

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 TF1¹

Outside France: Director of Sodeci¹ and CIE¹ (Ivory Coast)

Other positions and functions outside the Group

In France: Member of the Supervisory Board of Paris-Orléans¹; standing representative of SCDM¹ 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

¹Listed 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 TF1¹, Colas¹, Bouygues Telecom, Bouygues Construction and Eurosport

Outside France: Director of Sodeci¹ and CIE¹ (Ivory Coast) and Sénégalaise des Eaux (Senegal)

Other positions and functions outside the Group

In France: Director of Alstom¹ 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

¹Listed 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 VEV¹; director of Lainière Holding and Sengac

¹Listed company



Patricia Barbizet

12 rue François 1^{er}, 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 PPR¹ 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 PPR¹

Other positions and functions in the Group

In France: Director of TF1¹

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-KLM¹ and Total¹; 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 Plc¹ (United Kingdom); member of the supervisory board of Gucci Group NV¹ (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 PPR¹

2004 - Member of the supervisory board of Yves Saint Laurent Parfums

¹Listed 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 Paribas¹

Other positions and functions outside the Group

In France: Chairman of Compagnie d'Investissement de Paris et Financière BNP Paribas; director of Alstom¹, Nexans¹, Société Foncière, Financière et de Participations¹ and Verner Investissements; member of the supervisory board of Lagardère SCA¹; non-voting director of Exane, Safran¹ and Scor¹
Outside France: Chairman of BNP Paribas SA (Switzerland); director of BNP Paribas Zao (Russia), Erbé SA (Belgium) and Scor Holding AG¹ (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 Sagem¹; 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)

¹Listed 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 Renault¹, Thales¹ and LVMH¹; member of the supervisory board of Euler Hermes¹; non-voting director of Galeries Lafayette

Former positions and functions during the last five years (outside the Bouygues group)

2004 - Chairman and CEO of CCF¹; executive director of HSBC Holdings Plc¹ (United Kingdom); director of HSBC CCF Asset Management Holdings, HSBC Bank Plc, HSBC Holdings Plc¹ (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)

¹Listed company



Lucien Duroux

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 Duroux 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 Suez¹

2004 - Vice-Chairman of the Board of Directors of Wafabanq¹ (Morocco); Chairman of the supervisory board of Fonds de Garantie des Dépôts

¹Listed 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

¹Listed 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 TF1¹

¹Listed company



Thierry Jourdain

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 Jourdain joined Bouygues in 1985 as works supervisor. He was a quality manager at Bouygues Bâtiment Housing Division from 1996 to 2001. Thierry Jourdain 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

¹Listed 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 Pechiney 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 Alstom¹

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 Imerys¹; member of the supervisory board of Vivendi Universal¹

2005 - Member of the supervisory board of Imerys¹

¹Listed 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 Sreg (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 Colas¹

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 Sreg 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

¹Listed 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 SCA¹, and Silic¹ 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

¹Listed 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 TF1¹

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

¹Listed company



Jean Peyrelevede

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 Peyrelevede 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, 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 Suez¹

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 SCA¹; director of Power Corporation of Canada¹ (Canada)

¹Listed 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 PPR¹

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 NV¹ (Netherlands) and Puma¹ (Germany); member of the board of Christies International Plc¹ (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 PPR¹; member of the executive board of PPR¹; Chairman and CEO of Simetra Obligations; director of Palazzo Grassi and Afipa

2004 - Deputy CEO of Artémis; director of TV Breizh

¹Listed 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 TF1¹

Other positions and functions outside the Group

In France: Vice-Chairman and member of the supervisory board of Ginger Groupe Ingénierie Europe¹

¹Listed 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, TF1¹, 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

¹Listed 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 Jourdain as the fourth member of the committee after employee shareholders expressed a wish to be represented. Thierry Jourdain 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 recom-

mendations 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 consid-

ers Pierre Barberis, Patricia Barbizet, Charles de Croisset, Lucien Douroux, Jean Peyrelelade, 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 Peyrelelade 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 Peyrelelade'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 Jourdain. Helman le Pas de Sécheval and Patricia Barbizet are independent directors within the meaning of the AFEP/MEDEF code. Thierry Jourdain 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 commit-

tee 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 prin-

ciples 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