				**(48)**
Trade and other current liabilities	30	(68)	121	2			**85**
Non-current liabilities		6	35				**41**
Non-current provisions	4		2	(1)			**5**
Net acquisition/divestment cost	**50**	**(9)**	**(77)**	**(1)**	**0**	**(144)**	**(181)**
Cash acquired or divested	4	(5)	4	(2)			**1**
Net debt on long-term investments			(29)			(21)	**(50)**
Net cash flow arising from acquisitions and divestments of subsidiaries	**54**	**(14)**	**(102)**	**(3)**	**0**	**(165)**	**(230)[a]**

[a]Includes acquisition of additional shares in Alstom (0.59% of the capital in the year ended 31 December 2008): €119m

Note 22 • Auditors' fees (€ '000)

The table below shows fees paid to the auditors (and member firms of their networks) responsible for the audit of the consolidated financial statements of Bouygues and consolidated companies (excluding associates), as expensed through the income statement in 2008.

Engagement	Mazars network			Ernst & Young network			Other firms[a]			Total Charge	
	2008	%	2007	2008	%	2007	2008	%	2007	2008	2007
A - Audit											
Audit of consolidated and individual company financial statements[b]	**5,757**	94	4,816	**3,408**	87	3,097	**8,565**	87	7,999	**17,730**	**15,912**
- Bouygues SA	**229**		208	**213**		208				**442**	**416**
- Consolidated companies	**5,528**		4,608	**3,195**		2,889	**8,565**		7,999	**17,288**	**15,496**
Related engagements[c]	**230**	4	175	**469**	12	426	**627**	6	930	**1,326**	**1,531**
- Bouygues SA	**34**		95	**89**		130				**123**	**225**
- Consolidated companies	**196**		80	**380**		296	**627**		930	**1,203**	**1,306**
Sub-total 1	**5,987**	**98**	**4,991**	**3,877**	**99**	**3,523**	**9,192**	**93**	**8,929**	**19,056**	**17,443**
B - Other services[d]											
Company law, tax, employment law	**140**	2	88	**27**	1	45	**470**	5	435	**637**	**568**
Other						25	**159**	2	318	**159**	**343**
Sub-total 2	**140**	**2**	**88**	**27**	**1**	**70**	**629**	**7**	**753**	**796**	**911**
Total fee expense	**6,127**	**100**	**5,079**	**3,904**	**100**	**3,593**	**9,821**	**100**	**9,682**	**19,852**	**18,354**

[a] In the interests of comprehensiveness, this table includes fees paid to other firms.
[b] Includes services provided by independent experts and member firms to the auditors in connection with their audit engagement.
[c] Includes procedures and directly related services provided to the issuer or its subsidiaries:
- by the auditors, in compliance with article 10 of the Code of Ethics;
- by a member firm of the auditor's network, in compliance with articles 23 and 24 of the Code of Ethics.
[d] Non-audit services provided, in compliance with article 24 of the Code of Ethics, by member firms to subsidiaries of the issuer on whose financial statements an audit opinion is issued.

Note 23 • Principal exchange rates

Convention: 1 local currency unit = x euros

Country	Currency unit	Closing rate		Annual average rate	
		2008	2007	2008	2007
EUROPE					
Denmark	Danish krone	**0.134217**	0.134079	**0.134124**	0.134205
United Kingdom	Pound sterling	**1.049869**	1.363605	**1.246022**	1.455005
Hungary	Hungarian forint	**0.003750**	0.003941	**0.003983**	0.003978
Poland	Polish zloty	**0.240761**	0.278280	**0.283465**	0.264907
Czech Republic	Czech koruna	**0.037209**	0.037554	**0.039938**	0.036059
Romania	Romanian leu	**0.248602**	0.277185	**0.270235**	0.299315
Switzerland	Swiss franc	**0.673401**	0.604339	**0.633459**	0.607576
NORTH AMERICA					
United States	US dollar	**0.718546**	0.679302	**0.679075**	0.727786
Canada	Canadian dollar	**0.588305**	0.692089	**0.638723**	0.682012
REST OF THE WORLD					
Morocco	Moroccan dirham	**0.088822**	0.088090	**0.088098**	0.089048
Thailand	Thai baht	**0.020710**	0.022831	**0.020518**	0.022643
Hong Kong	Hong Kong dollar	**0.092714**	0.087108	**0.087240**	0.092928
African Financial Community	CFA franc	**0.001524**	0.001524	**0.001524**	0.001524
South Africa	South African rand	**0.076530**	0.099703	**0.082737**	0.103267

Note 24 • Detailed list of consolidated companies at 31 December 2008

Principal Group companies	City/Country	% interest 2008	% interest 2007	% direct and indirect control[a] 2008	% direct and indirect control[a] 2007
A – TELECOMS - MEDIA					
1 – TELECOMS – BOUYGUES TELECOM Group					
Full consolidation					
Bouygues Telecom SA and its subsidiaries	Boulogne-Billancourt/France	89.55	89.55		
2 – MEDIA – TF1 Group					
Full consolidation					
Télévision Française 1 SA	Boulogne-Billancourt/France	43.02	43.06		
Ciby Droits Audiovisuels	Boulogne-Billancourt/France	Merged	43.06		100.00
La Chaîne Info	Boulogne-Billancourt/France	43.02	43.06	100.00	100.00
Téléshopping	Boulogne-Billancourt/France	43.02	43.06	100.00	100.00
TF1 International	Boulogne-Billancourt/France	43.02	43.06	100.00	100.00
TF1 Publicité	Boulogne-Billancourt/France	43.02	43.06	100.00	100.00
TF1 Vidéo	Boulogne-Billancourt/France	43.02	43.06	100.00	100.00
Une Musique	Boulogne-Billancourt/France	43.02	43.06	100.00	100.00
E-TF1	Boulogne-Billancourt/France	43.02	43.06	100.00	100.00
Eurosport SA and its subsidiaries	Issy-les-Moulineaux/France	43.02	43.06	100.00	100.00
Dujardin and its subsidiaries	La Teste de Buch/France	43.02	43.06	100.00	100.00
Associates (equity method)					
Métro France Publications	Paris/France	14.76	14.77	34.30	34.30
AB Group (including WB TV)	La Plaine Saint-Denis/France	14.41	14.43	33.50	33.50
B - CONSTRUCTION					
1 – CONSTRUCTION – BOUYGUES CONSTRUCTION Group					
Full consolidation					
Bouygues Construction SA	Saint-Quentin-en-Yvelines/France	99.97	99.97		
Bouygues Bâtiment Idf					
Bouygues Bâtiment Ile-de-France SA	Saint-Quentin-en-Yvelines/France	99.97	99.97		
Bâtiment France subsidiaries					
Bati-Renov SA	Orly/France	99.32	99.32		
Brézillon SA	Noyon/France	99.32	99.32		
Sodéarif SA	Saint-Quentin-en-Yvelines/France	99.96	99.96		
Bouygues Bâtiment International					
Bouygues Bâtiment International SA	Saint-Quentin-en-Yvelines/France	99.97	99.97		

[a] *Where percentage control differs from percentage interest*

Principal Group companies	City/Country	% interest 2008	% interest 2007	% direct and indirect control[a] 2008	% direct and indirect control[a] 2007
Bâtiment International subsidiaries					
Bouygues Thaï Ltd	Bangkok/Thailand	48.98	48.98		
Bymaro	Casablanca/Morocco	99.96	99.95		
DTP Singapour Pte Ltd	Singapore	99.97	99.97		
VCES Holding s.r.o and its subsidiaries	Pardubice/Czech Republic	50.98	50.98		
Karmar SA	Warsaw/Poland	99.97	94.58		
Kohler Investment SA	Luxembourg	99.97	89.87		
Entreprises France-Europe subsidiaries					
DV Construction SA	Mérignac/France	99.97	99.97		
GTB Bouyer Duchemin SA	Nantes/France	99.97	99.97		
GFC Construction SA	Caluire et Cuire/France	99.97	99.97		
Norpac SA	Villeneuve d'Ascq/France	99.97	99.97		
Pertuy Construction SA	Maxeville/France	99.97	99.97		
Quille SA	Rouen/France	99.97	99.97		
Acieroïd SA	Barcelona/Spain	99.97	99.97		
Bouygues UK Ltd	London/England	99.97	99.97		
Losinger Construction AG	Koniz/Switzerland	99.97	99.97		
Marazzi Holding AG and its subsidiaries	Bern/Switzerland	99.97	99.97		
Warings Construction Group Holding Ltd and its subsidiaries	Portsmouth/England	99.97	99.97		
Westminster Local Education Partnership Ltd	London/England	79.98			
Bouygues Travaux Publics					
Bouygues TP SA	Saint-Quentin-en-Yvelines/France	99.97	99.97		
Prader Losinger SA	Sion/Switzerland	99.64	99.64		
Prader AG Tunnelbau	Zurich/Switzerland	Merged	99.90		
Other Bouygues Construction subsidiaries					
DTP Terrassement SA	Saint-Quentin-en-Yvelines/France	99.97	99.97		
Dragages et TP (Hong Kong) Ltd	Hong Kong/China	99.97	99.97		
VSL International Ltd	Bern/Switzerland	99.82	99.82		
Entreprise Transport & Distribution d'Électricité Group (ETDE)					
ETDE SA	Saint-Quentin-en-Yvelines/France	99.97	99.97		
Axione and its subsidiaries	Malakoff/France	99.97	99.97		
Exprimm IT (ex-ETDE Réseaux et Communication SA)	Villebon-sur-Yvette/France	99.97	99.97		
Exprimm SA	Saint-Quentin-en-Yvelines/France	99.97	99.97		
Gallet Delage SA	Saint-Quentin-en-Yvelines/France	99.97	99.97		
Mainguy SAS	Vertou/France	99.97	99.97		
Serma SAS	Champforgueil/France	99.97	99.97		
Stefal SAS and its subsidiaries	Ivry-sur-Seine/France	99.97	99.97		
Transel SAS	Saint-Quentin-en-Yvelines/France	99.97	99.97		
David Webster Lighting and its subsidiaries	Harlow/England	99.97	99.97		
Ecovert FM	London/England	99.97	99.97		
Icel Maidstone Ltd and its subsidiaries	London/England	99.97	99.97		

Principal Group companies	City/Country	% interest 2008	% interest 2007	% direct and indirect control[a] 2008	% direct and indirect control[a] 2007
Société gabonaise d'électrification et de canalisation (Sogec)	Libreville/Gabon	84.39	84.39		
Szigma Coop	Gyor/Hungary	99.97	99.97		
Thermal Transfer Ltd	East Kilbride/Scotland	99.97	99.97		
Proportionate consolidation					
Bouygues TP					
Bombela Civils Jv Ltd	Johannesburg/South Africa	44.99	44.99		
Associates (equity method)					
Bouygues Construction					
Consortium Stade de France SA	Saint-Denis/France	33.32	33.32		
Bouygues Bâtiment International					
Hermes Airports Ltd	Nicosia/Cyprus	21.99	21.99		
Bouygues TP					
Adelac SAS	Beaumont/France	39.19	39.19		
Autoroute de liaison Seine-Sarthe SA	Bourg-Achard/France	33.16	33.16		
Bombela Concession Company Ltd	Johannesburg/South Africa	Deconsolidated	24.99		
Aka	Budapest/Hungary	Deconsolidated	25.11		
Bina Fincom	Zagreb/Croatia	44.99	50.98		
2 – ROADS – COLAS Group					
Full consolidation					
Colas SA and its regional subsidiaries (Colas, Screg and Sacer)	Boulogne-Billancourt/France	96.78	96.44		
Grands Travaux Océan Indien (GTOI) SA	Le Port (Reunion Island)/France	96.77	96.43	99.99	99.99
Spac and its subsidiaries	Clichy/France	96.77	96.43	100.00	100.00
Seco-Rail	Chatou/France	Merged	96.43		100.00
Aximum (ex-Somaro)	Chatou/France	96.77	96.43	100.00	100.00
Colas Guadeloupe	Baie-Mahault/Guadeloupe	96.77	96.43	100.00	100.00
Colas Martinique	Le Lamentin/Martinique	96.77	96.43	100.00	100.00
Smac and its subsidiaries	Boulogne-Billancourt/France	96.77	96.43	100.00	100.00
Colas Rail	Maisons-Laffitte/France	96.77	96.43	100.00	100.00
Colas Hungaria and its subsidiaries	Budapest/Hungary	96.78	96.44	100.00	100.00
Colas Danmark A/S	Virum/Denmark	96.78	96.44	100.00	100.00
Colas SA and its subsidiaries	Lausanne/Switzerland	96.03	95.69	99.22	99.22
Colas Inc. and its subsidiaries	Morristown, New Jersey/USA	96.78	96.44	100.00	100.00
Colas du Maroc and its subsidiaries	Casablanca/Morocco	96.77	96.43	100.00	100.00
Colas Ltd and its subsidiaries	Rowfant/England	96.78	96.44	100.00	100.00
Colas Polska	Sroda-Wielkopol/Poland	96.78	96.44	100.00	100.00
Routière Colas du Gabon	Libreville/Gabon	87.01	86.76	89.90	89.90
Colas Belgium and its subsidiaries	Brussels/Belgium	96.77	96.44	100.00	100.00
Colas Cz	Prague/Czech Republic	96.78	96.44		

[a]*Where percentage control differs from percentage interest*

Principal Group companies	City/Country	% interest 2008	% interest 2007	% direct and indirect control[a] 2008	% direct and indirect control[a] 2007
Proportionate consolidation					
Carrières Roy	Saint-Varent/France	48.37	48.20	49.98	49.98
Associates (equity method)					
Cofiroute	Sèvres/France	16.13	16.08	16.67	16.67
3 – PROPERTY – BOUYGUES IMMOBILIER Group					
Full consolidation					
Bouygues Immobilier	Boulogne-Billancourt/France	100.00	100.00		
SNC Bouygues Immobilier Entreprises Île-de-France	Boulogne-Billancourt/France	100.00	100.00		
SNC Bouygues Immobilier Paris	Boulogne-Billancourt/France	100.00	100.00		
SNC Bouygues Immobilier Est	Strasbourg/France	100.00	100.00		
SLC and its subsidiaries	Lyon/France	100.00	100.00		
Blanc & Cie	Grenoble/France	Merged	100.00		
Parque Empresarial Cristalia SL	Madrid/Spain	100.00	100.00		
SA Bouygues Inmobiliaria	Madrid/Spain	100.00	100.00		
C - OTHER SUBSIDIARIES					
Full consolidation					
Finagestion and its subsidiaries (Africa)	Saint-Quentin-en-Yvelines/France	70.70	100.00		
Bouygues Relais SNC	Paris/France	100.00	100.00		
Challenger SNC	Paris/France	100.00	100.00		
Société Francaise de Participation & Gestion (SFPG) SA and its subsidiaries	Paris/France	99.76	99.76		
GIE 32 Hoche	Paris/France	90.00	90.00		
Challenger Réassurance	Luxembourg	99.99	99.99		
Uniservice	Geneva/Switzerland	99.99	99.99		
Serendipity and its subsidiaries	Paris/France	Change of method	100.00		
Proportionate consolidation					
Serendipity and its subsidiaries	Paris/France	50.00			
Associates (equity method)					
Alstom	Levallois-Perret/France	29.78	29.98		

Parent company financial statements in French GAAP

Balance sheet at 31 December 2008

Assets

(€ million)	Gross 2008	Amortization, depreciation 2008	Net 2008	Net 2007	Net 2006
Intangible assets	2	1	1	1	1
Property, plant and equipment					
Long-term investments	11,239	7	11,232	11,055	9,667
Holdings in subsidiaries and affiliates	11,065	4	11,061	10,828	9,545
Loans/advances to subsidiaries & affiliates	6		6	44	47
Other	168	3	165	183	75
NON-CURRENT ASSETS	**11,241**	**8**	**11,233**	**11,056**	**9,668**
Inventories and work in progress					
Advances and down-payments on orders					
Trade receivables	20		20	20	17
Other receivables	116	4	112	275	130
Short-term investments	3,020	65	2,955	2,258	2,692
Cash	8		8	9	9
CURRENT ASSETS	**3,164**	**69**	**3,095**	**2,562**	**2,848**
Other assets	42		42	42	48
TOTAL ASSETS	**14,447**	**77**	**14,370**	**13,660**	**12,564**

Liabilities & shareholders' equity

(€ million)	Net 2008	Net 2007	Net 2006
Share capital	343	348	335
Share premium and reserves	2,668	2,944	2,547
Retained earnings	679	438	235
Net profit for the year	882	751	603
Restricted provisions	3	2	1
SHAREHOLDERS' EQUITY	**4,575**	**4,483**	**3,721**
Provisions	100	82	76
Debt	7,285	6,244	6,245
Advances and down-payments received			
Trade payables	31	32	25
Other payables	25	37	36
LIABILITIES	**7,441**	**6,395**	**6,382**
BANK OVERDRAFTS AND CURRENT ACCOUNTS	**2,299**	**2,750**	**2,424**
Other liabilities	55	32	37
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	**14,370**	**13,660**	**12,564**

Income statement

(€ million)	2008	2007	2006
SALES	**80**	**68**	**60**
Other operating revenues	1	2	6
Purchases and changes in inventory			
Taxes other than income tax	(3)	(2)	(1)
Personnel costs	(61)	(44)	(39)
Other operating expenses	(49)	(44)	(48)
Depreciation, amortisation, impairment and provisions, net	4	(10)	(3)
OPERATING LOSS	**(28)**	**(30)**	**(25)**
Financial income and expenses	752	623	518
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	**724**	**593**	**493**
Exceptional items	14	(7)	50
Income taxes and profit-sharing	144	165	60
NET PROFIT	**882**	**751**	**603**

Cash flow statement

(€ million)	2008	2007	2006
A - OPERATING ACTIVITIES			
Cash flow from operations before changes in working capital	**913**	**760**	**575**
Net profit for the period	882	751	603
Amortisation, depreciation and impairment of non-current assets, net	4	6	5
Charges to/reversals of provisions, net	18	8	(61)
Transfers of deferred charges	18	(5)	32
Gains/losses on disposals of non-current assets	(9)		(4)
Change in working capital	**157**	**(168)**	**155**
Current assets	143	(150)	202
Current liabilities	14	(18)	(47)
NET CASH GENERATED BY OPERATING ACTIVITIES	**1,070**	**592**	**730**
B - INVESTING ACTIVITIES			
Increases in non-current assets:			
Acquisitions of intangible assets and property, plant & equipment			
Acquisitions of long-term investments	(239)	(1,389)	(2,798)
	(239)	**(1,389)**	**(2,798)**
Disposals of non-current assets	14	3	41
Investments during the period, net	**(225)**	**(1,386)**	**(2,757)**
Other long-term financial investments, net	37	(2)	21
Amounts receivable/payable in respect of non-current assets, net	(21)	25	
NET CASH USED IN INVESTING ACTIVITIES	**(209)**	**(1,363)**	**(2,736)**
C - FINANCING ACTIVITIES			
Change in shareholders' equity	(239)	411	(162)
Dividends paid during the period	(510)	(400)	(302)
Change in debt	1,035		2,125
NET CASH GENERATED BY FINANCING ACTIVITIES	**286**	**11**	**1,661**
CHANGE IN NET CASH POSITION (A + B + C)	**1,147**	**(760)**	**(345)**
Cash position at 1 January	(483)	277	622
Other non-monetary flows			
Change during the period	1,147	(760)	(345)
Cash position at 31 December	**664**	**(483)**	**277**

Notes to the parent company financial statements

Contents

Figures in millions of euros

Note 1 • Significant events of the year

1.1 Holdings in subsidiaries and affiliates

1.1.1 Alstom

During 2008, Bouygues acquired 946,000 Alstom shares on the stock market for a total of €119 million in order to maintain its percentage interest at close to 30%.

As of 31 December 2008, Bouygues held a 29.78% interest in the capital of Alstom, with a carrying amount of €3,454 million.

The interest in Alstom was not impaired, based on the closing stock market price at end December 2008.

On 7 July 2008, Alstom carried out a 2-for-1 stock split.

1.1.2 Colas

Bouygues acquired 141,034 Colas shares on the stock market for a total of €27 million. As of 31 December 2008, Bouygues held a 96.78% interest in the capital of Colas.

1.1.3 Bouygues Immobilier

Bouygues subscribed in full to the €70 million capital increase carried out by Bouygues Immobilier, involving the issuance of 45,930 new shares with a par value of €1,524 each.

1.1.4 Serendipity

Bouygues sold 50% of the shares of Serendipity Investment to Artémis, and jointly subscribed to the capital increase carried out by Serendipity Investment via offset of current account balances to an amount of €11 million.

1.1.5 Finagestion

Bouygues subscribed to the capital increase carried out by Finagestion on 28 July 2008 via offset of current account balances to an amount of €8 million. On 29 July 2008, Bouygues sold a 29.3% interest in the capital of Finagestion to Emerging Capital Partners (ECP) for €12 million.

1.2 Treasury shares

As of 31 December 2007, Bouygues held 382,393 treasury shares with a carrying amount of €22 million.

During 2008, Bouygues acquired 6,687,025 treasury shares for a total of €331 million, recognised in "Other long-term investment securities". Following a decision by the Board of Directors on 3 June 2008, the company cancelled 6,952,935 shares with a carrying amount of €349 million.

Bouygues also holds 1,761,500 treasury shares via a liquidity account, into which an additional €40 million was paid in October 2008.

1.3 Bond issues

1.3.1 July 2008 bond issue

- Amount: €1 billion
- Rate: 6.125%
- Issue premium: 99.441%.
- Redemption terms: redeemable in full at par on 3 July 2015

These bonds were issued in order to refinance the May 2002 bond issue that was due to mature in May 2009.

1.3.2 May 2002 bond issue

In December 2008, Bouygues repurchased 16,030 bonds for €16 million. The outstanding balance on the issue, which is redeemable in May 2009, is now €984 million.

Note 2 • Accounting policies

The financial statements have been prepared in accordance with the current provisions of French law.

2.1 Intangible assets

Expenditure on intangible assets is recognised in accordance with the historical cost convention.

As a general principle, software acquired from third parties is recognised as an intangible asset and amortised on a straight-line basis over a maximum of five years.

2.2 Property, plant and equipment

Property, plant and equipment is recognised at acquisition cost net of reclaimable taxes. Transaction costs that do not form part of the market value of the acquired asset are expensed as incurred.

Depreciation is calculated on a straight-line basis, according to the nature and estimated useful life of each asset component.

2.3 Long-term investments

2.3.1 Holdings in subsidiaries and affiliates and other long-term investment securities

Holdings in subsidiaries and affiliates and other long-term investment securities are recognised at cost, including directly attributable acquisition costs.

Holdings in subsidiaries and affiliates and other long-term investment securities are also measured at value in use, determined using objective criteria (stock market price for quoted companies, shareholders' equity, profitability), forecast data (economic outlook, earnings prospects), or any other information indicative of the actual value of the asset.

If value in use is less than cost, a provision for impairment is recorded to cover the difference.

2.3.2 Long-term receivables

Long-term receivables are shown in the balance sheet at face value. If the realisable value (taking into account the probability of recovery) is less than the carrying amount, a provision for impairment is recorded to cover the difference

2.4 Receivables and payables expressed in foreign currencies

Receivables and payables expressed in foreign currencies are translated at the exchange rate prevailing on the balance sheet date, or at the hedged rate if the item is covered by a currency hedge.

Unrealised foreign exchange gains and losses are taken to suspense accounts in the balance sheet; unrealised losses are covered by a provision.

2.5 Short-term investments

The short-term investment portfolio is measured in accordance with French accounting standards.

The value of unlisted securities (equities, negotiable debt instruments, and money-market mutual funds) was determined by reference to the latest estimate as at 31 December 2008. In the case of quoted securities, the average quoted stock market price over the last month of the financial year was used.

2.6 Other assets

Deferred charges mainly comprise the portion of bond issue costs not covered by the issue premium. In the case of convertible bonds, any unamortised issue costs relating to bonds converted into shares are offset against the share premium on the newly-issued shares.

Bond redemption premium relates to bond issues priced at the following percentages of nominal value: 99.348% (November 2003 issue), 99.05% (October 2004 issue), 99.804% (July 2005 issue), 97.203% (February 2006 issue), 99.657% (May 2006 issue), 99.812% (May 2006 issue), 98.662% (October 2006 issue) and 99.441% (July 2008 issue).

2.7 Provisions

These mainly comprise:

- provisions for income taxes, in particular split taxes;
- provisions for miscellaneous risks (including tax inspections) and provisions for additional risks relating to loss-making subsidiaries, established where the negative net assets of a subsidiary are not wholly covered by provisions for impairment of Bouygues SA's investment in and loans and/or advances to that subsidiary;
- provisions for charges, including employee benefits (bonuses, lump-sum retirement benefits, long-service awards, etc.).

2.8 Hedging instruments

Bouygues SA uses hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates.

These instruments share the following characteristics:

- they are limited to the following products: forward currency purchases and sales, currency swaps, cross currency swaps and purchases of currency options for currency risk hedging purposes, and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes;
- they are used solely for hedging and pre-hedging purposes;
- they are contracted solely with high-quality French and foreign banks;
- they carry no liquidity risk in the event of a downturn.

Gains and losses on financial instruments used for hedging purposes are recognised in the income statement symmetrically with gains and losses arising on the hedged item.

2.9 Retirement benefit obligations

Methods and assumptions used in calculating the obligation:

- projected unit credit method based on final salary;
- benefits as defined in agreements or established by custom within the company, taking into account applicable collective agreements for managerial, administrative, clerical, technical and supervisory staff;
- obligation measured in accordance with opinions and recommendations issued by the CNC (French National Accounting Council) in July 2000, April 2003 and March 2004;
- vested rights as of 31 December 2008;
- employees classified in groups with similar characteristics in terms of grade, age and length of service;
- average monthly salary for each employee group, uplifted by a percentage to reflect the applicable rate of employer's social security charges;
- salary inflation rate: 5.5%;
- discount rate: 3.66%;
- average employee turnover rate calculated on the basis of average number of leavers over the last five years;
- life expectancy by reference to 1993 mortality tables.

2.10 Consolidation

Bouygues SA is the ultimate parent company in the consolidation.

Note 3 • Non-current assets

	Balance at 01/01/2008	Increases	Decreases	Balance at 31/12/2008
Intangible assets				
Software	2			2
Other				
Gross value	**2**			**2**
Accumulated amortisation	(1)			(1)
Net value	**1**			**1**
Property, plant and equipment				
Land and buildings				
Other				
Gross value				
Accumulated depreciation				
Net value				
Long-term investments				
Holdings in subsidiaries & affiliates	10,832	235	2	11,065
Loans/advances to subsidiaries & affiliates[a]	45	15	54	6
Other	187	332	351	168
Gross value	**11,064**	**582**	**407**	**11,239**
Impairment	(9)		(2)	(7)
Net value	**11,055**	**582**	**405**	**11,232**
Total net value	**11,056**	**582**	**405**	**11,233**

	Gross value
[a]Of which amounts falling due after more than one year	
Loans/advances to subsidiaries & affiliates	*6*

Note 4 • Current assets by maturity

	Gross value	< 1 year	> 1 year
Advances and down-payments			
Operating receivables	29	23	6
Other receivables	106	102	4
Total	**135**	**125**	**10**

Note 5 • Other assets and liabilities

	Balance at 01/01/2008	Increases	Decreases	Balance at 31/12/2008	Amount due in < 1 year
Other assets					
Bond issue costs	15		2	13	2
Bond redemption premium	27	5	4	28	4
Other	1	1	1	1	1
Total	**43**	**6**	**7**	**42**	**7**
Other liabilities					
Deferred income (cash payment received on interest rate swap)	32	25	7	50	9
Other		5		5	5
Total	**32**	**30**	**7**	**55**	**14**

Note 6 • Changes in shareholders' equity

Shareholders' equity at 31 December 2007 (before appropriation of profits)	**4,483**
Dividends paid	(510)
Shareholders' equity after appropriation of profits	**3,973**
Changes in share capital	(4)
Changes in share premium and reserves	(278)
Net profit for the period	882
Restricted provisions	2
Shareholders' equity at 31 December 2008	**4,575**

Note 7 • Composition of share capital

	Number of voting rights	Number of shares
Start of period	454,197,346	347,502,578
Movement during the period	(5,602,629)	(4,684,499)[a]
End of period	448,594,717	342,818,079
Par value		**€1**

Maximum number of potentially dilutive shares: 6,650,786

[a]Movements in number of shares during the period:

Increases: 2,268,436 by exercise of stock options

Decreases: 6,952,935 by cancellation of treasury shares pursuant to the Board decision of 3 June 2008

Note 8 • Provisions

	Balance at 01/01/2008	Charge for the year	Reversals during the year		Balance at 31/12/2008
			Used	Unused	
Provisions for subsidiaries	1	1			2
Provisions for income taxes	25	4	7	8	14
Others provisions		37			37
Provisions for risks	**26**	**42**	**7**	**8**	**53**
Provisions for charges	**56**	**7**	**16**	**0**	**47**
Total	**82**	**49**	**23**	**8**	**100**
			31		
Operating items		7	13		
Financial items		32			
Exceptional items		10	18		
		49	**31**		

Note 9 • Liabilities by maturity at the balance sheet date

Liabilities	Gross value	< 1 year	1 to 5 years	> 5 years
Debt				
Bond issues				
May 2002 bond issue[a]	1,021	1,021		
November 2003 bond issue[b]	779	29	750	
October 2004 bond issue[c]	1,008	8		1,000
July 2005 bond issue[d]	764	14		750
February 2006 bond issue[e]	255	5		250
May 2006 bond issue[f]	617	17		600
May 2006 bond issue[g]	1,181	31	1,150	
October 2006 bond issue[h]	602	7		595
July 2008 bond issue[i]	1,031	31		1,000
Bank borrowings	27		27	
Total debt	**7,285**	**1,163**	**1,927**	**4,195**
Trade payables	**31**	**31**		
Other payables	**25**	**25**		
Overdrafts and short-term bank borrowings	**2,299**	**2,299**		
Deferred income	**55**	**14**	**34**	**7**
Total	**9,695**	**3,532**	**1,961**	**4,202**

Original amounts, excluding accrued interest:

[a]May 2002 bond issue:
Amount: €750 million in May 2002 and €250 million in December 2002 – rate: 5.875%
December 2008: €16.1 million of these bonds were repurchased and cancelled. Balance outstanding: €984 million
Redemption terms: redeemable in full at par on 15 May 2009

[b]November 2003 bond issue:
Amount: €750 million – rate: 4.625%
Redemption terms: redeemable in full at par on 25 February 2011

[c]October 2004 bond issue:
Amount: €1 billion – rate: 4.375%
Redemption terms: redeemable in full at par on 29 October 2014

[d]July 2005 bond issue:
Amount: €750 million – rate: 4.25%
Redemption terms: redeemable in full at par on 22 July 2020

[e]Supplementary issue to July 2005 bond issue:
Amount: €250 million – rate: 4.25%
Redemption terms: redeemable in full at par on 22 July 2020

[f] May 2006 bond issue:
Amount: €600 million – rate: 4.75%
Redemption terms: redeemable in full at par on 24 May 2016

[g]May 2006 bond issue:
Amount: €1,150 million – rate: 4.5%
Redemption terms: redeemable in full at par on 24 May 2013

[h]October 2006 bond issue:
Amount: £400 million (€595.33 million) – rate: 5.5%
Redemption terms: redeemable in full at par on 6 October 2026

[i] July 2008 bond issue:
Amount: €1 billion – rate 6.125%
Redemption terms: redeemable in full at par on 3 July 2015

Note 10 • Details of amounts involving related companies

	Amount
Assets	
Long-term investments	11,221
Operating receivables	19
Other receivables	50
Cash and current accounts	
Total	**11,290**
Expenses	
Operating expenses	11
Financial expenses	80
Income tax expenses	
Total	**91**

	Amount
Liabilities	
Debt	
Trade payables	9
Other payables	15
Bank overdrafts and current accounts	2,299
Total	**2,323**
Income	
Operating income	79
Financial income	1,159
Income tax credits	264
Total	**1,502**

Note 11 • Financial instruments

11.1 Interest rate hedges

Amount outstanding at 31/122008 by maturity	2009	2010 to 2013	After 2013	Total
Interest rate swaps				
On financial assets				
On financial liabilities	200			**200**

11.2 Currency hedges

Amount outstanding at 31/12/2008 by currency	CHF	GBP	USD	Other	Total
Forward currency contracts					
Forward purchases					
Forward sales					
Currency swaps	27				**27**

As of 31 December 2008, the market value of the hedging instruments portfolio was + €5.1 million.

11.3 Options

Calls: As of 31 December 2008, Bouygues held 3,056,000 call options on Bouygues shares (€30.7 million). Of these, 2,489,083 were held in connection with the *Bouygues Confiance 3* employee share ownership scheme, 318,960 in connection with the *Bouygues Partage* employee share ownership scheme, and 51,842 in connection with the *Bouygues Confiance 4* employee share ownership scheme.

Impairment losses or provisions are recognised for call options where the estimated value is less than book value.

Note 12 • Off-balance sheet commitments

	Amount of guarantee	of which related companies
Commitments given (contingent liabilities)		
Retirement benefit obligations	6	
Other commitments given		
Total	**6**	
Commitments received (contingent assets)		
Other commitments received		
Total	**0**	

Commitment given:
Commitment to retain the Alstom shares acquired from the French government for at least three years.

Commitment received:
Put option on Alstom Hydro Holding shares, granted by Alstom to Bouygues SA.

Note 13 • Sales

Sales recorded by Bouygues SA mainly comprise costs of shared support functions recharged to subsidiaries.

Note 14 • Financial income and expenses

	2008	2007
Dividend income and shares of partnership profits	1,156	901
Interest income	93	83
Interest expense	(400)	(375)
Other financial expenses, net (proceeds from disposals, impairment losses and provisions)	(97)	14
Total	**752**	**623**

Note 15 • Group tax election and income tax expense

Bouygues made a Group tax election in 1997 under Article 223 A to U of the French General Tax Code; this election still applies.

In addition to Bouygues SA, the Group tax election included 77 subsidiaries in 2008.

Each company in the tax group recognises its own income tax expense as though the Group election is not in place; the parent company recognises any tax savings.

At the end of the period, Bouygues SA recognised a net income tax gain, comprising:

	Short term	Long term	Total
Net income tax expense on			
Profit before tax and exceptional items	118		118
Other non-exceptional items: reversal of provision for split taxes	3		3
Exceptional items	(239)	(7)	(246)
	(118)	(7)	**(125)**
Tax gain from Group tax election	260	8	**268**
(income tax received from profit-making subsidiaries in the tax Group)			
Total	**142**	**1**	**143**

Note 16 • Contingent tax position

	At 01/01/2008		Movements in the year		At 31/12/2008	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Non-deductible expenses						
Provisions for income taxes	60		4	18	46	
Other provisions	18		32	3	47	
Total	**78**		**36**	**21**	**93**	
Expenses deductible for tax purposes/ income liable to tax but not recognised for accounting purposes						
Unrealised foreign exchange losses						
Unrealised foreign exchange gains						
Unrealised foreign exchange gains/losses, net						
Deferred income	32		25	7	50	
Capitalisation bonds	24			24		
Call options	14			14		
Other income and expenses	**70**		**25**	**45**	**50**	
Total	**70**		**25**	**45**	**50**	

Note 17 • Average number of employees during the year

	2008	2007
Managerial staff	139	139
Administrative, clerical, technical and supervisory staff	40	32
Total	**179**	**171**

Note 18 • Advances, loans and remuneration paid to directors and senior executives

Remuneration of directors and senior executives:

- The total amount of direct and indirect remuneration of all kinds received from French and foreign companies by senior executives (CEO and deputy CEO) was as follows: €1.7 million of basic remuneration, €2.4 million of variable remuneration paid in March 2009 based on 2008 performance, and €0.16 million of directors' fees.
- Directors' fees paid to members of the Board of Directors (including non-voting directors): €0.55 million.

Note 19 • List of investments at 31 December 2008

Holdings in subsidiaries and affiliates	Number of shares	%	Estimated value[1]	
Alstom	85,479,698	29.779	3,588	b
Bouygues Construction	1,705,126	99.936	756	c
Bouygues Immobilier	90,923	99.992	472	c
Bouygues Telecom	36,086,799	89.184	4,600	a
Colas	31,499,647	96.783	2,072	c
TF1	91,806,565	43.019	958	b
Other investments			431	a
Total holdings in subsidiaries and affiliates			**12,877**	
Negotiable debt instruments and money-market mutual funds			2,780	a
Capitalisation bonds			97	b
Other investments			82	b
Total short-term investments			**2,959**	
Total investments			**15,836**	

[1] The value shown is:
[a] carrying amount in the balance sheet (net book value)
[b] stock market value (closing price for equities, average price for the last month of the year for bonds)
[c] share of consolidated net assets

Note 20 • List of subsidiaries and affiliates

	Share capital[a]	Other shareholders' equity[a&b]	%	Book value of investment[c] Gross	Book value of investment[c] Net	Loans & advances	Guarantees[c]	Sales[c]	Net profit/(loss)[c]	Dividends received[c]	Comments
A – Detailed information											
1. Subsidiaries (interest > 50%)											
France											
Bouygues Construction	128	628	99.94	59	59			9,497	297	200	d
Bouygues Immobilier	139	333	99.99	315	315			2,924	105	87	d
Bouygues Telecom	617	1,779	89.18	4,600	4,600			5,089	534	446	d
C2S			99.95	1	1			11			
Colas	49	2,092	96.78	1,706	1,706			12,789	490	267	d
Finagestion	9	43	70.70	6	6			280	11		
SFPG		28	99.76						(2)		e
Total				**6,687**	**6,687**			**30,590**	**1,435**	**1,000**	
Other countries											
Uniservice	51	15	99.99	32	32					6	
Total				**32**	**32**					**6**	
2. Affiliates (interest > 10%, ≤ 50%)											
France											
TF1	43	1,334	43.02	731	731			2,595	164	78	d
Alstom	2,009	236	29.78	3,454	3,454			16,908	862	68	f
Total				**4,185**	**4,185**			**19,503**	**1,026**	**146**	
Other countries											
Total											
B – Aggregate information											
3. Other subsidiaries											
France				145	145			25	2		
Other countries				4				14			
4. Other affiliates											
France				12	12	6		101			
Other countries											
Overall total				**11,065**	**11,061**	**6**		**50,233**	**2,463**	**1,152**	

[a] In the local functional currency [b] Including net profit/loss for the year [c] In euros [d] Parent company of a business segment: consolidated reserves, sales and net profit/loss for the segment, for the year ended 31 December 2008 [e] Year ended 30 November [f] Year ended 31 March

Magali Joneau,
Head of programmes
at Bouygues Immobilier

Combined Annual General Meeting of 23 April 2009

Agenda

1 • Ordinary general meeting

- Board of Directors' report on the resolutions introduced at the ordinary general meeting.
- Board of Directors' management report.
- Report of the Chairman of the Board of Directors.
- Board of Directors' special report on stock options.
- Auditors' report on the parent company financial statements for the year ended 31 December 2008.
- Auditors' report on the consolidated financial statements for the year ended 31 December 2008.
- Auditors' report on the report by the Chairman of the Board of Directors.
- Auditors' special report on regulated agreements and commitments.
- Approval of the parent company financial statements and transactions for the year ended 31 December 2008.
- Approval of the consolidated financial statements and transactions for the year ended 31 December 2008.
- Appropriation of earnings, setting of dividend.
- Approval of regulated agreements and commitments.
- Renewal of the term of office of Martin Bouygues as a director.
- Renewal of the term of office of Mrs Francis Bouygues as a director.
- Renewal of the term of office of Pierre Barberis as a director.
- Renewal of the term of office of François Bertière as a director.
- Renewal of the term of office of Georges Chodron de Courcel as a director.
- Renewal of the appointment of Ernst & Young Audit as principal auditors.
- Appointment of Auditex as alternate auditors.
- Authorisation to the Board of Directors with a view to enabling the company to buy back its own shares.

2 • Extraordinary general meeting

- Board of Directors' report on the resolutions introduced at the extraordinary general meeting.
- Auditors' special reports.
- Authorisation to the Board of Directors to reduce share capital by cancelling shares.
- Delegation of powers to the Board of Directors to increase share capital with pre-emptive rights for existing shareholders, by issuing shares or securities giving access to shares of the company or one of its subsidiaries.
- Delegation of powers to the Board of Directors to increase share capital by incorporating share premiums, reserves or earnings into capital.
- Delegation of powers to the Board of Directors to increase share capital without pre-emptive rights for existing shareholders, by issuing shares or securities giving access to shares in the company or one of its subsidiaries.
- Authorisation to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights for existing shareholders.
- Authorisation to the Board of Directors to set the price, in accordance with the terms decided by the Annual General Meeting, for immediate or future public issues of equity securities or issues falling within the scope of paragraph II, Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders.
- Delegation of powers to the Board of Directors to increase share capital as consideration for contributions in kind consisting of a company's shares or securities giving access to capital.
- Delegation of powers to the Board of Directors to increase share capital, without pre-emptive rights for existing shareholders, as consideration for securities tendered to a public exchange offer.
- Delegation of powers to the Board of Directors to increase share capital for the benefit of employees or corporate officers of the company or a related company who are members of a company savings scheme.
- Delegation of powers to the Board of Directors to issue shares following the issue by a Bouygues subsidiary of securities giving access to shares in the company.
- Delegation of powers to the Board of Directors to issue all securities giving rights to allotment of debt securities.
- Delegation of powers to the Board of Directors to issue equity warrants during the period of a public offer for the company's shares.
- Authorisation to the Board of Directors to increase share capital during the period of a public offer for the company's shares.
- Powers to carry out formalities.

Board of Directors' reports

Board of Directors' report and statement of the reasons for the resolutions introduced at the Combined Annual General Meeting

To the shareholders,

This report is part of the management report presented by the Board of Directors to the Combined Annual General Meeting of 23 April 2009.

We have called this Annual General Meeting to submit for your approval twenty-six resolutions, the purpose of which is described in this report.

Resolutions within the authority of the ordinary general meeting

Approval of the parent company financial statements and the consolidated financial statements (first and second resolutions)

Having acquainted yourselves with the Board of Directors' management report, the Chairman's report, the auditors' reports and the parent company and consolidated financial statements for the year ended 31 December 2008, we ask you to approve the parent company financial statements (first resolution) and consolidated financial statements (second resolution) of Bouygues, as well as the transactions recorded in these financial statements or disclosed in these reports.

The parent company financial statements show net profit of €882 million, up 18% on 2007.

The Group's consolidated financial statements show net profit attributable to the Group of €1,501 million, up 9% on 2007.

These figures are detailed in the management report and the financial statements.

Appropriation of earnings, setting of a dividend of €1.60 per share (third resolution)

We ask you in this resolution to record distributable earnings, approve the recommended appropriation of 2008 earnings, and set the dividend at €1.60 per share.

Distributable earnings amount to €1,561,624,722.56, and comprise net profit for 2008 totalling €882,494,362.66, and retained earnings of €679,130,359.90.

We recommend that you allocate distributable earnings as follows:

- €548,508,926.40 to dividends
- €1,013,115,796.16 to retained earnings

The dividend amounts to a payout of €1.60 for each of the 342,818,079 shares issued and outstanding.

The recommended dividend represents a 7% increase on the dividend for the previous year, and will be payable on 4 May 2009. The dividend detachment date (ex-rights date) will be 28 April 2009.

In accordance with Article 243 bis of the General Tax Code, the recommended dividend entitles natural persons resident in France for income tax purposes to 40% tax relief as provided for by Article 158-3-2 of the General Tax Code, ie €0.64 per share. Article 117 *quater* of the General Tax Code also provides that natural persons resident in France for income tax purposes who are eligible for the 40% tax relief may, baring exceptions, opt for the 18% flat-rate withholding (excluding social charges).

In accordance with law, we remind you that the dividends paid in the last three financial years were as follows:

	2005	2006	2007
Number of shares at 31/12	336,762,896	334,777,583	347,502,578
Dividend per share	€0.90	€1.20	€1.50
Total dividend[1] paid (distributed earnings eligible for tax relief in accordance with paragraph 2, Article 158-3 of the General Tax Code)	€301,951,234.80	€400,003,315.20	€509,751,964.50

[1] *The amounts shown represent the actual dividends paid out, as no dividends are due on shares bought back by the company.*

Approval of regulated agreements and commitments (fourth resolution)

In this resolution we ask you, in accordance with Articles L. 225-38 *et seq.* of the Commercial Code, to approve the regulated agreements and commitments (excluding transactions falling within the ordinary course of business) between the company and companies with which it has one or more directors or executives in common, or between the company and shareholders with an interest of more than 10% in the company's share capital.

The Board of Directors has already approved these agreements and commitments, which shareholders are now asked to approve and which are described in the auditors' special report.

Renewal of the term of office of directors (fifth to ninth resolutions)

We ask you to renew the terms of office as directors of Mrs Francis Bouygues, Martin Bouygues, Pierre Barberis, François Bertière and Georges Chodron de Courcel, which expire after this Annual General Meeting. In accordance with the company's by-laws, these terms of office shall be renewed for a period of three years, and expire after the Annual General Meeting called to approve the financial statements for 2011.

Mrs Francis Bouygues was born in 1924 and is the widow of Francis Bouygues, the founder of the Bouygues group. She has been a director of Bouygues since 1993.

Martin Bouygues was born in 1952, and joined the Bouygues group in 1974 as works supervisor for the construction of the large Parisian shopping complex Les Halles, before working in sales management. In 1978, he helped to establish Maison Bouygues, which specialised in the sale of catalogue homes. In 1984, he began diversifying Maison Bouygues and, together with the Bouygues group, acquired Saur, a water treatment and distribution company. He was appointed Chairman and CEO of Saur two years later. Martin Bouygues became a director of Bouygues in January 1982, and was appointed Vice-Chairman in 1987. On 5 September 1989, he took over from Francis Bouygues as Chairman and CEO of Bouygues.

Pierre Barberis was born in 1942 and is a graduate of École Polytechnique and the Institute of French Actuaries. He began his career at Caisse des Dépôts et Consignations and joined Crédit Lyonnais in 1966, where in 1974 he became director of information technology and organisation. From 1979, he held senior management positions at Trigano SA, Crédit du Nord and Axa group. He was the CEO and Deputy Chairman of Axa from 1987 to 1991. He then became Chairman of VEV and ran several computer software companies. From May 2002 to November 2006, he was Deputy CEO of Oberthur Card Systems. Pierre Barberis has been a director since June 1997, and qualifies as independent within the meaning of the AFEP/MEDEF corporate governance code published in December 2008.

François Bertière was born in 1950 and is a graduate of École Polytechnique and École Nationale des Ponts et Chaussées. He is also a qualified architect (DPLG). He began his career in 1974 in the Infrastructure Ministry. In 1977, he was appointed technical advisor to the office of the French Education Ministry, then deputy director in charge of planning at the Regional Infrastructure department of Upper Corsica in 1978. In 1981, he became director of urban development at the Public Development Agency of Cergy-Pontoise. He joined the Bouygues group in 1985 as Deputy CEO of Française de Constructions. In 1988, he was appointed Chairman and CEO of France Construction, Vice-Chairman and CEO of Bouygues Immobilier in 1997, then Chairman and CEO of Bouygues Immobilier in 2001. François Bertière has been a director of Bouygues Immobilier since 1991 and a director of Bouygues since April 2006.

Georges Chodron de Courcel was born in 1950, is a graduate of École Centrale de Paris, and holds a degree in economics. He joined BNP in 1972, where he became head of financial research in the finance department in 1978, then executive secretary of Banexi in 1982. He then became director of securities management and director of financial and industrial investment. In 1989, he was appointed Chairman of Banexi, then central director of BNP in 1990. In 1995, he became executive vice-president then COO of BNP from 1996 to 1999. After the merger with Paribas in August 1999, Georges Chodron de Courcel was head of the corporate and investment banking arm of BNP Paribas from 1999 to 2003. He has been Chief Operating Officer of BNP Paribas since June 2003 and a director of Bouygues since January 1996.

If you adopt the preceding resolutions, the Board of Directors will be composed of eighteen directors, including seven independent directors within the meaning of the AFEP/MEDEF corporate governance code published in December 2008 (Pierre Barberis, Patricia Barbizet, Charles de Croisset, Lucien Douroux, Helman le Pas de Sécheval, Jean Peyrelevade and François-Henri Pinault).

Renewal of the appointment as principal auditors (tenth resolution)

As the appointment of the company's principal auditors, Ernst & Young Audit, expires after this Annual General Meeting, in this resolution we ask you to renew their appointment for the statutory six-year period, expiring after the 2015 Annual General Meeting called to approve the financial statements for 2014.

Appointment of alternate auditors (eleventh resolution)

As the appointment of the company's alternate auditor, Christian Mouillon, expires after this Annual General Meeting, in this resolution we ask you to appoint Auditex (Ernst & Young group) as alternate auditors for the statutory six-year period. This appointment shall expire after the 2015 Annual General Meeting called to approve the financial statements for 2014.

Share buyback programme (twelfth resolution)

In 2008, pursuant to the authorisations granted by shareholders, Bouygues purchased 6,687,025 of its own shares for cancellation. A further 1,283,500 of the company's shares were purchased by an investment service provider acting within the scope of a liquidity agreement that complies with a code of conduct approved by the AMF.

In light of the shares bought back and cancelled, at 31 December 2008 Bouygues held 0.12 million of its own shares (excluding shares held under the liquidity agreement), representing 0.03% of share capital. These shares were acquired by the company for cancellation. A total of 1.76 million shares were held within the scope of the liquidity agreement, representing 0.51% of share capital at 31 December 2008.

As the authorisation granted by the Annual General Meeting of 24 April 2008 is due to expire, in this resolution we ask you to grant the Board of Directors a further authorisation for a period of eighteen months to carry out treasury stock transactions, at a maximum purchase price of €80 per share and a minimum sale price of €30 per share, subject to adjustments for transactions in the company's equity.

These transactions would be carried out in compliance with the prevailing legal and regulatory conditions, particularly the conditions laid down by the AMF General Regulation, European Commission Regulation No. 2273/2003 of 22 December 2003, and by AMF Instructions. The shares purchased may be sold under the conditions set by the AMF in its position announced on 6 December 2005 concerning the introduction of a new share buyback regime.

The transactions may be carried out at any time, including during the period of a public offer for the company's shares, in accordance with applicable regulations.

The objectives of the share buyback programme are detailed in the twelfth resolution and in the description of the buyback programme provided in the *Legal and financial information* section of the management report.

The share buybacks can be used, inter alia, to cancel shares, pursuant to the authorisation granted in the thirteenth resolution. Shares may be cancelled to offset the dilutive impact for existing shareholders of the exercise of stock options granted to employees and corporate officers. In compliance with the accepted market practice approved by the AMF, the purpose of share buybacks can also be to ensure the liquidity of and organise the market for the company's shares through an independent investment service provider.

By law, share buyback authorisations must respect the following limits:

- the company may not own, either directly or indirectly via a person or entity acting in its name but on behalf of the company, more than 10% of its own shares;
- the acquisition must not reduce shareholders' equity to a level below that of capital plus those reserves not available for distribution;
- the number of shares bought back to be retained and subsequently delivered as a medium of payment or exchange in a merger, spin-off or contribution, may not exceed 5% of share capital;
- throughout the holding period, the company's reserves (excluding the legal reserve) must be at least equal to the value of the securities owned.

This draft resolution allows the Board to delegate the implementation of this buyback programme in accordance with Article L. 225-209, paragraph 3 of the Commercial Code.

We remind you that treasury stock does not carry any voting rights and that the corresponding dividends are allocated to retained earnings.

Resolutions within the authority of the extraordinary general meeting

Reduction of share capital by cancelling shares (thirteenth resolution)

In this resolution we ask you, in accordance with Article L. 225-209 of the Commercial Code, to authorise the Board of Directors for a period of eighteen months to reduce 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 twelfth resolution submitted to this Annual General Meeting for approval.

This authorisation would replace the authorisation given by the Combined Annual General Meeting of 24 April 2008, pursuant to which the Board of Directors, in its meeting of 3 June 2008, cancelled 6,952,935 shares bought back by the company. This cancellation offset the dilutive impact for existing shareholders of the creation of new shares in connection with employee savings plans and the exercise of stock options.

Capital increases with pre-emptive rights for existing shareholders (fourteenth resolution)

In this resolution we ask you, in accordance with Articles L. 225-129-2, L. 228-92 and L. 228-93 of the Commercial Code, to authorise the Board of Directors for a period of twenty-six months to increase share capital, on one or several occasions, with pre-emptive rights for existing shareholders, by issuing ordinary shares in the company and securities of any kind whatsoever, issued free of charge or for consideration, giving access in whatever manner, now and/or in the future, to ordinary shares, whether in existence or to be issued in the future, in Bouygues or, pursuant to Article L. 228-93 of the Commercial Code, in a company in which it owns directly or indirectly more than half the share capital.

The total amount of capital increases that may be implemented pursuant to this delegation and under the sixteenth, seventeenth, eighteenth, nineteenth, twentieth and twenty-second resolutions, may not exceed one hundred and fifty million euros (€150,000,000).

The total amount of debt securities issued giving access to ordinary shares in the company may not exceed five billion euros (€5,000,000,000). This amount applies to all debt securities that may be issued pursuant to the sixteenth resolution; it is independent of and separate from the amount of the securities giving rights to allotment of debt securities which may be issued pursuant to the twenty-third resolution, and from the amount of the debt securities which the Board of Directors may decide to issue or authorise to be issued in accordance with Article L. 228-40 of the Commercial Code.

Shareholders shall have pre-emptive rights to subscribe as of right, and, if the Board so decides, to subscribe for any excess securities issued under this resolution.

Capital increases by incorporating share premiums, reserves, or earnings into capital (fifteenth resolution)

In this resolution we ask you, in accordance with Articles L. 225-129-2 and L. 225-130 of the Commercial Code, to authorise the Board of Directors for a period of twenty-six months, to increase share capital by incorporating into the capital, on one or several occasions, premiums, reserves, earnings or other amounts which may be incorporated into the capital in accordance with applicable law and the by-laws, by allotting bonus shares or by increasing the nominal value of existing shares, or through a combination of the two procedures.

The total amount of capital increases that may be implemented pursuant to this resolution may not exceed four billion euros (€4,000,000,000). This limit is independent of and separate from the overall limit set in the fourteenth resolution.

In the case of a capital increase by allotment of bonus shares, fractional shares may not be traded or transferred and the relevant equity securities shall be sold.

Capital increases without pre-emptive rights for existing shareholders (sixteenth resolution)

The purpose of this resolution is to authorise the Board of Directors for a period of twenty-six months to carry out a capital increase without pre-emptive rights for existing shareholders, by issuing ordinary shares in the company, and any securities free of charge or for consideration, giving access in whatever manner, now and/or in the future, to existing or new ordinary shares in Bouygues or, pursuant to Article L. 228-93 of the Commercial Code, in any company in which it directly or indirectly owns more than half of the capital.

The total amount of capital increases that may be implemented pursuant to this resolution may not exceed one hundred and fifty million euros (€150,000,000) in nominal value. This amount shall count towards the overall limit of one hundred and fifty million euros set in the fourteenth resolution.

The nominal amount of debt securities giving access to ordinary shares in the company issued pursuant to this delegation shall not exceed five billion euros (€5,000,000,000). This counts towards the limit set in the fourteenth resolution. It is independent of and separate both from the amount of the securities giving rights to allotment of debt securities which may be issued pursuant to the twenty-third resolution and from the amount of the debt securities which the Board of Directors may decide to issue or authorise to be issued in accordance with Article L. 228-40 of the Commercial Code.

In accordance with Article R. 225-119 of the Commercial Code, the issue price of the equity instruments to be issued now or in the future pursuant to this resolution is such that the sum received immediately or in the future by the company on each equity instrument is equal to or greater than the weighted average share price during the last three trading days before the price is set, less a possible discount of up to 5%. If the eighteenth resolution is adopted, the Board would be authorised to derogate from these pricing terms, within the limit of 10% of the share capital in any twelve-month period.

In accordance with the Order of 22 January 2009, capital increases without pre-emptive rights for existing shareholders may be carried out pursuant to this resolution either through public issues or, within the limit of 20% of the share capital per year, by issues falling within the scope of paragraph II, Article L. 411-2 of the Monetary and Financial Code. This deals with issues intended solely for persons providing portfolio management services for third parties, qualified investors, or a restricted circle of investors.

In accordance with applicable law and regulations, the Board of Directors may grant shareholders a priority subscription period of at least three trading days.

This resolution cancels pre-emptive rights for existing shareholders to subscribe for shares issued pursuant to this delegation, but authorises the Board of Directors to set a priority subscription period for shareholders. This authorisation also entails the waiver by shareholders of their pre-emptive rights to ordinary shares in the company to which any securities issued pursuant to this authorisation may give entitlement.

Increase in the number of securities that may be issued in the event of a capital increase with or without pre-emptive rights for existing shareholders (seventeenth resolution)

This resolution asks you, in accordance with Article L. 225-135-1 of the Commercial Code, to authorise the Board of Directors for a twenty-six month period to resolve, in respect of each of the issues decided pursuant to the fourteenth and sixteenth resolutions, 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 upper limits set forth in the resolution pursuant to which such issue is decided.

Setting of the price for public issues or issues falling within the scope of Article L. 411-2-II of the Monetary and Financial Code, carried out within the scope of a capital increase without pre-emptive rights for existing shareholders, up to a limit of 10% of the share capital (eighteenth resolution)

The purpose of this resolution is, in accordance with Article L. 225-136-1 of the Commercial Code as revised in light of the Order of 22 January 2009, to authorise the Board of Directors for a period of twenty-six months to derogate from the pricing terms set forth in the sixteenth resolution in respect of each of the issues decided thereunder, and to set, in accordance with the conditions described below, the price of public issues or issues falling within the scope of Article L. 411-2-II of the Monetary and Financial Code as amended by the above-mentioned Order (issues intended solely for persons providing portfolio management services for third parties, qualified investors or a restricted circle of investors), of equity securities to be issued immediately or at a later date, up to a limit of 10% of the capital in any twelve-month period.

The issue price shall be set as follows:

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.

Capital increases as consideration for contributions of securities (nineteenth resolution)

The purpose of this resolution is, in accordance with Article L. 225-147 of the Commercial Code, to delegate powers to the Board of Directors for a period of twenty-six months to increase capital, based on the report of the contribution auditor, on one or several occasions, up to 10% of the share capital, as consideration for contributions in kind to the company of equity instruments or securities giving access to the capital, in cases where Article L. 225-148 of the Commercial Code is not applicable.

The amount of all capital increases carried out pursuant to this resolution counts towards the overall limit of one hundred and fifty million euros (€150,000,000) set forth in the fourteenth resolution.

Capital increases in the event of a public offer made by the company (twentieth resolution)

The purpose of this resolution is, in accordance with Articles L. 225-129-2, L. 225-148 and L. 228-92 of the Commercial Code, to delegate powers to the Board of Directors for a period of twenty-six months to carry out, in such amounts and at such times at it deems fit, based on the auditors' opinion on the terms and conditions and consequences of any such issue, a capital increase on one or several occasions as consideration for securities tendered to a public exchange offer made by the company with respect to securities in a company whose shares are admitted to trading on a regulated market as referred to in Article L. 225-148 of the Commercial Code. The amount of all capital increases made pursuant to this resolution shall count towards the overall limit of one hundred and fifty million euros (€150,000,000) set forth in the fourteenth resolution.

Capital increases for the benefit of employees or corporate officers (twenty-first resolution)

Company savings-related transactions and capital increases carried out for the benefit of employees allow the Group's staff to accumulate savings and be directly involved in the Group's success. This strengthens employee commitment and motivation.

In this resolution, we ask you to grant powers to the Board of Directors for a period of twenty-six months, to carry out one or more capital increases, in such amounts and at such times as it deems fit, for the benefit of employees and corporate officers of the company or a related company within the meaning of Article L. 225-180 of the Commercial Code, within the limit of 10% of the company's capital at the date of the Board decision. This limit is independent of and separate from the overall limit provided in the fourteenth resolution. The capital increases may be carried out by issuing new shares for payment in cash and, if applicable, by incorporating reserves, earnings and premiums into the capital, and by allotment of bonus shares or other securities giving access to the capital.

In accordance with Article L. 3332-19 of the Labour Code, the subscription price may not be more than 20% below (or more than 30% below in the event that the non-transferability period provided by the plan is ten years or more), the average of the initial quoted prices for the share on the Eurolist by Euronext Paris market during the twenty trading days preceding the date of the decision of the Board of Directors setting the opening date for subscriptions.

Within the scope of this delegation, the Board shall have full powers to decide the date and terms and conditions of the issues made pursuant to this resolution, record the capital increases that have taken place, amend the by-laws accordingly and carry out the necessary formalities, and charge the expenses of the capital increase against the premium applicable to each increase.

In the event that the Board uses this delegation, it shall prepare an additional report for the forthcoming ordinary shareholders' meeting, certified by the auditors, describing the final terms and conditions of the issues.

This resolution implies the waiver of shareholders' pre-emptive rights for the benefit of the employees for whom the capital increase is reserved, and the waiver of any right to the shares or other securities giving access to capital allotted free of charge on the basis of this resolution.

This resolution implies the waiver of shareholders' pre-emptive rights for the benefit of those awarded bonus shares.

For example, under a similar delegation of powers granted in the twentieth resolution of the Combined Annual General Meeting of 26 April 2007, the Board of Directors carried out a capital increase for the benefit of employees and corporate officers of French companies that were members of the Bouygues group savings plan.

The capital increase was carried out through *Bouygues Confiance 4,* an employee share ownership fund *(FCPE)* set up for this purpose and approved by the AMF. At that date, the fund had subscribed to 6,947,662 shares, representing 2.04% of the share capital.

This leveraged transaction increased employees' investments because, pursuant to the exchange agreement between the share ownership fund and the bank, each employee's personal contribution was matched by a bank contribution equivalent to nine times the amount of the beneficiary's contribution.

When beneficiaries exit the fund, they receive a percentage of the capital gain on the total number of shares acquired through their personal investment and the bank's matching investment. That percentage is equivalent to the difference between the share price upon exit and the subscription price before the 20% discount, multiplied by the total number of shares acquired. The risk associated with the savings plan is limited because regardless of the change in the Bouygues share price, employees are guaranteed to recoup their personal investment. The subscription price was set at 80% of the average of the opening prices on the twenty trading days preceding 30 August 2007, which was €43.18.

Issue of securities giving access to shares in Bouygues by a company in which Bouygues holds directly or indirectly more than half of the capital (twenty-second resolution)

In this resolution we ask you, in accordance with Articles L. 225-129-2, L. 228-92 and L. 225-93 of the Commercial Code, to delegate powers to the Board of Directors for a period of twenty-six months, to authorise any company in which Bouygues holds directly or indirectly more than half of the capital to issue securities giving access to shares in Bouygues.

Pursuant to Article L. 228-93 of the Commercial Code, a limited company may now issue securities giving access to the capital of the company which holds more than half of its capital directly or indirectly. The issue must be authorised by the extraordinary general meeting of the company called to issue such securities and by the extraordinary general meeting of the company exercising such rights, in accordance with the terms and conditions of Article L. 228-92. The Annual General Meeting must give its opinion on the Board of Directors' report and on the auditors' special report.

The amount of all capital increases made as a result of this resolution shall count towards the overall limit set forth in the fourteenth resolution.

The issue of such securities shall be authorised by the extraordinary general meeting of the relevant subsidiaries and the issue of the Bouygues shares, to which such securities give entitlement, shall be decided simultaneously by your Board of Directors on the basis of this financial authorisation.

Issue of securities giving rights to allotment of debt securities without a capital increase (twenty-third resolution)

In this resolution we ask you, in accordance with Articles L. 225-129-2 to L. 225-129-6, L. 228-91 and Article L. 228-92 of the Commercial Code, to delegate powers to the Board of Directors for a period of twenty-six months to create or issue securities giving immediate or future rights to the allotment of debt securities, such as bonds, debt securities or their equivalent, perpetual or redeemable subordinated securities, or any other securities granting the same rights of claim against the company.

The amount of the securities issued pursuant to this delegation shall not exceed five billion euros (€5,000,000,000). This limit shall not count towards the overall ceiling of five billion euros (€5,000,000,000) set forth in the fourteenth and sixteenth resolutions. Under this delegation, the Board may determine the characteristics of the transferrable securities and debt securities to be issued, as well as the terms and conditions of issuance.

Authorisation to issue equity warrants during the period of a public offer for the company's shares (twenty-fourth resolution)

In this resolution we ask you, in accordance with Articles L. 233-32 II and L. 233-33 of the Commercial Code, to delegate powers to the Board of Directors for a period of eighteen months to issue equity warrants to shareholders on preferential terms during the period of a public offer for the company's shares, and to allot such warrants free of charge to all shareholders holding shares in the company prior to the expiry of the offer period. These warrants shall lapse automatically as soon as the offer or any other competing offer has failed, lapsed or been withdrawn.

This delegation of powers may only be used under the terms and conditions provided for by law. The possibility for the Board to issue such warrants during the period of a public offer without being required to seek authorisation from the Annual General Meeting during the public offer period, is subject to the reciprocity principle set forth by Article L. 233-33 of the Commercial Code. In brief, this principle allows the Board of Directors of a company whose shares are concerned by a public offer, to implement measures to frustrate the bid without being required to obtain authorisation from the Annual General Meeting during the offer period, if the offeror (or the entity controlling the offeror or an entity acting in concert with the controlling entity) is not itself subject to identical provisions or equivalent measures.

The purpose of this delegation is to allow the Board to increase the value of the company if it considers the offer price to be too low, and thereby encourage the offeror to raise its offer price.

The Board of Directors considers that it should be able to issue such warrants under the terms and conditions provided for by law, when faced with a tender offer that it believes goes against the interests of the company and its shareholders.

The number of warrants that can be issued shall be limited to the number of shares forming the capital at the issue date. The maximum nominal amount of any capital increase resulting from the exercise of such equity warrants shall not exceed four hundred million euros (€400,000,000).

Authorisation to increase share capital during the period of a public offer for the company's shares (twenty-fifth resolution)

In this resolution we ask you to authorise the Board of Directors for a period of eighteen months to utilise, during the period of a public offer for the company's shares, the various delegations of power and authorisations granted by the Annual General Meeting to increase the share capital, provided that such utilisation is permitted during the period of a public offer by applicable laws and regulations.

As in the twenty-fourth resolution, this entails the application of the reciprocity principle provided for in Article L. 233-33 of the Commercial Code, ie to waive the requirement for your company to seek the Annual General Meeting's authorisation during the offer period to implement measures to frustrate the bid if the offeror (or its controlling entity or entity acting in concert with its controlling entity) is not itself subject to identical provisions or equivalent measures.

The Board of Directors considers that it should be able to take such measures when faced with a tender offer that it believes goes against the interests of the company and its shareholders.

Powers (twenty-sixth resolution)

The purpose of this final resolution is to allow all legal or administrative formalities to be carried out and all filings and publications to be made under and in accordance with applicable law.

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The statutory information concerning employee affairs is contained in the management report that was communicated to you.

We kindly ask you to vote on the resolutions submitted for your approval.

The Board of Directors

Board of Directors' management report

This report is on pages 5 to 119, 134 to 155 and 229 to 234 of this registration document.

Report of the Chairman of the Board of Directors

This report is on pages 120 to 133 of the *Legal and financial information* section of this registration document.

Board of Directors' special report on stock options

This report is on pages 134 to 142 of the *Legal and financial information* section of this registration document.

Auditors' reports

Auditors' report on the parent company financial statements

To the shareholders,

In accordance with the terms of our appointment at the Annual General Meeting, we present below our report for the year ended 31 December 2008 on:

- the audit of the accompanying financial statements of Bouygues SA;
- the basis of our opinion;
- the specific procedures and information required by law.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

1. Opinion on the financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2008, and of the results of its operations for the year then ended, in accordance with French generally accepted accounting principles.

2. Basis of our opinion

Pursuant to the provisions of Article L. 823-9 of the Commercial Code requiring auditors to explain the basis of their opinion, we draw to your attention the following matters:

Holdings in subsidiaries and affiliates recognised as assets on the company's balance sheet are valued in accordance with the methods described in Note 2.3 to the financial statements. We reviewed the data used to estimate the carrying amounts of these investments and checked the calculations of impairment provisions where appropriate. We have no matters to report regarding the methods used, the reasonableness of the estimates made or the relevance of the information disclosed in the notes to the financial statements.

These assessments are an integral part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion expressed in the first part of this report.

3. Specific procedures and information

We also carried out the specific procedures required by law.

We have no matters to report regarding:

- the fairness of the information given in the management report prepared by the Board of Directors and the documents sent to shareholders on the company's financial position and financial statements, or its consistency with those financial statements;
- the fairness of the information given in the management report on remuneration and benefits granted to corporate officers, and any commitments granted to those corporate officers upon or after the commencement or termination of their duties, or in the event of a change in office.

As required by law, we verified that the identity of shareholders (or holders of voting rights) is disclosed in the management report.

Courbevoie and Paris-La Défense, 9 March 2009

The Auditors

Mazars	**Ernst & Young Audit**
Gilles Rainaut	Jean Bouquot

Auditors' report on the consolidated financial statements

To the shareholders,

In accordance with the terms of our appointment at the Annual General Meeting, we present below our report for the year ended 31 December 2008 on:

- the audit of the accompanying consolidated financial statements of the Bouygues group;
- the basis of our opinion;
- the specific procedures and information required by law.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform our audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities and financial position of the consolidated group at 31 December 2008, and of the results of its operations for the year then ended, in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union.

Without qualifying our opinion, we draw your attention to Note 3.2.4.2 to the consolidated financial statements, which discusses the accounting treatment applied to the Group's interest in Alstom Hydro Holding.

2. Basis of our opinion

Pursuant to the provisions of Article L. 823-9 of the Commercial Code requiring auditors to explain the basis of their opinion, we draw your attention to the following matters:

- The company performs annual impairment tests on goodwill and other assets with an indefinite useful life, and also assesses whether there is any evidence that non-current assets may be impaired, in accordance with the methods described in Note 2.7 to the consolidated financial statements. We reviewed the methods used to carry out the tests and the underlying assumptions.
- Current and non-current provisions carried on the balance sheet were measured as described in Notes 2.11 and 2.12 to the consolidated financial statements. In light of available information, our assessment of these provisions was based primarily on an analysis of the processes implemented by management to identify and evaluate risks.
- We assessed the impact on the consolidated financial statements of not recognising changes in the fair value of the embedded derivative described in Note 3.2.4.2 on Alstom Hydro Holding. The results and findings of our audit take into account this departure from IFRS.

These assessments are an integral part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion expressed in the first part of this report.

3. Specific procedures

We also reviewed the information given in the Group management report.

We have no matters to report on its fairness or consistency with the consolidated financial statements.

Courbevoie and Paris-La Défense, 9 March 2009

The Auditors

Mazars	**Ernst & Young Audit**
Gilles Rainaut	Jean Bouquot

Auditors' report, prepared in accordance with Article L. 225-235 of the Commercial Code, on the report of the Chairman of Bouygues

To the shareholders,

In our capacity as auditors of Bouygues and in accordance with the requirements of Article L. 225-235 of the Commercial Code, we present below our report on the report compiled by the Chairman of Bouygues in accordance with Article L. 225-37 of the Commercial Code for the year ended 31 December 2008.

The Chairman is responsible for compiling and submitting a report to the Board of Directors for approval regarding the internal control and risk management procedures put in place within the company, and for providing the other information required by Article L. 225-37 of the Commercial Code, particularly in the area of corporate governance.

Our responsibility is to:

- report our comments on the information contained in the Chairman's report regarding internal control procedures relating to the preparation and treatment of accounting and financial information; and
- certify that the Chairman's report contains the other information required by Article L. 225-37 of the Commercial Code, it being specified that we are not responsible for verifying the fairness of that information.

We conducted our work in accordance with the professional practices applicable in France.

1. Information regarding internal control procedures relating to the preparation and treatment of accounting and financial information

Professional practices require that we perform procedures to assess the fairness of the information provided in the Chairman's report on internal controls relating to the preparation and treatment of accounting and financial information. These procedures included:

- obtaining an understanding of the internal controls relating to the preparation and treatment of accounting and financial information described in the Chairman's report, and of other existing documentation;
- obtaining an understanding of the work underlying the information contained in the Chairman's report, and of other existing documentation;
- determining whether the Chairman's report contains the appropriate disclosures regarding any material weaknesses we might have identified in internal controls relating to the preparation and treatment of accounting and financial information.

Based on our work, we have no matters to report on the information contained in the Chairman's report prepared in accordance with Article L. 225-37 of the Commercial Code on internal control procedures relating to the preparation and treatment of accounting and financial information.

2. Other information

We certify that the report of the Chairman of the Board of Directors contains all of the other information required by Article L. 225-37 of the Commercial Code.

Courbevoie and Paris-La Défense, 9 March 2009
The Auditors

Mazars
Gilles Rainaut

Ernst & Young Audit
Jean Bouquot

Auditors' special report on regulated agreements and commitments

To the shareholders,

In our capacity as auditors of your company, we present below our report on regulated agreements and commitments.

1. Agreements and commitments authorised during the year

Pursuant to Article L. 225-40 of the Commercial Code, we were informed of the agreements and commitments approved by your Board of Directors.

Our responsibility does not include identifying any undisclosed agreements or commitments. We are required to report to shareholders, based on the information provided, about the main terms and conditions of the agreements and commitments that have been disclosed to us, without commenting on their relevance or substance. Under the provisions of Article R. 225-31 of the Commercial Code, it is the responsibility of shareholders to determine whether the agreements and commitments are appropriate and should be approved.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved ensuring that the information disclosed to us was consistent with the source documents from which it was taken.

a. Shared service agreements

Bouygues has entered into shared service agreements with its main subsidiaries, under which it provides principally management, HR, IT and financial services to its various sub-groups.

Bouygues invoiced the following amounts in respect of these agreements in 2008:

Subsidiary	Amount excluding VAT
Bouygues Construction	€12,803,822
Bouygues Immobilier	€3,733,717
Bouygues Telecom	€7,207,150
Colas	€16,805,768
TF1	€4,000,390
Finagestion	€629,394

Directors concerned

- Bouygues Construction: Olivier Poupart-Lafarge (up to 22 February 2008), Olivier Bouygues and Yves Gabriel.
- Bouygues Immobilier: Olivier Poupart-Lafarge (up to 21 February 2008) and François Bertière.
- Bouygues Telecom: Olivier Poupart-Lafarge (up to 25 February 2008) and Olivier Bouygues.
- TF1: Patrick Le Lay (up to 24 April 2008), Olivier Poupart-Lafarge (up to 20 February 2008), Patricia Barbizet, Martin Bouygues and Olivier Bouygues.
- Colas: Alain Dupont (up to 24 April 2008), Patrick Le Lay (up to 24 April 2008), Olivier Poupart-Lafarge (up to 20 February 2008) and Olivier Bouygues.
- Finagestion: Olivier Bouygues.

b. Service agreements: use of Bouygues aircraft

Bouygues operates two aircraft belonging to its sub-affiliate Challenger Luxembourg. The aircraft are made available to several Group subsidiaries as well as SCDM and Alstom Holdings. The service agreements setting the prices for the use of these aircraft were approved for a one-year term starting 1 January 2008.

Bouygues invoiced the following amounts in respect of this agreement in 2008:

Subsidiary	Amount excluding VAT
Bouygues Construction	€488,987
Bouygues Bâtiment International	€454,533
Bouygues Bâtiment Ile-de-France	€0
Bouygues Travaux Publics	€196,879
Bouygues Immobilier	€39,092
TF1	€132,683
Eurosport	€0
Colas	€774,604
Bouygues Telecom	€160,154
ETDE	€0
Finagestion	€193,654
SCDM	€419,654
Alstom Holdings	€250,825

Directors concerned

- Bouygues Construction: Olivier Poupart-Lafarge (up to 22 February 2008), Olivier Bouygues and Yves Gabriel.
- Bouygues Bâtiment International: Yves Gabriel.
- Bouygues Bâtiment Ile-de-France: Yves Gabriel.
- Bouygues Travaux Publics: Yves Gabriel.
- Bouygues Immobilier: Olivier Poupart-Lafarge (up to 21 February 2008) and François Bertière.
- TF1: Patrick Le Lay (up to 24 April 2008), Olivier Poupart-Lafarge (up to 20 February 2008), Patricia Barbizet, Martin Bouygues and Olivier Bouygues.
- Eurosport: Olivier Bouygues.
- Colas, Alain Dupont (up to 24 April 2008), Patrick Le Lay (up to 24 April 2008), Olivier Poupart-Lafarge (up to 20 February 2008) and Olivier Bouygues.
- Bouygues Telecom: Olivier Poupart-Lafarge (up to 25 February 2008) and Olivier Bouygues.
- ETDE: Yves Gabriel.
- Finagestion: Olivier Bouygues.
- SCDM: Olivier Poupart-Lafarge (up to 24 April 2008), Olivier Bouygues and Martin Bouygues.
- Alstom Holdings: Patrick Kron.

c. Agreement between Bouygues and SCDM

Under the terms of this agreement, SCDM invoices Bouygues up to €8 million a year for costs incurred in relation to:

- salaries, mainly for Martin and Olivier Bouygues who are paid exclusively by SCDM;
- research and analysis relating to strategic developments and the expansion of the Bouygues group;
- miscellaneous services.

SCDM may also provide Bouygues (or Bouygues provide SCDM) with specific services. These services are invoiced at arm's length.

During the year, SDCM invoiced Bouygues €6,178,993 and Bouygues invoiced SCDM €865,646 in respect of this agreement.

Directors concerned

Olivier Poupart-Lafarge (up to 24 April 2008), Martin Bouygues and Olivier Bouygues.

d. Creation of joint venture Actifly and acquisition of a Hawker 800XP

SCDM and a Bouygues subsidiary created an 85%/15% joint venture (Actifly) to purchase the Hawker 800XP aircraft owned by Challenger Luxembourg, a Bouygues subsidiary. This aircraft will be used by Bouygues and SCDM in accordance with their respective requirements.

Actifly and Challenger Luxembourg entered into an agreement for the purchase of the aircraft for US$7,855,267, representing the price determined by an independent expert.

Challenger Luxembourg billed Actifly for an advance payment of €212,164 in 2008.

Directors concerned

Martin Bouygues and Olivier Bouygues.

e. Bouygues corporate advertising campaign

In 2008, Bouygues launched a corporate advertising campaign reporting on the sustainable development approach adopted within each of its businesses. The 2008-2009 campaign is partially funded by the Group's business lines, in proportion to their contribution to Bouygues' revenues.

Bouygues invoiced the following amounts in respect of this agreement in 2008:

Subsidiary	Amount excluding VAT
Bouygues Construction	€2,000,000
Bouygues Immobilier	€600,000
TF1	€600,000
Colas	€2,700,000
Bouygues Telecom	€1,100,000

Directors concerned

- Bouygues Construction: Olivier Bouygues and Yves Gabriel.
- Bouygues Immobilier: François Bertière.
- TF1: Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Nonce Paolini.
- Colas: Olivier Bouygues and Hervé Le Bouc.
- Bouygues Telecom: Olivier Bouygues and Nonce Paolini.

f. Agreement with Zénith Optimédia

In connection with its corporate advertising campaign, Bouygues mandated Zénith Optimédia to enter into agreements to purchase advertising space from TF1 and Sebdo Le Point on its behalf.

In 2008, Zénith Optimédia invoiced Bouygues €130,000 on behalf of TF1 and €126,421 on behalf of Sebdo Le Point in respect of these agreements.

Directors concerned

Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Nonce Paolini.

g. Supplementary pension benefits granted to management

Members of the Group's Management Committee, including corporate officers and salaried directors of Bouygues SA, are eligible for supplementary pension benefits equal to 0.92% of their reference salary for each year they have belonged to the plan. This supplementary plan has been transferred to an insurance company. Contributions paid into the plan set up by the insurance company totalled €2,700,000 excluding taxes in 2008.

Pursuant to L. 225-42-1 of the Commercial Code, since this agreement concerns commitments granted to the company's executive corporate officers, the Board of Directors was asked to approve its renewal in 2008.

Directors concerned

Olivier Poupart-Lafarge (up to 24 April 2008), Martin Bouygues and Olivier Bouygues.

h. Amendments to Bouygues Telecom, Bouygtel and Bouygnet trademark licence agreements

Three new amendments to the Bouygues Telecom, Bouygtel and Bouygnet trademark licence agreements, respectively, provide Bouygues Telecom with the right to operate the trademark licences for all mobile, internet and fixed-line telecommunications products and services, and any ancillary services.

Bouygues invoiced the following amounts in respect of this agreement in 2008:

Subsidiary	Amount excluding VAT
Bouygues Telecom trademark	€45,430
Bouygtel trademark	€15,245
Bouygnet trademark	€1,524
Total	€62,199

Directors concerned

Olivier Bouygues and Nonce Paolini.

2. Agreements and commitments entered into in prior years which remained in force during the year

In application of the Commercial Code, we were informed of the following agreements and commitments entered into in prior years which remained in force during the year.

a. Reciprocal interest-bearing advances between Bouygues and its subsidiaries

Bouygues invoiced its subsidiaries an amount of €1,049,578 in interest during 2008. This amount accrued on advances granted at interest rates below those applied by banks to floating-rate corporate loans.

b. Validity of guarantees given by Bouygues to Bouygues Bâtiment International

In January 1998, Bouygues entered into a concession agreement relating to an equestrian club project in Jeddah (Saudi Arabia). Following the spin-offs in June 1999, Bouygues Bâtiment (renamed Bouygues Bâtiment International) replaced Bouygues in its commitments and obligations. The two companies subsequently entered into an agreement to amend the joint and several liability clauses.

Bouygues Bâtiment International paid €53,180 to Bouygues in respect of this agreement in 2008.

c. Trademark licence agreements

Bouygues has entered into trademark licence agreements with several subsidiaries, entitling them to use various trademarks, company names and trade names under specific conditions.

Bouygues invoiced the following amounts in respect of this agreement in 2008:

Subsidiary	Amount excluding VAT
Bouygues Construction	€36,283
Bouygues Travaux Publics	€19,513
Bouygues Immobilier	€16,464
Bouygues Bâtiment International	€12,196
Bouygues Bâtiment Ile-de-France	€15,550

d. Liability for defence costs

On 16 December 2003, Bouygues agreed to assume any defence costs incurred by executive officers or employees in connection with criminal proceedings resulting in discharge or acquittal, where such proceedings are brought against them for acts committed in performance of their duties or for merely holding office as director, Chairman, CEO, Deputy CEO or any equivalent office in a Group company.

No amounts were paid in respect of this agreement in 2008.

e. Sponsorship agreement between Bouygues and ARSEP

The sponsorship agreement entered into by Bouygues and ARSEP in connection with the EDMUS project continued during 2008. The aim of this project is to computerise data on multiple sclerosis sufferers.

An amount of €40,000 excluding VAT was paid out during the year in respect of this agreement.

f. Magnitude software sub-license agreements between Bouygues and certain subsidiaries

Bouygues has entered into agreements to provide Bouygues Construction, Colas and Bouygues Immobilier with a sub-licence to use the Magnitude accounting and financial consolidation software application.

No amounts were invoiced in respect of these agreements in 2008.

g. Construction and project management agreement for the Hôtel de la Marine

As part of the sponsorship agreement with the French government for the restoration of Hôtel de la Marine, in 2006 Bouygues entered into the following two agreements with Bouygues Bâtiment Ile-de-France:

- a renovation contract for an estimated amount of €4,800,000 excluding VAT;
- a project management contract whereby Bouygues Bâtiment Ile-de-France provides Bouygues with construction assistance and advisory services for estimated fees of €200,000 excluding VAT.

In 2008, Bouygues Bâtiment Ile-de-France invoiced Bouygues an amount of €1,274,005 excluding VAT in respect of this agreement.

h. Sub-lease agreement

With Bouygues Construction:

Bouygues entered into a nine-year sub-lease agreement with Bouygues Construction (with three-year and six-year cancellation options for the lessee) for part of the Challenger building.

Bouygues Construction invoiced Bouygues an amount of €290,613 excluding VAT in respect of this agreement in 2008.

i. Commitment relating to management

Olivier Poupart-Lafarge's term of office as Deputy CEO expired on 30 April 2008. His employment contract, which had been suspended when he was first appointed to the post on 25 June 2002, automatically came into effect on 1 May 2008, in accordance with the provisions of the French labour law.

Olivier Poupart-Lafarge retired on 31 July 2008 and received €2,300,000 in indemnities from Bouygues, calculated in accordance with the collective bargaining agreement.

Courbevoie and Paris-La Défense, 9 March 2009

The Auditors

Mazars	**Ernst & Young Audit**
Gilles Rainaut	Jean Bouquot

Auditors' reports to the Annual General Meeting

To the shareholders,

1. Auditors' report on the reduction of share capital by cancelling shares repurchased by the company (thirteenth resolution)

In our capacity as auditors of Bouygues, and as required under Article L. 225-209, paragraph 7 of the Commercial Code in the event of a capital reduction by cancelling shares repurchased by the issuer, we present below our report on our assessment of the reasons for the proposed capital reduction and the terms and conditions thereof.

We performed the procedures we considered necessary in accordance with the French statutory auditors' board, the CNCC. Those procedures involved assessing whether the decision to reduce the capital and the terms and conditions of the proposed operation are appropriate.

The proposed capital reduction will concern shares representing up to 10% of the company's capital repurchased pursuant to Article L. 225-209 of the Commercial Code. At the Annual General Meeting, shareholders will be asked to give an eighteen-month authorisation to the company to implement the buyback programme.

The Board of Directors asks you to grant it full powers, for eighteen months, to cancel shares repurchased under the share buyback programme, up to a limit of 10% of the share capital in any twenty-four month period.

We have no matters to report concerning the reasons for and terms and conditions of the proposed capital reduction, the implementation of which is subject to shareholders' approval of the buyback programme.

2. Auditors' report on the issue of shares and other securities with or without pre-emptive rights for existing shareholders (fourteenth, sixteenth, seventeenth, eighteenth, nineteenth, twentieth, twenty-second and twenty-fifth resolutions)

In our capacity as auditors of Bouygues, and as required under Articles L. 225-135, L. 225-136 and L. 228-92 of the Commercial Code, we present below our report on the recommended delegation of powers to the Board of Directors to issue ordinary shares and securities, which shareholders are asked to approve.

Based on its report, your Board of Directors asks you to:

- delegate it powers for a period of twenty-six months, with the right to sub-delegate under and in accordance with applicable law, to carry out the transactions described below and set the terms and conditions for these issues, and where appropriate, proposes that you waive your pre-emptive rights:
  - issuance of ordinary shares and securities giving access to ordinary shares in the company or, pursuant to Article L. 228-93 of the Commercial Code, to ordinary shares in any company in which it directly or indirectly owns more than half of the share capital, with pre-emptive rights for existing shareholders (fourteenth resolution),
  - issuance of ordinary shares and securities giving access to ordinary shares of the company or, pursuant to Article L. 228-93 of the Commercial Code, to ordinary shares of any company in which it directly or indirectly owns more than half of the share capital, without pre-emptive rights for existing shareholders (sixteenth resolution),
  - issuance of ordinary shares and securities giving access to ordinary shares in the event of a public exchange offer made by the company (twentieth resolution), pursuant to and in accordance with the conditions set out in the sixteenth resolution,
  - issuance of ordinary shares, following the issue by a company in which Bouygues directly or indirectly owns more than half of the share capital, securities giving access to ordinary shares in the company (twenty-second resolution);
- authorise the Board, in the eighteenth resolution and within the scope of the delegation requested in the sixteenth resolution, to set the issue price within the statutory annual limit of up to 10% of the capital;
- delegate it powers for a period of twenty-six months, with the right to sub-delegate under and in accordance with applicable law, to set the terms and conditions for the issue of ordinary shares and securities giving access to ordinary shares as consideration for contributions in kind consisting of a company's shares or securities giving access to the capital (nineteenth resolution), up to the limit of 10% of the capital.

Your Board of Directors also asks you, in the twenty-fifth resolution, to grant it powers to use these delegations, along with the delegations referred to in the twenty-fourth resolution of the Annual General Meeting of 26 April 2007, the eleventh resolution of the Annual General Meeting of 24 April 2008 (stock options), and the fifteenth and twenty-first resolutions of this Annual General Meeting, in the event of a public offer for the company's shares, if Article L. 233-33, paragraph 1 of the Commercial Code is applicable.

The total amount of capital increases that may be implemented now or in the future pursuant to the fourteenth, sixteenth, twentieth and twenty-second resolutions may not exceed €150,000,000. The total amount of debt securities that may be issued pursuant to the fourteenth, sixteenth and twentieth resolutions may not exceed €5,000,000,000.

If the seventeenth resolution is adopted, the number of new securities to be issued in connection with the delegations referred to in the fourteenth and sixteenth resolutions may be increased under the conditions set out in Article L. 225-135-1 of the Commercial Code.

The Board of Directors is responsible for preparing a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements on the proposal made to shareholders to waive their pre-emptive rights and other specific information concerning the issue provided in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved verifying the contents of the Board's report on the proposed transactions and the process for determining the price of the equity instruments to be issued.

Subject to a subsequent review of the conditions governing any issues that may be decided, we have no matters to report concerning details of the process for determining the price of the equity instruments to be issued under the sixteenth, eighteenth, nineteenth, twentieth and twenty-second resolutions, provided in the Board of Directors' report.

As this report does not specify the process for determining the price of the equity instruments to be issued pursuant to the fourteenth resolution, we are unable to express an opinion on the inputs used to calculate the issue price.

As the price for the equity instruments to be issued has not yet been fixed, we do not express an opinion on the final terms and conditions under which the issues will take place, or consequently, on the proposal made to shareholders to waive their pre-emptive rights under the sixteenth, eighteenth, nineteenth, twentieth and twenty-second resolutions.

In accordance with Article R. 225-116 of the Commercial Code, we will draw up a supplementary report if the Board of Directors decides to use these authorisations to issue ordinary shares without pre-emptive rights for existing shareholders, and securities giving access to the capital.

3. Auditors' report on the capital increase without pre-emptive rights for existing shareholders, for the benefit of employees or corporate officers of the company or a related company who are members of a company savings scheme (twenty-first resolution)

In our capacity as auditors of Bouygues, and as required under Articles L. 225-135 *et seq.* of the Commercial Code, we present below our report on the proposed delegation of powers to the Board of Directors to increase capital by issuing ordinary shares without pre-emptive rights for existing shareholders, within the limit of 10% of the company's capital at the date of the Board decision, for the benefit of employees or corporate officers of Bouygues or a related company within the meaning of applicable law, which shareholders are asked to approve.

Shareholders are asked to approve this capital increase pursuant to Article L. 225-129-6 of the Commercial Code and Articles L. 3332-18 to L. 3332-24 of the Labour Code.

Based on its report, the Board of Directors asks you to delegate powers, for twenty-six months, to carry out one or more capital increases, and proposes that you waive your pre-emptive rights. Where appropriate, the Board will be responsible for setting the final terms and conditions of this transaction.

The Board of Directors is responsible for drawing up a report in accordance with Articles R. 225-113 and R. 225-114 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements on the proposal to cancel pre-emptive rights for existing shareholders and on other specific information regarding the issue contained in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved verifying the contents of the Board's report on the proposed transaction and the process for determining the issue price.

Subject to a subsequent review of the terms and conditions of the capital increase(s) approved, we have no matters to report concerning the process for determining the issue price described in the Board of Directors' report.

As the issue price has not yet been fixed, we do not express an opinion on the final terms and conditions under which the capital increase(s) will take place, or consequently, on the proposal made to shareholders to waive their pre-emptive rights.

In accordance with Article R. 225-116 of the Commercial Code, we will draw up an additional report if the Board of Directors decides to use this authorisation.

4. Auditors' report on the issue of securities giving rights to allotment of debt securities (twenty-third resolution)

In our capacity as auditors of Bouygues, and as required under Article L. 228-92 of the Commercial Code, we present below our report on the proposed delegation of powers to the Board of Directors to issue securities giving rights to allotment of debt securities, up to a maximum amount of €5,000,000,000, which shareholders are asked to approve.

Based on its report, the Board of Directors asks you to delegate powers to carry out this transaction for a period of twenty-six months, with the right to sub-delegate under and in accordance with applicable law. Where appropriate, the Board will be responsible for setting the final terms and conditions governing this issue.

The Board of Directors is responsible for drawing up a report in accordance with Articles R. 225-113 and R. 225-114 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements and other specific information concerning the issue provided in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved verifying the contents of the Board's report on the proposed transaction.

As the final terms and conditions for the issue have not yet been fixed, we do not express an opinion on the terms and conditions under which the issue will be carried out.

In accordance with Article R. 225-116 of the Commercial Code, we will draw up a supplementary report, where appropriate, if the Board of Directors decides to use this authorisation.

5. Auditors' report on the issue of equity warrants free of charge in the event of a public offer for the company's shares (twenty-fourth resolution)

In our capacity as auditors of Bouygues, and pursuant to Article L. 228-92 of the Commercial Code, we present below our report on the proposed issue of equity warrants free of charge in the event of a public offer for the company's shares, which shareholders are asked to approve.

Based on its report, the Board of Directors asks that you authorise it, within the scope of Article L. 233-32 II of the Commercial Code, to:

- resolve to issue equity warrants giving the holders preferential subscription rights to one or more shares in the company pursuant to Article L. 233-32 II of the Commercial Code, and to allot such warrants free of charge to all eligible shareholders prior to the expiry of the offer period;
- set the terms and conditions of exercise and any other characteristics of the equity warrants.

The nominal amount of the shares that may be issued upon exercise of the warrants may not exceed €400,000,000, and the number of warrants issued may not exceed the number of shares forming the capital at the time the warrants are issued.

The Board of Directors is responsible for preparing a report in accordance with Articles R. 225-113, R. 225-114, R. 225-115 and R. 225-117 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements and other specific information concerning the issue provided in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the CNCC. Those procedures involved verifying the contents of the Board's report on the proposed transaction.

We have no matters to report concerning the information provided in the Board's report on the proposed issue of equity warrants in the event of a public offer for the company's shares.

We will draw up a supplementary report if the Board of Directors decides to use this authorisation, with a view to approval by an Annual General Meeting, as provided in Article L. 233-32 III of the Commercial Code, and in accordance with Article R. 225-116 of that code.

Courbevoie and Paris-La Défense, 9 March 2009
The Auditors

Mazars
Gilles Rainaut

Ernst & Young Audit
Jean Bouquot

Draft resolutions

1 • Ordinary general meeting

First resolution

(Approval of the parent company financial statements and transactions for the year ended 31 December 2008)

The Annual General Meeting, having satisfied the conditions for quorum and majority required for ordinary general meetings, having acquainted itself with the Board of Directors' management report, the Chairman's report appended to the management report, the auditors' report on the parent company financial statements, and the auditors' report on the Chairman's report, hereby approves the parent company financial statements for the year ended 31 December 2008, as presented, showing a net profit of €882,494,362.66.

It also approves the transactions recorded in the financial statements and/or disclosed in these reports.

Second resolution

(Approval of the consolidated financial statements and transactions for the year ended 31 December 2008)

The Annual General Meeting, having satisfied the conditions for quorum and majority required for ordinary general meetings, having acquainted itself with the Board of Directors' management report, the Chairman's report appended to the management report, the auditors' report on the consolidated financial statements, and the auditors' report on the Chairman's report, hereby approves the consolidated financial statements for the year ended 31 December 2008, as presented, showing a net profit attributable to the Group of €1,501 million.

It also approves the transactions recorded in the financial statements and/or disclosed in these reports.

Third resolution

(Appropriation of earnings, setting of dividend)

The Annual General Meeting, having satisfied the conditions for quorum and majority required for ordinary general meetings, notes that as net profit amounts to €882,494,362.66 and retained earnings to €679,130,359.90, distributable earnings total €1,561,624,722.56.

On the Board of Directors' recommendation, the Annual General Meeting hereby resolves:

- to distribute a first dividend (5% of par) of €0.05 per share, making a total of €17,140,903.95;
- to distribute an additional net dividend of €1.55 per share, making a total of €531,368,022.45;
- to carry over the remainder in the amount of €1,013,115,796.16.

Accordingly, the dividend for the year ended 31 December 2008 is hereby set at €1.60 per share carrying dividend rights.

In accordance with Article 158-3-2 of the General Tax Code, natural persons resident in France for income tax purposes will be eligible for 40% tax relief on the dividend, unless they have opted for the 18% flat-rate withholding (excluding social charges) as permitted by Article 117 quater of the General Tax Code.

The dividend detachment date (ex-rights date) for the Euronext Paris market shall be 28 April 2009. The dividend shall be paid in cash on 4 May 2009 and the cut-off date for positions qualifying for payment shall be the evening of 30 April 2009.

If the company holds some of its own stock at the dividend payment date, the dividends not paid on these shares shall be allocated to retained earnings.

In accordance with law, the Annual General Meeting notes that the following dividends were paid for financial years 2005, 2006 and 2007:

	2005	2006	2007
Number of shares	336,762,896	334,777,583	347,502,578
Dividend per share	€0.90	€1.20	€1.50
Total dividend[1] (distributed earnings eligible for tax relief in accordance with paragraph 2, Article 158-3 of the General Tax Code)	€301,951,234.80	€400,003,315.20	€509,751,964.50

[1] The amounts shown represent the actual dividends paid out, as no dividends are due on shares bought back by the company.

Fourth resolution

(Approval of regulated agreements and commitments)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings and having acquainted itself with the auditors' special report on regulated agreements and commitments falling within the scope of Article L. 225-38 of the Commercial Code, hereby approves the agreements and commitments referred to therein.

Fifth resolution

(Renewal of the term of office of Martin Bouygues as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Martin Bouygues as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2011.

Sixth resolution

(Renewal of the term of office of Mrs Francis Bouygues as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Mrs Francis Bouygues as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2011.

Seventh resolution

(Renewal of the term of office of Pierre Barberis as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Pierre Barberis as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2011.

Eighth resolution

(Renewal of the term of office of François Bertière as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of François Bertière as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2011.

Ninth resolution

(Renewal of the term of office of Georges Chodron de Courcel as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Georges Chodron de Courcel as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2011.

Tenth resolution

(Renewal of the appointment of Ernst & Young Audit as principal auditors)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the appointment of Ernst & Young Audit as principal auditors for a period of six years. This appointment shall expire after the Annual General Meeting called to approve the financial statements for 2014.

Eleventh resolution

(Appointment of Auditex as alternate auditors)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, hereby appoints Auditex (11 Allée de l'Arche – Faubourg de l'Arche – 92400 Courbevoie, France) as alternate auditors for a period of six years. This appointment shall expire after the Annual General Meeting called to approve the financial statements for 2014.

Twelfth resolution

(Authorisation to the Board of Directors with a view to enabling the company to buy back its own shares)

The Annual General Meeting, having satisfied the conditions for quorum and majority required for ordinary general meetings, and having acquainted itself with the Board of Directors' report:

1. hereby authorises the Board of Directors to buy back, under the conditions set out below, shares representing up to 10% of the company's share capital at the date of the buy-back, in compliance with the prevailing legal and regulatory conditions applicable at that date, particularly the conditions laid down by Articles L. 225-209 *et seq.* of the Commercial Code, by European Commission Regulation No. 2273/2003 of 22 December 2003, and by the AMF General Regulation.

   The purpose of this authorisation is to enable the company to:

   - cancel shares under the conditions provided for by law, subject to authorisation by the extraordinary general meeting;
   - ensure the liquidity of and organise the market for the company's shares, through an investment service provider acting under the terms of a liquidity agreement that complies with a code of conduct recognised by the AMF;
   - retain shares with a view to using them subsequently as a medium of payment or exchange in an acquisition, merger, spin-off or contribution, where applicable, in accordance with accepted market practice and applicable regulations. The shares retained must not represent more than 5% of the share capital, as required by paragraph 6, Article L. 225-209 of the Commercial Code;
   - retain shares with a view to delivering them subsequently upon exercise of rights attached to securities that are redeemable, convertible, exchangeable or otherwise exercisable for the company's shares;
   - allot shares to employees or corporate officers of the company or related companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option schemes, corporate savings plans and inter-company savings schemes or through an allotment of bonus shares;
   - implement any market practice accepted by the AMF and generally to carry out any other transaction in compliance with prevailing regulations.

2. resolves that the acquisition, sale, transfer or exchange of these shares may be carried out, in compliance with rules issued by the market authorities, in any manner, notably on or off-market (including the over-the-counter market) by using, in particular, derivative financial instruments, and at any time, especially during a public tender, exchange offer or standing offer. The entire programme may be carried out through block trades. Shares acquired may be sold under the conditions laid down by the AMF in its instruction dated 6 December 2005 regarding the introduction of a new regime governing the buy-back of a company's own shares.

3. resolves that the purchase price cannot exceed €80 per share and the sale price cannot be less than €30 per share, subject to any adjustments relating to share capital transactions. If share capital is increased by incorporating premiums, earnings, reserves or bonus shares into capital, or in the event of a stock split or reverse stock split, the price indicated above shall be adjusted by a multiplication factor equal to the ratio of the number of shares making up the share capital before the transaction to the number of shares after the transaction.

4. sets at €1,500,000,000 (one billion five hundred million euros) the maximum amount of funds that can be used for the share buy-back programme.

5. notes that, in accordance with law, the total shares held at any given date may not exceed 10% of the share capital outstanding at that date.

6. gives full powers to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to implement this authorisation, place all stock orders, conclude all agreements, in particular with a view to the registration of purchases and sale of shares, completing all declarations and formalities with the AMF or any other body, and in general taking all necessary measures to execute the decisions taken within the scope of this authorisation.

7. resolves that the Board of Directors shall inform the Annual General Meeting of the transactions carried out, in accordance with applicable regulations.

8. grants this authorisation for eighteen months as from the date of this meeting and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

2 • Extraordinary general meeting

Thirteenth resolution

(Authorisation to the Board of Directors to reduce share capital by cancelling shares)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Article L. 225-209 of the Commercial Code:

1. authorises the Board of Directors to cancel, at its own initiative, on one or more occasions, some or all of the shares that the company holds or may hold as a result of utilising the various share buy-back authorisations given by the Annual General Meeting to the Board of Directors, up to a limit of 10% in any twenty-four month period of the total number of shares making up the company's capital at the date of the transaction.

2. authorises the Board of Directors to charge the difference between the purchase value of the cancelled shares and their nominal value to all available premium and reserve funds.

3. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to carry out the capital reduction(s) resulting from cancellations of shares authorised by this resolution, to have the relevant entries made in the financial statements, to amend the by-laws accordingly, and generally to attend to all necessary formalities.

4. grants this authorisation for eighteen months from the date of this Annual General Meeting and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

Fourteenth resolution

(Delegation of powers to the Board of Directors to increase share capital with pre-emptive rights for existing shareholders, by issuing shares or securities giving access to shares of the company or one of its subsidiaries)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Articles L. 225-129-2, L. 225-129-4, L. 228-92 and L. 228-93 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to carry out one or more capital increases, by such amounts, at such times and under such terms as it deems fit, by issuing, with pre-emptive rights for existing shareholders, both in France and abroad, in euros, in a foreign currency or in any other monetary unit based on a basket of currencies, (i) ordinary shares in the company, and (ii) securities of any kind whatsoever, issued free of charge or for consideration, giving access in whatever manner, now and/or in the future, at any time or on a set date, to ordinary shares, whether in existence or to be issued in the future, in the company or in any company in which it owns directly or indirectly more than half the share capital (a "Subsidiary"). Such shares and securities may be subscribed for in cash or by set-off of mutual debts.

2. resolves that the total amount of capital increases in cash that may be implemented now and/or in the future pursuant to this delegation may not exceed €150,000,000 (one hundred and fifty million euros) in nominal value, plus, where applicable, the nominal amount of the additional shares to be issued in order to protect, in accordance with law, the rights of holders of securities giving access to ordinary shares in the company, provided that this aggregate limit on capital increases applies to the sixteenth, seventeenth, eighteenth, nineteenth, twentieth, and twenty-second resolutions and that the total nominal amount of capital increases implemented pursuant to these resolutions counts towards this overall limit.

3. resolves that the securities giving access to ordinary shares in the company or a Subsidiary so issued may consist of debt securities, be linked to the issue of such securities, or allow them to be issued as intermediary securities. In particular, they may be subordinated or unsubordinated, dated or undated, and issued in euros or a foreign currency or any other monetary unit established with reference to a basket of currencies.

   The nominal amount of all of the debt securities so issued shall not exceed €5,000,000,000 (five billion euros) or the equivalent on the date the issue is decided, on condition that such amount does not include above-par redemption premium(s), if provided for. This amount applies to all debt securities that may be issued pursuant to the sixteenth resolution before this general meeting; it is independent of and separate from the amount of the securities giving rights to allotment of debt securities which may be issued pursuant to the twenty-third resolution before this general meeting, and from the amount of the debt securities which the Board of Directors may decide to issue or authorise to be issued in accordance with Article L. 228-40 of the Commercial Code. Debt securities (giving access to ordinary shares in the company or a Subsidiary) may be issued at a fixed and/or floating rate of interest, with or without capitalisation, and may be subject to redemption, with or without premium, or repayment; they may also be repurchased on the market or be the subject of an offer by the company to purchase or exchange them.

4. in the event that this delegation is used by the Board of Directors, resolves that:

   a) shareholders will have pre-emptive rights to subscribe as of right to ordinary shares and securities issued under this resolution;

   b) the Board of Directors shall also have the option to grant shareholders the right to subscribe for excess shares, which will be exercised in proportion to their rights and up to the limit of the amounts they request;

   c) if exact rights subscriptions and, if applicable, excess rights subscriptions, do not account for the entire issue of ordinary shares or securities made pursuant to this delegation, the Board may, in such order as it shall determine, use one or more of the following options:

      - limit the issue to the amount of subscriptions received provided that this amount reaches at least three quarters of the amount of the issue decided,
      - distribute as it sees fit all or part of the securities which have not been subscribed for,
      - offer to the public some or all of the securities which have not been subscribed for on the French and/or international market and/or abroad;

   d) resolves that the Board of Directors shall determine the characteristics, amount and terms of any issue and the securities to be issued. It shall, in particular, determine the category of the securities to be issued and, taking account of the indications given in its report, set their subscription price, with or without premium, the terms for payment of subscriptions, the date of first entitlement to dividends, which may be retroactive, or the terms on which the securities issued pursuant to this resolution shall give access to ordinary shares in the company or a Subsidiary, and the conditions under which, in accordance with applicable law, the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended.

e) The Board of Directors shall have full powers to implement this delegation, with the power to sub-delegate under and in accordance with applicable law, in particular by entering into any agreements for this purpose, with a view notably to the successful completion of all issues; to proceed with the above-mentioned issues on one or more occasions, in such amounts and at such times as it deems fit, in France and/or, if applicable, abroad and/or on the international market – (or, where appropriate, to postpone any such issue); to confirm such issue has taken place and amend the by-laws accordingly; and to carry out all formalities and declarations and request all authorisations as may be necessary for the implementation and successful completion of such issues.

5. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to subscribe for ordinary shares in the company to which any warrants issued pursuant to this authorisation may give entitlement.

6. grants this delegation for a period of twenty-six months, and notes that it cancels and replaces the unused portion of any previous delegation given for the same purpose.

Fifteenth resolution

(Delegation of powers to the Board of Directors to increase share capital by incorporating share premiums, reserves or earnings into capital)

The Annual General Meeting, having satisfied the conditions for quorum and majority requirements by Article L.225-98 of the Commercial Code and in accordance with Articles L.225-129-2, L.225-129-4 and L. 225-130 of the Commercial Code, having acquainted itself with the Board of Directors' report:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to carry out, in such amounts and at such times as it deems fit, one or more capital increases by incorporating into the capital premiums, reserves, earnings or other amounts which may be incorporated into capital successively or simultaneously in accordance with applicable law and the by-laws, by allotting bonus shares or by increasing the nominal value of the existing shares, or through a combination of the two procedures.

2. resolves that the total amount of capital increases that may be implemented pursuant to this resolution may not exceed €4,000,000,000 (four billion euros) in nominal value, plus, as applicable, the nominal amount of the additional shares to be issued to protect, in accordance with law, the rights of holders of securities giving access to ordinary shares in the company. The limit set in this delegation is independent of and separate from the overall limit set in the fourteenth resolution.

3. resolves, in the event that this delegation is used by the Board of Directors, and in accordance with Article L. 225-130 of the Commercial Code, that in the case of a capital increase by allotment of bonus shares, fractional shares may not be traded or transferred and that the relevant equity securities shall be sold; the proceeds of sale shall be paid to the rights holders within the legal time limit.

4. resolves that the Board of Directors shall have full powers to implement this delegation, with the power to sub-delegate to any authorised person, and generally to take all steps and carry out all formalities as may be necessary for the successful completion of each such capital increase, confirm such increase has taken place and amend the by-laws accordingly.

5. grants this delegation for a period of twenty-six months as from the date of this meeting and notes that it cancels and replaces the unused portion of any previous delegation given for the same purpose.

Sixteenth resolution

(Delegation of powers to the Board of Directors to increase share capital without pre-emptive rights for existing shareholders, by issuing shares or securities giving access to shares of the company or one of its subsidiaries)

The Annual General Meeting, having satisfied the conditions for quorum and majority required for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report and, in accordance with Articles L. 225-129-2, L. 225-129-4, L. 225-135, L. 225-136, L. 228-92 and L. 228-93 of the Commercial Code, and paragraph II, Article L. 411-2 of the Monetary and Financial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to carry out one or more capital increases, in such amounts and at such times as it deems fit, by issuing, without pre-emptive rights for existing shareholders, both in France and abroad, in euros, in a foreign currency or in any other monetary unit based on a basket of currencies, (i) ordinary shares in the company, and (ii) any securities giving access in whatever manner, now and/or in the future, to existing or new ordinary shares in the company or in any company in which it directly or indirectly owns more than half of the capital (a "Subsidiary"). Such shares and securities may be subscribed for in cash or by set-off of mutual debts.

2. resolves that the total amount of capital increases that may be implemented now or in the future pursuant to this resolution, may be carried out either through public issues or, within the limit of 20% of share capital per year, by issues falling within the scope of paragraph II, Article L. 411-2 of the Monetary and Financial Code.

3. resolves that the total amount of capital increases that may be implemented now or in the future pursuant to this resolution may not exceed €150,000,000 (one hundred and fifty million euros) in nominal value, plus, as applicable, the nominal amount of the additional shares to be issued to protect, in accordance with law, the rights of holders of securities giving access to ordinary shares in the company. This amount shall count towards the overall limit set in the fourteenth resolution.

4. resolves that the securities giving access to ordinary shares in the company or a Subsidiary issued under this delegation may take the form of debt securities, be linked to the issue of such securities, or enable them to be issued as intermediary securities. In particular, they may be subordinated or unsubordinated, dated or undated, and be issued in euros or a foreign currency or any other monetary unit established with reference to a basket of currencies.

5. resolves that the nominal amount of the debt securities issued under this delegation shall not exceed €5,000,000,000 (five billion euros) or the equivalent on the date the issue is decided. This amount counts towards the limit set in the fourteenth resolution and does not include above-par redemption premium(s), if provided for. The amount is independent of and separate both from the amount of the securities giving rights to allotment of debt securities which may be issued pursuant to the twenty-third resolution before this general meeting and from the amount of the debt securities which the Board of Directors may decide to issue or authorise to be issued in accordance with Article L. 228-40 of the Commercial Code. Debt securities giving access to ordinary shares in the company or a Subsidiary may be issued at fixed and/or floating rates of interest, with or without capitalisation, and may be subject to redemption, with or without premium, or repayment; they may also be repurchased on the market or be the subject of an offer by the company to purchase or exchange them.

6. resolves to cancel shareholders' pre-emptive rights to the securities that may be issued in accordance with law and give the Board of Directors power to grant shareholders a priority right to subscribe to the securities as of right and/or for any excess, pursuant to Article L. 225-135 of the Commercial Code. If subscriptions, including those of shareholders where applicable, do not account for the entire issue, the Board may limit the amount of the issue in accordance with applicable law.

7. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to ordinary shares in the company to which any warrants issued pursuant to this authorisation may give entitlement.

8. resolves that the Board of Directors shall determine the characteristics, amount and terms of any issue and of the securities to be issued. In particular, it shall determine the category of the securities to be issued and, taking account of the indications given in its report, set their subscription price, with or without premium, the date of first entitlement to dividends, which may be retroactive, and, if applicable, the period during which or the terms on which the securities issued pursuant to this resolution shall give access to ordinary shares in the company or a Subsidiary, in accordance with applicable law, and the conditions under which, in accordance with applicable law, the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended. The issue price of the ordinary shares and the securities is such that the sum received immediately by the company (or by a Subsidiary that issues securities giving access to its ordinary shares), plus any amount likely to be received subsequently by the company or the Subsidiary, as the case may be, is equal to or greater than the minimum amount required by law for each ordinary share.

9. resolves that the Board of Directors shall have full powers to implement this delegation, with the power to sub-delegate under and in accordance with applicable law, in particular by entering into any agreements for this purpose, with a view notably to the successful completion of all issues; to make the above-mentioned issues on one or more occasions, in such amounts and at such times as it deems fit, in France and/or, if applicable, abroad and/or on the international market (or, where appropriate, to postpone any such issue); to confirm such issue has taken place and amend the by-laws accordingly; and to carry out all formalities and declarations and request all authorisations as may be necessary for the implementation and successful completion of such issues.

10. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels and replaces the unused portion of any previous delegation given for the same purpose.

Seventeenth resolution

(Authorisation to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights for existing shareholders)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Article L. 225-135-1 of the Commercial Code:

1. authorises the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to decide, in respect of each of the issues decided pursuant to the fourteenth and sixteenth resolutions above, 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 upper limits set forth in the resolution pursuant to which such issue is decided.

2. grants this authorisation for a period of twenty-six months as from the date of this meeting, and notes that it cancels the unused portion of any previous authorisation given for the same purpose.

Eighteenth resolution

(Authorisation to the Board of Directors to set the price, in accordance with the terms decided by the Annual General Meeting, for immediate or future public issues of equity securities or issues falling within the scope of paragraph II, Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders)

The Annual General Meeting, having satisfied the conditions for quorum and majority required for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report and in accordance with Article L. 225-136-1 of the Commercial Code, and to the extent that the securities to be issued immediately or at a later date are equivalent to equity securities admitted to trading on a regulated market:

1. authorises the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to derogate from the pricing terms set forth in the sixteenth resolution in respect of each of the issues decided thereunder, up to a limit of 10% of the capital (based on capital as at the date of this general meeting) and for a period of twelve months, and to set the price of the equity securities to be issued immediately or at a later date, without pre-emptive rights for existing shareholders, in a public issue or other issue falling within the scope of paragraph II, Article L. 411-2 of the Monetary and Financial Code, in accordance with the following provisions:

   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.

2. resolves that the Board of Directors shall have full powers to implement this resolution in accordance with the terms of the sixteenth resolution.

3. grants this authorisation for a period of twenty-six months as from the date of this meeting, and notes that it cancels the unused portion of any previous authorisation given for the same purpose.

Nineteenth resolution

(Delegation of powers to the Board of Directors to carry out a capital increase as consideration for contributions in kind consisting of a company's shares or securities giving access to capital)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Article L. 225-147 of the Commercial Code:

1. delegates to the Board of Directors, under and pursuant to the terms of the sixteenth resolution, with the power to delegate under and in accordance with applicable law, the power to issue, based on the report of the expert appraisers referred to paragraphs 1 and 2 of the above-mentioned Article L. 225-147, ordinary shares of the company or securities giving access in whatever manner, now or in the future, to existing or new ordinary shares in the company, as consideration for contributions in kind consisting of equity securities or securities giving access to the capital, in cases where Article L. 225-148 of the Commercial Code is not applicable.

2. resolves to set the maximum nominal amount of capital increases, now or in the future, as a result of issues made pursuant to this delegation, at 10% of the capital (based on the capital at the date of this general meeting), provided that the amount of all capital increases made pursuant to this resolution counts towards the overall limit set forth in the fourteenth resolution.

3. notes that this delegation entails the waiver by the shareholders of their pre-emptive rights to ordinary shares in the company to which any securities issued pursuant to this delegation may give entitlement.

4. resolves that the Board of Directors shall have full powers to implement this resolution, with the power to delegate under and in accordance with applicable law, in particular to take its decision, based on the report of the expert appraisers referred to in paragraphs 1 and 2 of the above-mentioned Article L. 225-147, on the valuation of contributions in kind and special privileges granted. The Board is also empowered to record the completion of the capital increases made pursuant to this delegation, amend the by-laws accordingly, carry out all formalities, make all declarations and request all such authorisations as may be necessary for such contributions to be made, and determine the conditions under which the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended in accordance with applicable law.

5. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels the unused portion of any previous delegation given for the same purpose.

Twentieth resolution

(Delegation of powers to the Board of Directors to increase share capital, without pre-emptive rights for existing shareholders, as consideration for securities tendered to a public exchange offer)

The Annual General Meeting, having satisfied the conditions for quorum and majority required for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Articles L. 225-129-2, L. 225-148 and L. 228-92 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to issue, under and pursuant to the terms of the sixteenth resolution, ordinary shares of the company or securities giving access in whatever manner, now or in the future, to existing or new ordinary shares in the company, as consideration for securities tendered to a public exchange offer made by the company, in France or abroad, in accordance with local regulations, with respect to securities of a company whose shares are admitted to trading on a regulated market as referred to in Article L. 225-148 of the Commercial Code.

The amount of all capital increases made pursuant to this resolution shall count towards the overall limit set forth in the fourteenth resolution.

2. notes that this delegation entails the waiver by the shareholders of their pre-emptive rights to ordinary shares in the company, to which any securities issued pursuant to this delegation may give entitlement.

3. resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law, to implement the public offers referred to in this resolution, in particular:

- to set the exchange ratio and, if applicable, the cash portion of the consideration;
- to confirm the number of securities tendered for exchange;
- to determine the dates, terms and conditions of the issue – in particular the price and date of first entitlement to dividends – of the new ordinary shares or, if applicable, of the securities giving immediate or future access to ordinary shares in the company;
- to determine the conditions under which, in accordance with applicable law, the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended;
- to enter on the liabilities side of the balance sheet in a "share premium" account, to which all shareholders shall have rights, the difference between the issue price of the new ordinary shares and their nominal value;
- if applicable, to charge all expenses, taxes and duties incurred in relation to the transaction authorised hereunder to the share premium account;
- generally to take all useful steps and enter into all agreements to bring the transaction authorised hereunder to successful completion, confirm the capital increase(s) and amend the by-laws accordingly.

4. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels the unused portion of any previous authorisation given for the same purpose.

Twenty-first resolution

(Delegation of powers to the Board of Directors to increase share capital for the benefit of employees or corporate officers of the company or a related company who are members of a company savings scheme)

The Annual General Meeting, having satisfied the conditions for quorum and majority required for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of the Commercial Code, especially Articles L. 225-129-6 paragraph 1 and L. 225-138-1, and Articles L. 3332-1 *et seq.* of the Labour Code:

1. delegates to the Board of Directors the power to carry out one or more capital increases, upon its own initiative, in such amounts and at such times as it deems fit, on condition that they do not exceed 10% of the company's capital at the date of the Board decision. The capital increases may be carried out by issuing new shares for payment in cash and, if applicable, by incorporating reserves, earnings or premiums into the capital and by allotment of bonus shares or other securities giving access to capital, subject to applicable law. The meeting also resolves that the limit applicable to this delegation is independent and separate and that the amount of the capital increases made under this authorisation shall not count towards the overall limit provided in the fourteenth resolution or towards the limits provided in the twenty-fourth resolution of the Annual General Meeting of 26 April 2007 (allotment of bonus shares).

2. reserves subscriptions for all the shares to be issued for employees and corporate officers of Bouygues and employees and corporate officers of all related French and foreign companies within the meaning of applicable legislation, who are members of a company or Group savings plan or any inter-company savings scheme.

3. resolves that the subscription price for the new shares, set by the Board of Directors in accordance with Article L. 3332-19 of the Labour Code at the time of each issue, may not be more than 20% below, or 30% below in the cases provided by law, the average of the initial quoted prices for the share on the Euronext Paris market during the twenty trading days preceding the date of the decision of the Board of Directors setting the opening date for subscriptions.

4. resolves that this resolution implies cancellation of the shareholders' pre-emptive rights for the benefit of the employees and corporate officers for whom the capital increase is reserved and the waiver of any right to the shares or other securities giving access to capital allotted free of charge on the basis of this resolution.

5. delegates full powers to the Board of Directors for the purpose of:

   - deciding the date and terms and conditions of the issues to be made pursuant to this resolution; in particular, to decide whether the shares shall be subscribed directly or through a mutual fund or through another entity in accordance with applicable law; deciding and fixing the terms for allotting bonus shares or other securities giving access to capital, pursuant to the authorisation given above. The Board is also empowered to set the issue price of the new shares to be issued in compliance with the above rules, to set opening and closing dates for subscriptions and the dates of first entitlement to dividends, to set the payment period, subject to a maximum period of three years, and to fix, if appropriate, the maximum number of shares that can be subscribed per employee and per issue;
   - record the capital increases that have taken place for an amount equal to the amount of shares that will actually be subscribed for;
   - carry out all operations and formalities, either itself or through an agent;
   - amend the by-laws to reflect the capital increases;
   - charge the expenses of the capital increases against the premium applicable to each increase and take from such amount the sums required to bring the legal reserve fund to one-tenth of the new capital following each increase;
   - generally take all necessary measures.

   The Board of Directors may, subject to the limits it has set, delegate to the Chief Executive Officer or, with the Chief Executive Officer's agreement, to one or more Deputy Chief Executive Officers, the power granted to it under this resolution.

6. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels the unused portion of any previous delegation given for the same purpose.

Twenty-second resolution

(Delegation of powers to the Board of Directors to issue shares following the issue by a Bouygues subsidiary of securities giving access to shares in the company)

The Annual General Meeting, having satisfied the conditions for quorum and majority required for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report and, in accordance with Articles L. 225-129-2, L. 228-92 and L. 228-93 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, in the context of the sixteenth resolution, the power to issue ordinary shares in Bouygues as a result of the issuance of securities by any company in which Bouygues directly or indirectly holds more than half of the capital (the "Subsidiaries"); and expressly authorises the resulting capital increase.

   These securities shall be issued by the Subsidiaries with the agreement of the Board of Directors of the company and may, in accordance with Article L. 228-93 of the Commercial Code, give immediate and/or future access in any manner to ordinary shares in the company; such securities may be issued on one or more occasions, in France, on foreign markets and/or on the international market.

   Pursuant to this resolution, the company's shareholders waive, for the benefit of the holders of any securities that may be issued by the Subsidiaries, their pre-emptive rights to subscribe for the ordinary shares to which the aforementioned securities issued by the Subsidiaries may give entitlement.

2. notes that the company's shareholders have no pre-emptive rights over the aforementioned securities issued by the Subsidiaries.

The limit on the nominal amount of capital increases as a result of all issues made pursuant to this delegation shall count towards the overall limit set forth in the fourteenth resolution.

In any event, the amount payable to the company at the time of issue or thereafter shall, in accordance with the sixteenth resolution, with respect to each ordinary share issued as a result of the issue of such securities, be equal to or greater than the minimum amount provided by applicable laws and regulations in force at the time this delegation is used, after such amount has been adjusted, if necessary, to take account of the different dates of first entitlement.

3. resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law, to implement this resolution in agreement with the boards of directors, executive boards or other corporate governance or management bodies of the issuing Subsidiaries, in particular to set the amounts to be issued, decide the terms and conditions of the issue and category of the securities to be issued, set the date of first entitlement to dividends, which may be retroactive, of the securities to be created, and generally take all useful measures and enter into any contracts and agreements to bring the proposed issues to completion, under and in accordance with all applicable French and, if appropriate, foreign laws and regulations. The Board of Directors shall have full powers to amend the by-laws to reflect the utilisation of this delegation, in accordance with the terms of its report to this general meeting.

4. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels the unused portion of any previous delegation given for the same purpose.

Twenty-third resolution

(Delegation of powers to the Board of Directors to issue all securities giving rights to allotment of debt securities)

The Annual General Meeting, having satisfied the conditions for quorum and majority required for extraordinary general meetings, having acquainted itself with the Board of Directors' report, and the auditors' special report and, in accordance with Articles L. 225-129-2 to L. 225-129-6, L. 228-91 and L. 228-92 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to decide, on its own initiative, to create and issue securities giving immediate or future rights to the allotment of debt securities, such as bonds, debt securities or their equivalent, perpetual or redeemable subordinated securities, or any other securities granting, in respect of any single issue, the same rights of claim against the company. The securities can be issued on one or more occasions in France and abroad, provided the maximum nominal amount does not exceed €5,000,000,000 (five billion euros) or the equivalent in a foreign currency or in any other monetary unit based on a basket of currencies. The securities may be secured by mortgage or other collateral or be unsecured, in the proportions, in the form and at such times, interest rates and terms of issue and redemption that the Board deems appropriate.

2. grants full powers to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to carry out such issues and stipulates that it shall have total discretion to determine the terms and conditions and all characteristics of the securities and debt securities. Any such securities may pay interest at fixed or floating rates and may be redeemed at a fixed or variable premium over par, in which case the premium will be in addition to the above ceiling of €5,000,000,000 (five billion euros), which shall apply to all securities issued pursuant to this delegation. The Board is empowered to set, depending on market conditions, the terms for redeeming or calling the securities to be issued and the debt securities to which such securities will give a right of allotment, with a fixed or variable premium where applicable, or for their repurchase by the company, where such is the case. The Board may also decide to secure or collateralise the securities to be issued and the debt securities to which such securities will give a right of allotment and to determine the nature and characteristics of such guarantees.

3. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels the unused portion of any previous delegation given for the same purpose.

Twenty-fourth resolution

(Delegation of powers to the Board of Directors to issue equity warrants during the period of a public offer for the company's shares)

The Annual General Meeting, having satisfied the conditions for quorum and majority required by Article L. 225-98 of the Commercial Code, in accordance with Articles L. 233-32 II and L. 233-33 of the Commercial Code, and having acquainted itself with the Board of Directors' report and the auditors' special report:

a. delegates to the Board of Directors the power, in compliance with applicable law and regulations, to issue warrants on one or more occasions, during the period of a public offer for the company's shares, giving rights to subscribe on preferential terms for one or more shares in the company, and to allot such warrants free of charge to all shareholders holding shares in the company prior to expiry of the offer period. These warrants shall lapse automatically as soon as the offer or any other competing offer has failed, lapsed or been withdrawn.

b. resolves that the maximum nominal amount of any capital increase resulting from the exercise of such equity warrants may not exceed €400,000,000 (four hundred million euros), and that the maximum number of equity warrants that may be issued shall not exceed the number of shares forming the capital at the time the warrants are issued.

c. resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law, to determine the conditions of exercise of the equity warrants, which must relate to the terms of the offer or any other competing offer, and the other characteristics of the warrants, such as the exercise price or the terms for determining the exercise price, and more generally the characteristics and terms of any issue decided on the basis of this authorisation.

d. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to ordinary shares in the company to which any warrants issued pursuant to this delegation may give entitlement.

e. grants this delegation for a period of 18 (eighteen) months as from the date of this meeting, and notes that it cancels and replaces the unused portion of any previous delegation given for the same purpose.

Twenty-fifth resolution

(Authorisation to the Board of Directors to increase share capital during the period of a public offer for the company's shares)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and auditors' special report, and in accordance with Article L. 233-33 of the Commercial Code:

1. expressly authorises the Board of Directors to utilise, during the period of a public offer for the company's shares, and in compliance with applicable laws and regulations in force at such time:

(i) the authorisation given to the Board of Directors by the Annual General Meeting of 26 April 2007 (twenty-fourth resolution) to allot existing or new shares free of charge to salaried employees and corporate officers of the company or companies in the Group, or certain categories thereof;

(ii) the authorisation given to the Board of Directors by the Annual General Meeting of 24 April 2008 (eleventh resolution) to grant stock options;

(iii) the delegations of power and authorisations given to the Board of Directors by this Annual General Meeting to increase the capital, in any lawful manner, subject to the conditions and limits provided in the following resolutions:

- fourteenth resolution *(Delegation of powers to the Board of Directors to increase share capital with pre-emptive rights for existing shareholders, by issuing shares or securities giving access to shares of the company or one of its subsidiaries);*
- fifteenth resolution *(Delegation of powers to the Board of Directors to increase share capital by incorporating share premiums, reserves or earnings into capital);*
- sixteenth resolution *(Delegation of powers to the Board of Directors to increase share capital without pre-emptive rights for existing shareholders, by issuing shares or securities giving access to shares of the company or one of its subsidiaries);*
- seventeenth resolution *(Authorisation to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights for existing shareholders);*
- eighteenth resolution *(Authorisation to the Board of Directors to set the price, in accordance with the terms decided by the Annual General Meeting, for immediate or future public issues of equity securities or issues falling within the scope of paragraph II, Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders);*
- nineteenth resolution *(Delegation of powers to the Board of Directors to carry out a capital increase as consideration for contributions in kind consisting of a company's shares or securities giving access to capital);*
- twentieth resolution *(Delegation of powers to the Board of Directors to increase the capital, without pre-emptive rights for existing shareholders, as consideration for securities tendered to a public exchange offer);*
- twenty-first resolution: *(Delegation of powers to the Board of Directors to carry out a capital increase for the benefit of employees or corporate officers of the company or related companies who are members of a company savings scheme);*
- twenty-second resolution *(Delegation of powers to the Board of Directors to issue shares following the issue by a Bouygues subsidiary of securities giving access to shares in the company).*

2. grants this authorisation for eighteen months as from the date of this meeting, and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

Twenty-sixth resolution

(Powers to carry out formalities)

The Annual General Meeting, having satisfied the conditions for quorum and majority required for extraordinary general meetings, gives full powers to the holder of an original, a copy or extract of the minutes of this general meeting to carry out all legal or administrative formalities and to make all filings and publications under and in accordance with applicable law.

Statement by the person responsible for the Registration Document

I hereby declare that, to the best of my knowledge, the information in this document is correct and that all reasonable measures have been taken to that end. There are no omissions likely to alter the scope of this information.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial positions and results of the company and all the undertakings included in the consolidation taken as a whole; and that the management report on pages 5 to 119, 134 to 155 and 229 to 234 includes a fair review of the development and performance of the business, the results and the financial position of the company and all the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

I have received a completion letter from the Statutory Auditors stating that they have verified the information concerning the financial situation and the financial statements set forth in this Registration Document, which they have read in full.

Statutory Auditors' reports have been issued in respect of the historical financial information provided on pages 235 and 236 of the Registration Document or included by reference on page 255, which contain observations.

Paris, 8 April 2009

Martin Bouygues
Chairman and Chief Executive Officer

Concordance

Historical financial information for 2006 and 2007

Pursuant to Article 28 of Commission Regulation EC No. 809-2004 of 29 April 2004, the following information is included by reference in this Registration Document:

- the consolidated financial statements for the year ended 31 December 2006, the notes to the financial statements and the auditors' reports relating thereto, presented on pages 149 to 202 and page 226 of the 2006 Registration Document filed with the AMF on 10 April 2007, and the management report presented on pages 5-99 and 123-141;
- the consolidated financial statements for the year ended 31 December 2007, the notes to the financial statements and the auditors' reports relating thereto, presented on pages 154 to 208 and page 229 of the 2007 Registration Document filed with the AMF on 10 April 2008, and the management report presented on pages 5-114, 127-130, 134-140 and 142-145.

These documents are available in the Bouygues website at *www.bouygues.com,* "Finance/Shareholders" pages.

Annual financial report

The 2008 Annual Financial Report, prepared pursuant to Article L. 451-1-2-1 of the Monetary and Financial Code and Article 222-3 of the AMF General Regulation, comprises the following sections of the Registration Document:

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32 Hoche, Bouygues' headquarters

Challenger,
Bouygues Construction's headquarters

Bouygues group

Bouygues SA headquarters
32 avenue Hoche
75378 Paris cedex 08
France
Tel.: +33 1 44 20 10 00
www.bouygues.com

Bouygues Construction

Challenger
1 avenue Eugène Freyssinet – Guyancourt
78061 Saint-Quentin-en-Yvelines cedex
France
Tel.: +33 1 30 60 33 00
www.bouygues-construction.com

Bouygues Immobilier

150 route de la Reine
92513 Boulogne-Billancourt cedex
France
Tel.: +33 1 55 38 25 25
www.bouygues-immobilier.com

Colas

7 place René Clair
92653 Boulogne-Billancourt cedex
France
Tel.: +33 1 47 61 75 00
www.colas.com

TF1

1 quai du Point du Jour
92656 Boulogne-Billancourt cedex
France
Tel.: +33 1 41 41 12 34
www.tf1.fr

Bouygues Telecom

Arcs de Seine
20 quai du Point du Jour
92640 Boulogne-Billancourt cedex
France
Tel.: +33 1 39 26 75 00
www.bouyguestelecom.fr

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