



# REGISTRATION DOCUMENT

## BUSINESS ACTIVITIES AND SUSTAINABLE DEVELOPMENT **2009**



Bouygues SA



Bouygues Construction



Bouygues Immobilier



Colas



TF1



Bouygues Telecom



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This document is a free translation of the Registration Document filed with the Autorité des Marchés Financiers (AMF) on 15 April 2010 pursuant to Article 212-13 of the AMF General Regulation. It may be used in support of a financial transaction if supplemented by a stock exchange prospectus bearing an AMF visa.



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**2009: A SOLID  
PERFORMANCE,  
YET AFFECTED  
BY THE  
CRISIS**

**STRONG ASSETS  
FOR 2010**



**B**ouygues posted a solid performance in 2009, despite the crisis, and exceeded its objectives. Sales declined by 3% to €31.4 billion, operating profit by 16% and net profit by 12%. However, a sharp drop in net debt, a halving of net gearing and an increase in free cash flow reflect a very healthy financial structure.

**Bouygues Construction** reported a very slight increase in sales, up 0.5%, and operating margin, up 0.3 points. Net profit, down 19%, was hit by lower interest rates despite a sharp rise in the net cash position. The order intake was equivalent to a year's sales.

**Bouygues Immobilier** adapted to market conditions. Sales rose 2%, driven by buoyant residential property activity. Net profit rose 5% and the company again posted a net cash surplus.

**Colas** stood up well to difficult market conditions, marked by falling demand, the postponement of stimulus plans, lower bitumen prices and fierce competitive pressure. In this context, sales were down 9% and net profit 21%.

**TF1** confirmed its position as France's most-watched TV channel, with high audience ratings in a difficult economic, regulatory and competitive environment. 2009 was a year of successful adaptation and preparation for the future.

**Bouygues Telecom**, which has passed the 10-million customer mark, reported excellent results. The launch of *ideo*, the

first quadruple play service on the market, was a great success. In the mobile phone segment, the company attracted 758,000 new customers.

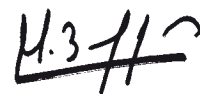
**Alstom** contributed €329 million to Bouygues' net profit. Cooperation between the two groups took shape in the form of joint bids for *TGV* high speed rail projects in France.

The Board of Directors will ask the Annual General Meeting on 29 April 2010 to approve the payment of a **dividend** unchanged at €1.60 per share.

The Group focused its **sustainable development** strategy on reducing carbon emissions and energy consumption, responsible purchasing and measures to encourage diversity and safety. Sustainable construction has become a differentiation factor for Bouygues.

After successfully adapting in 2009, Bouygues is entering 2010 in good shape with several strong assets.

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



2 March 2010

Martin Bouygues  
Chairman and CEO



Bouygues Group employees behind the scenes at the filming of the *"Building the future is our greatest adventure"* advertisement

# THE GROUP

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# BOARD OF DIRECTORS AND SIMPLIFIED ORGANISATION CHART

AT 2 MARCH 2010

## BOARD OF DIRECTORS

### Chairman and CEO

**Martin Bouygues**

### Executive Director

**Olivier Bouygues**

Deputy CEO and standing representative of SCDM, director

### Directors

**Pierre Barberis**

Former deputy CEO,  
Oberthur

**Patricia Barbizet**

CEO and director, Artémis

**François Bertière**

Chairman and CEO,  
Bouygues Immobilier

**Mrs Francis Bouygues**

**Georges Chodron de Courcel**

COO, BNP Paribas

**Charles de Croisset**

International Advisor to  
Goldman Sachs International

**Lucien Douroux**

Former Chairman  
of the Supervisory Board,  
Crédit Agricole Indosuez

**Yves Gabriel**

Chairman and CEO,  
Bouygues Construction

**Jean-Michel Gras**

Director representing  
employee shareholders

**Thierry Jourdain**

Director representing  
employee shareholders

**Patrick Kron**

Chairman and CEO, Alstom

**Hervé Le Bouc**

Chairman and CEO, Colas

**Helman le Pas de Sécheval**

Managing Director,  
Groupama Centre-Atlantique

**Nonce Paolini**

Chairman and CEO, TF1

**Jean Peyrelevalde**

Vice-Chairman, Leonardo France

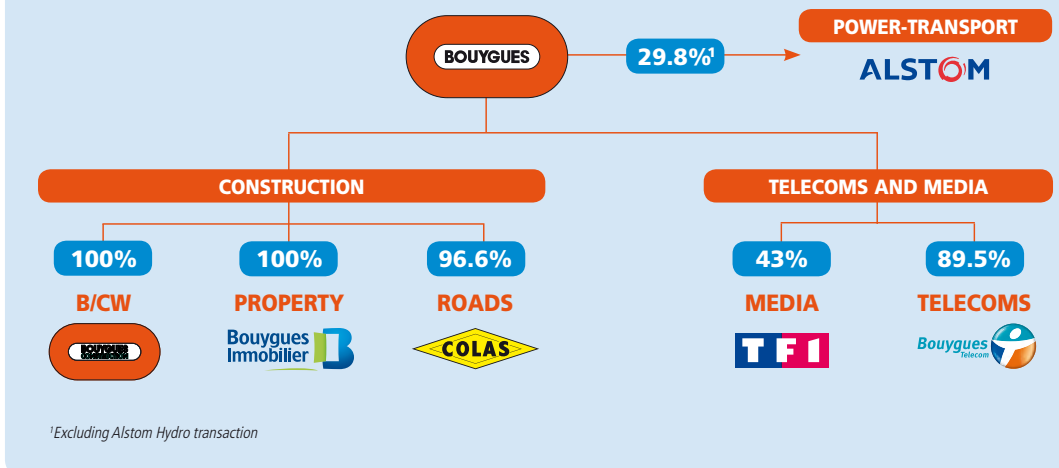
**François-Henri Pinault**

Chairman and CEO, PPR

### Non-voting director

**Alain Pouyat**

## SIMPLIFIED GROUP ORGANISATION CHART



## BOARD COMMITTEES

### Accounts Committee

**Helman le Pas de Sécheval** (Chairman)

**Patricia Barbizet**

**Georges Chodron de Courcel**

**Thierry Jourdain**

### Selection Committee

**Jean Peyrelevalde** (Chairman)

**François-Henri Pinault**

### Remuneration Committee

**Pierre Barberis** (Chairman)

**Patricia Barbizet**

### Ethics and Sponsorship Committee

**Lucien Douroux** (Chairman)

**François-Henri Pinault**

**Jean-Michel Gras**

# MANAGEMENT TEAM

AT 2 MARCH 2010

## BOUYGUES PARENT COMPANY



**Martin Bouygues**  
Chairman and CEO



**Olivier Bouygues**  
Deputy CEO



**Jean-François Guillemin**  
Corporate Secretary



**Philippe Marien**  
Chief Financial Officer,  
Chairman of Bouygues Telecom



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



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

## HEADS OF THE FIVE BUSINESS AREAS



**Yves Gabriel**  
Chairman and CEO,  
Bouygues Construction



**François Bertière**  
Chairman and CEO,  
Bouygues Immobilier



**Hervé Le Bouc**  
Chairman and CEO,  
Colas



**Nonce Paolini**  
Chairman and CEO,  
TF1



**Olivier Roussat**  
CEO,  
Bouygues Telecom

# BOUYGUES AND ITS SHAREHOLDERS



Façade of 32 Hoche, the Bouygues corporate head office

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

## Communicating with shareholders

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

### Financial press releases

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

Bouygues also publishes summary financial notices in leading French and international financial, business and investment print media. During 2009, such notices were published in 14 different newspapers and magazines, four of them published outside France (see *Annual Publications*, page 175).



### Website

In line with the Group's commitment to immediacy, transparency and equal access to information, the [www.bouygues.com](http://www.bouygues.com) website provides shareholders with detailed, constantly-updated material about Bouygues shares and the Bouygues group, including key performance indicators and information about its management, businesses and values.

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



## POSTING OF ANALYSTS' CONSENSUS ON THE WEBSITE

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

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

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

The following data are collected:

- > Sales (if not already published)
- > EBITDA
- > Operating profit
- > Net profit attributable to the Group

### Procedure

All the analysts' estimates are sent to Bouygues electronically. The average, median, maximum and minimum of the sample are published. All the analysts' contributions are made anonymously, and the company makes no comment on them, in compliance with stock market regulations.

The site carries live webcasts and archive recordings of the Group's major results presentations. During 2009, we added a historical data file to the site, containing quarterly financial and trading figures for the Group and its component businesses. The website has a special section for shareholders, containing more accessible and user-friendly information, including

documents relating to the Annual General Meeting, a frequently-asked-questions page and details of how to become a shareholder.

Shareholders can also contact Bouygues directly via two dedicated e-mail addresses:

- [investors@bouygues.com](mailto:investors@bouygues.com)
- [servicetitres.actionnaires@bouygues.com](mailto:servicetitres.actionnaires@bouygues.com)

Separate sections are devoted to specific issues including sustainable development, corporate governance, financial and CSR ratings, and regulated information (within the meaning of the European Transparency Directive).

The Bouygues group's corporate website, [www.bouygues.com](http://www.bouygues.com), was given a makeover in 2009, making it even more user-friendly.

### Group publications

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

### Results releases

Bouygues has opted to publish quarterly results and quarterly consolidated financial statements. This policy enables shareholders and the broader financial community to monitor the performance of the Bouygues group and its component businesses throughout the year.



Bouygues Annual General Meeting, held at Challenger on 23 April 2009

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

In 2009, the Bouygues group further improved the quality of its quarterly information: a detailed presentation is now posted on [www.bouygues.com](http://www.bouygues.com) at the time of each quarterly results release, allowing for regular comparisons between indicators.

### Meeting investors

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

- Three major meetings are held each year. Two of these coincide with the announcement of Bouygues' full-year and first-half results; the third is the Annual General Meeting, held at Challenger, the Group's former corporate headquarters build-

ing in Saint-Quentin-en-Yvelines, near Paris. The first-quarter and third-quarter results releases are accompanied by conference calls for institutional investors and financial analysts.

- On 10 December 2009, Bouygues went on the road to meet its individual shareholders at a meeting held in Marseille with the support of the French Federation of Investment Clubs (FFCI) and the French Association of Investor Relations Professionals (CLIFF).

## 2010 CALENDAR

- > **Thursday 29 April**  
Annual General Meeting
- > **Friday 7 May**  
Payment of dividend
- > **Wednesday 12 May**  
First-quarter 2010 sales
- > **Tuesday 1 June**  
First-quarter 2010 earnings
- > **Tuesday 31 August**  
First-half 2010 sales and earnings
- > **Tuesday 9 November**  
Nine-month 2010 sales
- > **Thursday 2 December**  
Nine-month 2010 earnings
- > **Thursday 16 December**  
FFCI/CLIFF shareholder information meeting, Lyon

The next such meeting is scheduled for 16 December 2010 in Lyon.

- Over 300 contacts a year between the Bouygues parent company and investors and analysts from France and abroad help maintain constant dialogue. Outside France, roadshows in key financial centres give the management team an opportunity to meet major international investors, while helping to raise the Group's international profile. During 2009, Bouygues held roadshows in various countries including the United Kingdom, Germany and the Netherlands.

- Bouygues also takes part in conferences aimed at French and international institutional investors.

- Bouygues shares are covered by the leading French and foreign brokers. In all, 20 financial analysts, mainly telecoms specialists, were covering Bouygues at the end of 2009.

## Registered share service

Since 1990, Bouygues has provided a registered share service offering free account-keeping to holders of fully registered shares, who are also guaranteed to receive regular information from the Group.

All holders of registered shares (whether fully registered or administered) enjoy double voting rights once their shares have been held in this form for more than two years.

Shareholders wishing to hold their shares as registered shares should contact their financial intermediary.

### REGISTERED SHARE SERVICE CONTACTS

**Philippe Lacourt – Claudine Dessain**

Tel.: +33 1 44 20 11 07/10 73

Fax: +33 1 44 20 12 42

Toll-free: 0805 120 007  
(from fixed lines in France)

E-mail:  
servicetitres.actionnaires@bouygues.com

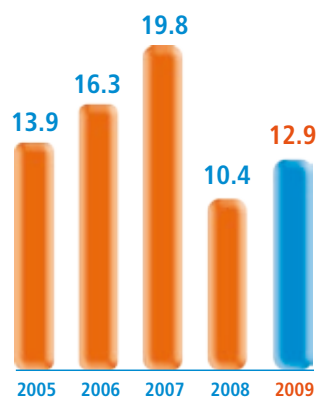
## Creating value

### Market capitalisation

Bouygues ended 2009 with a market capitalisation of €12.9 billion, 24% higher than at the end of 2008.

#### MARKET CAPITALISATION

€ billion, at 31 December



The number of shares comprising the share capital increased by 11.4 million, largely due to the capital increase carried out in connection with the latest employee share ownership plan, *Bouygues Partage 2*.

The share price advanced by 21% in 2009, in line with the performance of the CAC 40 index.

### Dividend

The total amount of dividends paid in 2009 to the shareholders of Bouygues, Colas, TF1 and Bouygues Telecom was €671 million, of which €545 million was paid to the shareholders of Bouygues SA



and €126 million to shareholders of Colas, TF1 and Bouygues Telecom other than Bouygues SA.

On 2 March 2010, the Board of Directors decided to ask the Annual General Meeting to approve a dividend of €1.60 per share for 2009, unchanged from the 2008 dividend.

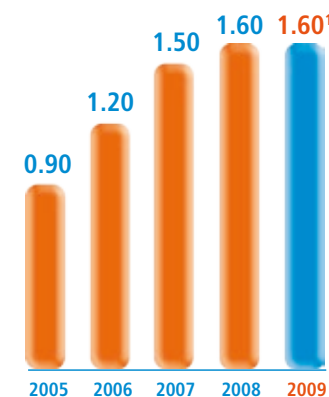
The ability to maintain the dividend at the same level as the previous year despite a 12% fall in net profit underlines the solidity of the Group's financial position. At 43%, the payout ratio is higher than the 2008 figure of 36%. Over a 10-year period, the ordinary dividend per share has increased six-fold, reflecting the Group's commitment to increase shareholder returns over the long term.

At the start of 2005, Bouygues made an exceptional payout of €5 per share,

returning a total of €1.7 billion – equivalent to 15% of the market capitalisation at the time – to the shareholders.

### ORDINARY DIVIDEND

€ per share



<sup>1</sup>To be proposed to the AGM on 29 April 2010

## Share ownership at 31 December 2009

SCDM, a company controlled by Martin and Olivier Bouygues, remains the largest shareholder with 18.6% of the capital.

The success of the *Bouygues Partage 2* share ownership plan raised the percentage interest held by employees from 15.4% at the end of 2008 to 18.3% at the end of 2009. Bouygues is still the CAC 40 company with the highest level of employee share ownership.

Institutional investors hold 63.1% of the capital, with 28.8% held by French shareholders and 34.3% by foreign shareholders.

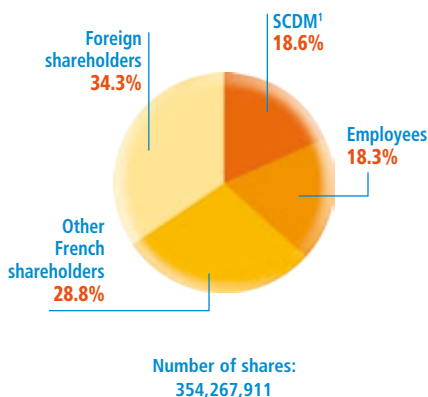
The difference between percentage ownership and voting rights is due to the fact that shareholders who hold their shares in registered form for more than two years have double voting rights. This option is available to all registered shareholders.

## Stock market performance since January 2009

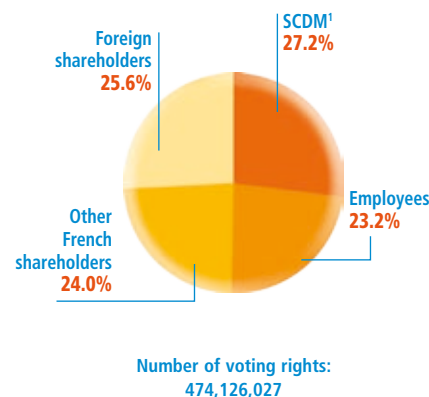
### Stock market performance in 2009

Over 2009, the Bouygues share price rose by 21%, in line with the 22% rise in the CAC 40 and the 21% rise in the DJ Euro Stoxx® 50 index (an index comprising the 50 largest capitalisations in the euro zone, which does not include Bouygues). After a very difficult end to 2008, equity markets troughed in the first quarter of 2009, but have rallied since then.

### CAPITAL at 31 December 2009

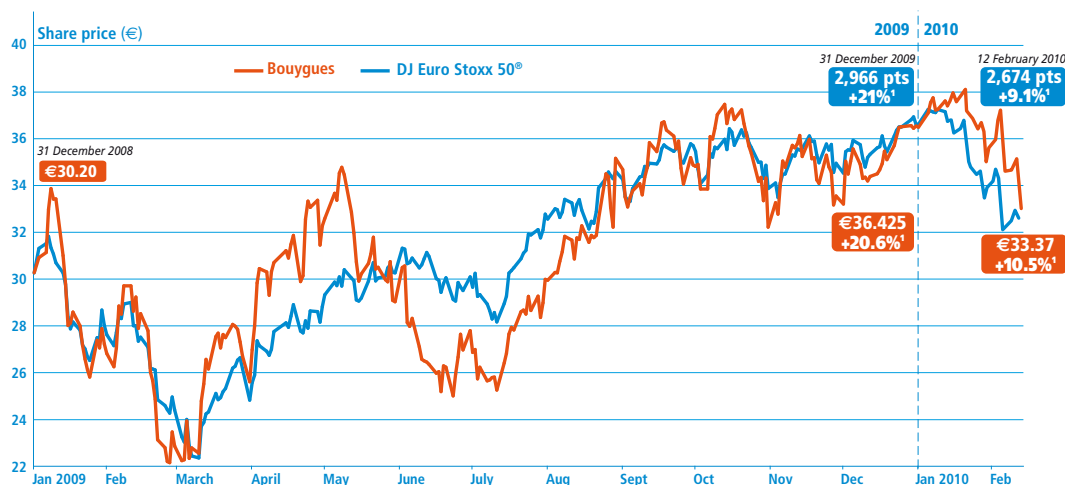


### VOTING RIGHTS at 31 December 2009



<sup>1</sup>SCDM is a company controlled by Martin and Olivier Bouygues.

### STOCK MARKET PERFORMANCE SINCE END 2008



<sup>1</sup>Compared with 31 December 2008

### BOUYGUES SHARE FACTSHEET

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

### CONTACT

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Investor Relations Director  
Tel.: +33 1 44 20 10 79  
Address: 32 avenue Hoche,  
75008 Paris, France  
E-mail: [investors@bouygues.com](mailto:investors@bouygues.com)



# KEY FIGURES

## Bouygues achieved solid performances in 2009, in a recession-affected environment.

Sales for the year totalled €31.4 billion, down 3% on a like-for-like basis and at constant exchange rates. Operating profit fell by 16% to €1.9 billion, and net profit was down 12% at €1.3 billion. The Group reported steady improvements in performance quarter on quarter throughout the year.

The financial structure was very significantly strengthened during the year, with net gearing halved to 28% and a high level of free cash flow (€1.3 billion).

## Dividend

**Bouygues maintained shareholder return in 2009.** Despite the 12% fall in net profit, Bouygues is proposing to maintain the level of dividend distributed to the shareholders.

The Board of Directors will ask the Annual General Meeting of 29 April 2010 to approve a dividend

of €1.60 per share, unchanged from the 2008 dividend. This would give a payout ratio of 43%, compared with 36% for the 2008 dividend. The ex-date, record date and payment date would be 4 May, 6 May, and 7 May 2010 respectively.

## Very healthy financial structure

Free cash flow for the year was very high at €1.3 billion, up 41%, with cash flow down 3% at €3.4 billion and net capital expenditure 27% lower at €1.3 billion.

Net debt stood at €2.7 billion at 31 December 2009, €2.2 billion lower than at the end of 2008. This improvement was due in particular to the rise in free cash flow, the exercise by TF1 of the Canal+ France put option, and an easing of working capital needs. Net gearing was halved to 28%.

On 22 January 2010, Standard & Poor's reiterated Bouygues' credit rating: A- with a stable outlook. This rating has been unchanged since 2001.

## FINANCIAL HIGHLIGHTS

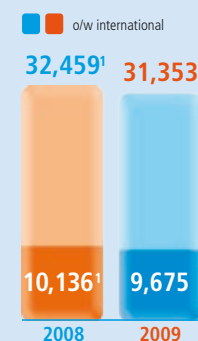
(€ million)	2008	2009	2009/2008
Sales	32,459 <sup>a</sup>	31,353	-3%
EBITDA <sup>b</sup>	3,750 <sup>a</sup>	3,616	-4%
Operating profit	2,196 <sup>a</sup>	1,855	-16%
Net profit attributable to the Group	1,501	1,319	-12%
Cash flow	3,542 <sup>a</sup>	3,430	-3%
Net capital expenditure	1,730 <sup>a</sup>	1,270	-27%
Free cash flow <sup>c</sup>	944 <sup>a</sup>	1,329	+41%
Shareholders' equity (period-end)	8,765	9,726	+11%
Net debt (period-end)	4,916	2,704	-45%
Net gearing (period-end)	56%	28%	-28 pts
Net dividend (€ per share)	1.6	1.6 <sup>d</sup>	=
Number of employees	138,936 <sup>e</sup>	133,971	-4%

<sup>a</sup>Applying the same accounting policy as in 2009, excluding Finagestion's contributions <sup>b</sup>Current operating profit excluding net depreciation and amortisation expense and changes in provisions, and impairment losses (after reversals of utilised and non-utilised provisions and impairment losses) <sup>c</sup>Cash flow minus (i) cost of net debt, (ii) income tax expense for the year and (iii) net capital expenditure <sup>d</sup>To be submitted for approval by the Annual General Meeting on 29 April 2010 <sup>e</sup>Excluding Finagestion, divested in 2009 (6,220 employees)

## SALES

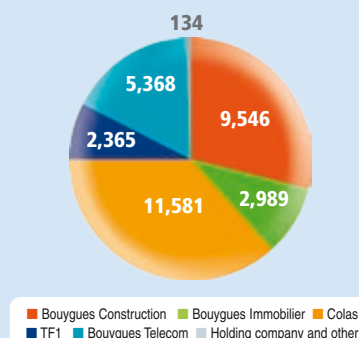
€31.4 billion (down 3%)

€ million



<sup>1</sup>Applying the same accounting policy as in 2009, excluding Finagestion's contribution

## Contribution by business area<sup>1</sup>



<sup>1</sup>Impact of intra-Group eliminations: -€630m

**Bouygues group:** Consolidated sales for 2009 were €31.4 billion, 3% lower than in 2008 on a like-for-like basis and at constant exchange rates. Sales in France fell by 3%, and international sales by 5%.

**Bouygues Construction:** Sales were slightly higher year-on-year, rising by 0.5% on a like-for-like basis and at constant exchange rates to €9,546 million. In France, sales fell by 0.5% to €5,356 million, while international sales rose by 2% to €4,190 million.

**Bouygues Immobilier:** Sales were up 2% on a reported basis at €2,989 million, and also rose by 2% on a like-for-like basis and at constant exchange rates. Residential property sales were 16% higher at €2,084 million, following the delivery of some major projects in the first half of 2009.

**Colas:** Sales fell by 9% on a reported basis to €11,581 million, and also fell by 9% on a like-for-like basis and at constant exchange rates. French sales were down 8% at €6,751 million, while international sales were down 12% at €4,830 million.

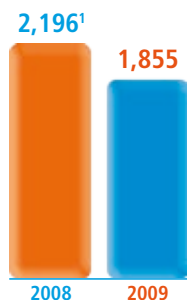
**TF1:** Sales for the year were down 9% at €2,365 million. Advertising revenues for the TF1 channel were 13% lower at €1,429 million.

**Bouygues Telecom:** Sales advanced by 5% to €5,368 million. Sales from network were 4% higher at €4,863 million. Excluding the impact of the cut in voice call termination rates, sales from network would have risen by 6%.

## OPERATING PROFIT

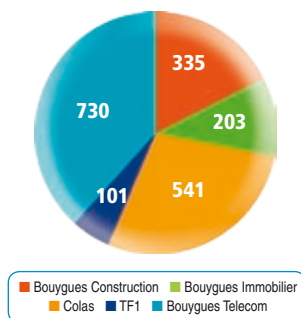
€1,855 million (down 16%)

€ million



<sup>1</sup>Applying the same accounting policy as in 2009, excluding Finagestion's contribution

### Contribution by business area<sup>1</sup>



<sup>1</sup>"Holding company and other" reported an operating loss of €55m.

The improvement in Bouygues Construction's operating margin relative to 2008 reflects the smooth execution of contracts in progress.

Promotional efforts on residential developments helped to reduce inventories of unsold completed homes, but eroded the operating margin at Bouygues Immobilier.

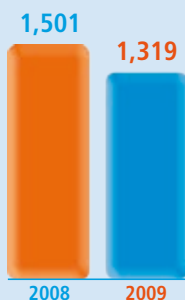
Colas and TF1 recorded poorer operating performances as a result of lower sales and increased competitive pressure.

The main reasons for the drop in operating profit at Bouygues Telecom were the costs incurred to achieve the excellent sales performance for the year, the expansion of fixed-line services, and new taxes and fees.

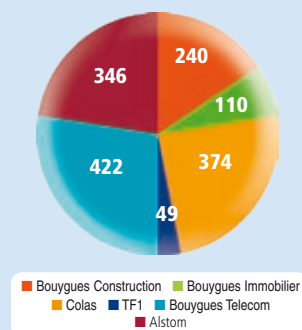
## NET PROFIT ATTRIBUTABLE TO THE GROUP

€1,319 million (down 12%)

€ million



### Contribution by business area<sup>1</sup>



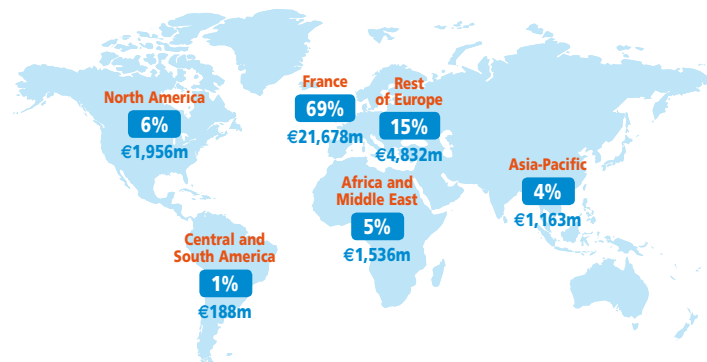
<sup>1</sup>"Holding company and other" reported a net loss of €222m.

Net profit attributable to the Group fell by 12% to €1,319 million, mainly as a result of the fall in operating profits at Colas, TF1 and Bouygues Telecom, but also due to the effect of lower interest rates on net interest income at Bouygues Construction.

The contribution made by Alstom (accounted for as an associate by the equity method) to net profit attributable to the Group rose by 9%, to €346 million.

## 2009 SALES BY REGION

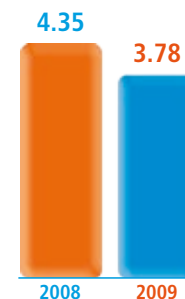
€31,353 million



## EARNINGS PER SHARE<sup>1</sup>

€3.78 (down 13%)

€ per share



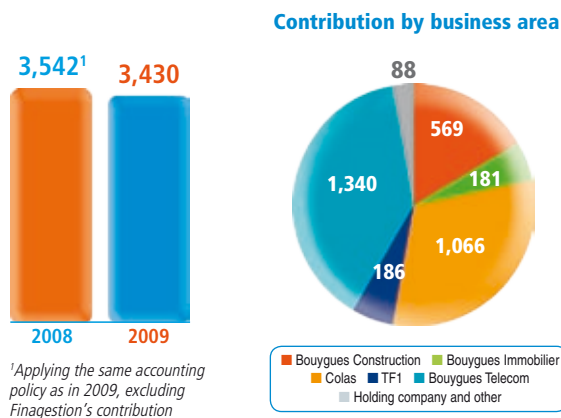
Earnings per share was €3.78, 13% lower than the 2008 figure, reflecting not only the lower level of net profit attributable to the Group but also a slight increase in the average number of shares outstanding in 2009 relative to 2008.

<sup>1</sup>Group share of continuing operations

## CASH FLOW

€3,430 million (down 3%)

€ million

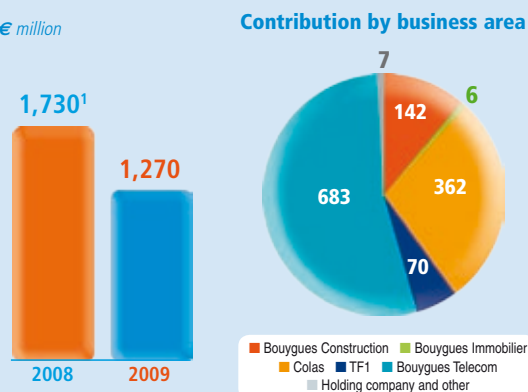


In 2009, the Bouygues group once again generated a high level of cash flow: the total for the year was €3.4 billion, 3% lower than in 2008. Bouygues still has substantial resources available to fund its future development.

## NET CAPITAL EXPENDITURE

€1,270 million (down 27%)

€ million



Net capital expenditure by the Bouygues group was €460 million lower in 2009 than in 2008.

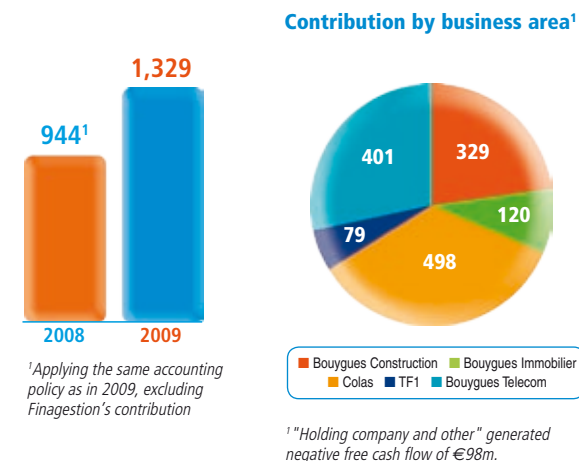
In the tough economic climate, all the Group's businesses made efforts to limit expenditure without threatening prospects for future growth.

Net capital expenditure fell by €175 million at Colas and by €111 million at Bouygues Construction. The €189-million drop at Bouygues Telecom was expected, after substantial investment in the 3G+ and ADSL networks in 2008.

## FREE CASH FLOW

€1,329 million (up 41%)

€ million



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

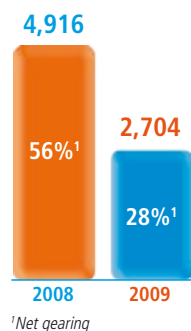
Bouygues generated cash flow of €3,430 million in 2009, down 3%. After deducting the cost of net debt (€344 million), income tax expense for the year (€487 million) and net capital expenditure (€1,270 million), **free cash flow was a very healthy €1,329 million – up 41% year-on-year, an excellent performance.**



## NET DEBT

€2,704 million (down 45%)

€ million



<sup>1</sup>Net gearing

**Bouygues very significantly strengthened its financial position in 2009**, ending the year with net debt €2,212 million lower and with net gearing halved to 28%. All of the Group's businesses made significant efforts to control their working capital requirements.

- **Bouygues Construction:** Net cash of €3,285 million, another sharp year-on-year increase (of €693 million).
- **Bouygues Immobilier:** Net cash of €146 million, up €145 million year-on-year, a very good performance for a property developer that reflects the high number of notarised housing sales signed towards the end of the year.
- **Colas:** Net cash of €116 million (versus net debt of €6 million at end 2008, an improvement of €122 million), thanks largely to tight

control over working capital requirements, and despite the impact of the new French Economic Reform Act (LME – Loi de Modernisation de l'Économie).

- **TF1:** Net cash of €73 million (versus net debt of €699 million at end 2008, an improvement of €772 million), mainly due to the exercise of the Canal+ France put option.
- **Bouygues Telecom:** Net debt of €294 million, €187 million more than at the previous year-end, largely as a result of the high level of capital expenditure in 2008.

"Holding company and other" had net debt of €6,030 million at end-2009, €667 million lower than at the previous year-end.

A €500-million eight-year bond issue was carried out on very favourable terms in January 2010, and will help to refinance the bond issue due to mature in February 2011.

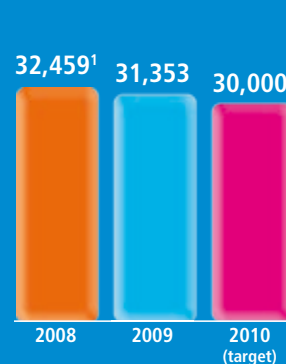
As of 31 December 2009, Bouygues had €9.6 billion of available cash, comprising €4.5 billion of cash and equivalents and €5.1 billion of undrawn credit facilities. Overall, the Bouygues group is in robust financial health, combining a well-spread debt repayment schedule (mainly fixed-rate debt) and excellent liquidity.

On 22 January 2010, Standard & Poor's reiterated Bouygues' credit rating: A- with a stable outlook. This rating has been unchanged since 2001.

## 2010 SALES TARGET

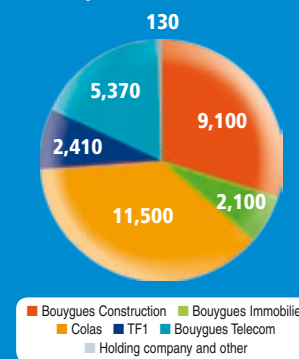
€30 billion (down 4%)

€ million



<sup>1</sup>Applying the same accounting policy as in 2009, excluding Finagestion's contribution

### 2010 target by business area<sup>1</sup>



<sup>1</sup>Impact of intra-Group eliminations: -€610m

After successfully adapting to the economic crisis in 2009, Bouygues is starting 2010 with confidence and has announced a 2010 full-year sales target of €30 billion (down 4%).

Bouygues has several key assets:

- leading position in four of its five business areas;
- diversity in business areas and geographical locations;
- corporate culture shared by all;
- strong capacity for adaptation and innovation;
- solid financial position.

# SUSTAINABLE DEVELOPMENT, RESEARCH AND INNOVATION, HUMAN RESOURCES

"Building the future is our greatest adventure" advertising campaign



The Bouygues group continues to advance its proactive and structured **sustainable development** policy. Introduced in 2006, it draws on the Bouygues group's corporate culture and deeply-rooted convictions.

## Introduction

### Our convictions

The Bouygues group is convinced that sustainable development is a source of progress and will have a profound influence on business models. Greater public awareness of environmental issues, new regulatory requirements and increasingly scarce natural resources strengthen the Group's determination to come up with new products and services in order to

anticipate customers' emerging expectations. The transformations in the Group will concern all its business areas and already offer new opportunities and prospects.

The construction sector as a whole will step up its research in order to develop projects that use fewer resources of all kinds, produce energy from renewable sources and protect biodiversity. In addition to energy efficiency, one of the pillars of sustainable construction, advances in communication technologies will revolutionise the technical management and usage of buildings and engineering structures and their interdependence with transport and smart grid<sup>1</sup> energy networks.

## Sustainable development in the Group

### Organisation

Implementing the sustainable development policy, business areas continuously enhance their roadmap in step with the challenges they face and the specific features of their activities (construction, property, roads, media, telecommunications). The goal is to integrate sustainable development at all levels of decision-taking in the firm and in every process.

To address the complex challenges of the future more effectively, the Bouygues

group takes advantage of its range of business activities to increase the synergies between them and identify and roll out best practices in all areas more quickly. A collaborative extranet site, *BYpedia*, has been designed to create skills networks between staff from different parts of the Group. Groupwide working committees on human resources, information systems (Green IT<sup>2</sup>) responsible purchasing, non-financial reporting and carbon strategy have been set up to pool knowledge and know-how.

Projects in these areas are overseen and coordinated by the Group Sustainable Development Department, headed by Deputy CEO Olivier Bouygues.

### Reporting

Each business area is responsible for its own non-financial reporting and defines indicators according to its challenges and its roadmap. Where appropriate, some of the data may be consolidated at Group level (see pages 20 to 25).

Specific reporting software (Enablon SD-SR) is used to collect, validate and consolidate CSR<sup>3</sup> performance indicators at business area level (see pages 42, 43, 55, 68, 80 and 94). As well as ensuring standardised presentation, the software makes it easier to validate data, analyse results and trends and track them over a number of years.

However, the Group's non-financial reporting system still has its limitations,

<sup>1</sup>Intelligent solutions that optimise power distribution <sup>2</sup>Environment-friendly information systems <sup>3</sup>Corporate Social Responsibility

since it is not yet as well-established as financial reporting. Practical processes for collecting data can be improved, given the Group's diversity, and sectoral practices and habits mean that some indicators are still defined differently. The Non-Financial Reporting Committee is working to improve the reliability of the processes underlying each level in the reporting structure.

### A policy that is an integral part of Group policy

Rolling out an ambitious sustainable development policy requires determination and method. The Bouygues group is aware of the problems, such as regulatory curbs on innovation, cultural reticence, the need to train staff and raise awareness among customers and the difficulty of anticipating long-term issues.

These difficulties do not call the depth of its commitment into question. The recent crisis has not affected its CSR<sup>1</sup> policy, proof that sustainable development is now fully integrated into the Group's strategy.

### Carbon strategy and eco-design

The Bouygues group has introduced a strategy of differentiating its products and services by offering customers low-carbon eco-variants. It has various means at its disposal to do so, including Groupwide rules for calculating CO<sub>2</sub> emissions and proprietary software packages (ÉcoLogiciel<sup>®</sup> in the roads sector and CarbonEco<sup>®</sup> in the construction sector) to conduct carbon balances while projects are still in their early stages and offer

customers variants (330 carbon balances were carried out with CarbonEco<sup>®</sup> in 2009). Business areas also use other tools which, by enabling them to take an eco-design approach and assess the overall environmental impact of their activities, help them to cut the cost of their vehicle fleets, buildings and IT resources.

These efforts will continue in 2010, focusing on three priorities:

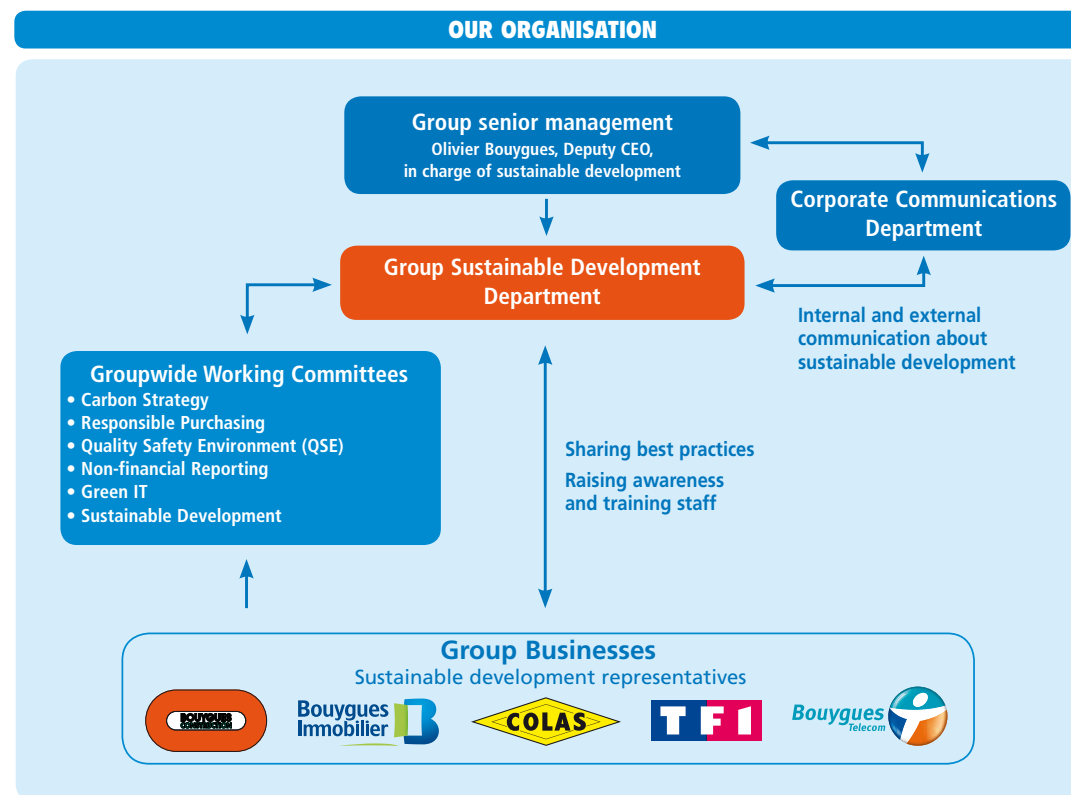
- testing software that measures the environmental footprint of projects;
- enhancing supplies catalogues with eco-designed products and materials;
- thinking about how to improve the overall environmental balance of projects.

### Responsible purchasing

The Group spent €21.5 billion on purchasing in 2009, equivalent to 69% of its sales. That is why it is essential to involve and include subcontractors and suppliers in the sustainable development policy. This is achieved in two ways:

- supporting and training suppliers, in particular through the Supplier CSR Charter attached to all framework agreements;
- a common procedure to evaluate suppliers' CSR performance, introduced in 2009. An independent consultant has assessed 250 targeted suppliers according to 21 criteria adapted to purchasing issues and risks, the countries concerned and international standards (Global Compact, ISO 26000, GSI). One of the Responsible Purchasing Committee's Groupwide actions, the assessment programme will be stepped up in 2010.

In addition to each business area's own



training plans, the Group offers two online eco-purchasing training modules on a collaborative platform. They concern country risk, covering 120 countries, and purchasing families, covering aspects such as relevant CSR criteria and key regulations for around 50 purchasing families. Several partnership programmes with suppliers have also been set up.

### Sustainable construction

The building sector, responsible for 25%

of greenhouse gas emissions and 43% of final energy consumption in France, is clearly one where there is considerable scope for rapid progress. The environmental dimension is becoming an important selling point for new buildings. The Bouygues group's construction subsidiaries have already started to build low-energy (BBC<sup>2</sup>) and positive-energy (Bepos<sup>3</sup>) buildings, and residential and commercial property rehabilitation services have been developed.

Research and development and partnership programmes have also been stepped up. Bouygues Construction has established a sustainable construction skill centre, overseeing 17 research programmes, Colas' research centre is devoting many of its programmes to sustainable development and Bouygues Immobilier has launched the Positive Energy Consortium with nine partners, all leading players in their own industries.

<sup>1</sup>Corporate Social Responsibility <sup>2</sup>BBC – Bâtiment Basse Consommation <sup>3</sup>Bepos – Bâtiment à Énergie Positive



## Renovating Challenger

Challenger, Bouygues Construction's head office at Saint-Quentin-en-Yvelines in the Paris region, is going to be completely renovated so that it can continue to showcase Bouygues' know-how and capacity for innovation.



Renovating Challenger, a major issue

After four years' work without the site being closed down, the aim is to cut energy consumption by a factor of ten. The building will produce energy from photovoltaic panels and a geothermal heating system and biodiversity will be enhanced by the use of phyto-purification in filter gardens. Every opportunity to improve the well-being of employees will be seized. The utmost attention will be paid to thermal and acoustic comfort, and soft transport.

In 2014, Challenger will become a world reference in environmental renovation. It will be one of the few buildings to be certified under three international schemes: HQE® (France), BREEAM (UK) and LEED™ (USA). Information about the transformation of Challenger is available on the Group website [www.bouygues.com](http://www.bouygues.com).

Bouygues Telecom's HQE® Technical Centre at Meudon (Paris region)



## Quality Safety Environment (QSE)

Because quality, safety and environmental requirements are interlinked, most firms choose to integrate their management systems in order to both control operating risks and optimise prevention costs.

With over 1,000 employees, the Bouygues group's QSE function supports line managers and HR staff, constantly ensuring that the management systems in place are effective.

The Group's businesses use management standards like ISO and the methods associated with them as instruments to secure continuous improvement in performance. The goal is to make it easier to implement and maintain a management system that increases the firm's sustainability and competitiveness and the satisfaction of all stakeholders. The overall aim for the

product or service concerned is to attain the quality demanded by customers in an economically efficient way.

ISO certification for the three components of QSE is widely used to ensure that people can have confidence in the QSE function's capacity to keep the Group's management systems compliant and effective over time.

In order to promote the importance of intangible assets, provide perspective on what management tools can bring and where they overlap and assess overall performance, Bouygues SA regularly uses Abby, a specialised software tool, to carry out self-assessments in operating units. The exercise enables management committees to situate themselves in relation to the management practices defined by the European Foundation for Quality Management (EFQM) model.

### QSE CERTIFICATION (GLOBAL)

Proportion of sales covered by a certification scheme

(%)	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom
ISO 9001	97	96.2	92	0	0
ISO 14001	84	0	57	0	0
ISO 18001 or Ilo	82	0	43	0	0

## Sponsorship and communication

### Sponsorship

Bouygues SA's sponsorship focuses on education, medical research and social and humanitarian causes.

An Ethics and Sponsorship Committee made up of three directors meets three or four times a year to consider applications and issue opinions.

In the field of education, the Francis Bouygues Foundation, created in 2005, is the first sponsorship initiative in which all the Group's five business areas take part.

It aims to help motivated high-school leavers facing financial difficulties to enter higher education. 242 students were recipients of grants from the Foundation at 1 September 2009.

Apart from the Francis Bouygues Foundation, Bouygues SA supported 38 charities in 2009, including an association for research into lateral amyotrophic sclerosis (ARSLA), the French Brain and Spine Institute (ICM) and an association to promote equal opportunity in schools (Apfée).

Restoration work on the Hôtel de la Marine on the Place de la Concorde in Paris, which started in January 2007, was completed in May 2009. Under a skills sponsorship agreement worth €7.2 million over four years, the work involved restoring the peristyle, the Golden Gallery, the Naval Ports Gallery and the two State reception rooms.

Altogether, Bouygues SA devoted €2.3 million to sponsorship in 2009.

Each business area in the Bouygues group



242 students received grants from the Francis Bouygues Foundation at 1 September 2009



also develops and funds its own sponsorship initiatives. Altogether, sponsorship and donations represented €10 million for the Group in 2009.

### Advertising and multimedia

In 2009, Bouygues launched two new waves of its corporate advertising campaign "*Building the future is our greatest adventure*" in the press, on the internet, on TV and in cinemas. The Group enhanced its sustainable development website *construirenotreavenir.com*, which provides information about internal initiatives and commercial solutions. It also launched *BYpedia*, a new Web 2.0 collaborative multimedia tool to encourage the sharing of knowledge and to help employees with common centres of interest to get in touch with each other. The *BYpedia* site is open to partners outside the Group.

### Research and Innovation

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

Innovation initiatives are closely linked to the particular features of each business and concentrate on finding operational solutions. Most of the Group's research,

development and innovation teams are housed within its subsidiaries.

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

- involving as many staff as possible in the quest for innovative solutions;
- creating skill centres in certain key areas such as sustainable construction;
- promoting exchanges between players inside and outside the Group.

### Group research

To encourage this culture, each business area in the Bouygues group regularly organises innovation events or forums to showcase their latest achievements and shine the spotlight on employees who have made particularly valuable contributions.

In order to facilitate exchanges within the Group, in 2005 Bouygues created an Innovation function which brings together over 400 managers from its different businesses in forums that include information seminars and committees focusing on specific issues. Cooperation between business areas is systematically sought on practical projects put forward by subsidiaries in order to reap maximum benefit from groupwide expertise.

In addition to these projects, structured research is carried out on strategic cross-cutting themes. Work in 2009 focused on three such themes: the link between energy and building, the crisis as a vector for innovation and the organisational aspects of putting open innovation strategies into practice.

### The e-lab

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

- **Decision support** in order to improve the efficiency of complex processes and adjust product and service pricing to the market. Examples include filling advertising slots for TF1, optimising masshaul diagrams for Bouygues Construction and planning marketing campaigns for Bouygues Telecom.
- **New technologies** that can pave the way for innovative products and services, such as the *Ici Info* augmented reality navigation system for Bouygues Telecom, the lamp post of the future for ETDE and advice on the acceptance of technology in the home for Bouygues Immobilier.

The e-lab is also responsible for organising and coordinating the Group's Innovation function and speeding up the assimilation of new technologies in the Group's businesses through extensive cooperation with start-ups, research institutions and other companies. In 2008, the e-lab, with Bouygues Immobilier and Bouygues Telecom, started working with the MINATEC IDEAs Laboratory®, an offshoot of the French Atomic Energy Commission (CEA). An innovation platform in the heart of the MINATEC centre of excellence in Grenoble, it is unique in bringing together scientists, manufacturers and researchers in the human and social sciences. Bouygues Telecom's *Ici Info* mobile phone application is one outcome of the partnership.

### OUTLOOK FOR 2010

The Bouygues group has set itself several objectives for 2010:

- > to identify innovative solutions for energy efficiency and the development of sustainable neighbourhoods;
- > to step up collaborative methods in internal and external communication;
- > to develop expertise in eco-design;
- > to incorporate carbon constraints into capital expenditure, to model the costs and opportunities arising from energy price fluctuations and to offer customers products and services that take these issues into account.

### Human resources

#### Sharing the same values

The Bouygues group's Code of Ethics and Human Resources Charter assert three core values for human resources management: respect, trust and fairness. These values are reaffirmed to employees, especially managers, on many occasions in the context of training courses.

At the end of 2009, 61% of senior executives had attended the *Development of Bouygues Values* seminar and 36% the *Respect and Performance* seminar (participants since 2002). 1,100 new managerial recruits attended Group induction days in 2009 (1,980 in 2008), providing an opportunity for exchanges on strategies and values with senior figures from the business areas and Martin Bouygues. Individual Group companies also have their own induction arrangements, organised along the same lines and adapted to all employees.



Brainstorming session for the Innovation function



The shared values set out in the Human Resources Charter are expressed through practical actions in all business areas, with progress being tracked by precise indicators wherever possible.

## Respect

### Constructive labour relations

A signatory of the Global Compact since 2006, the Bouygues group has for many years promoted a respectful and constructive approach to labour relations that pave the way for real progress for the benefit of staff.

Employee representative bodies in the different business areas are supplemented by the Group Council in France, with 30 representatives from 400 works councils spanning all the Group's activities,

and the European Works Council, with 24 representatives from 11 countries. Privileged forums for meetings between union representatives from across the whole spectrum and Group executives, they provide an opportunity for exchanges about the Group's business and financial prospects and developments relating to jobs, social policy, health and safety.

The interest of Group staff in the quality of these discussions between employees and management is reflected in the turnout for workplace elections (78.4% in 2009), which is much higher than the nationwide average in France (63.8%<sup>1</sup> in 2006) and gives their representatives a high degree of legitimacy.

Both in business areas as a whole and in local subsidiaries, many agreements have been signed with representative union organisations covering matters such as pay, working hours, older employees, disability, equal opportunity, social protection and resources made available to unions.

### Health and safety: rigorous standards in all business areas

Health and safety are a priority for all Group employees and have been for many years.

As a result, the health and safety record in our businesses is much better than the average for the industry concerned. In 2008, for example, the industrial accident frequency rate<sup>2</sup> in the construction industry in France was 50.2 and the severity rate<sup>3</sup> was 2.76 (source: INRS)<sup>4</sup>, figures that may be compared with those in the adjacent table.

To improve this record even further, ambitious training programmes have been rolled out at Colas and Bouygues Construction in particular, extending to health issues like road safety, stress and addiction.

### Examples in the Group

- **Bouygues Construction** subsidiaries in France and the rest of Europe have introduced *Vital'attitude*, a one-week safety training programme for supervisory staff (500 general foremen). The aim of the initiative is to further extend the zero accident target already achieved by several works units in 2008.

On 20 March 2009, ETDE organised a safety day for its 13,000 employees with the aim of halving the number of workplace and road accidents over the next 12 months.

Daily warm-up exercises are now widely used in several Bouygues Construction subsidiaries.

- In France, **Colas** has set itself the target of bringing the frequency rate below 10 in 2010. The frequency rate at end-2009 was 10.05 following a 15% improvement over the year.

A total of 19,210 employees in the Colas group, nearly 30% of the workforce, had a workplace first-aid qualification at 31 December 2009. The 30% target has already been exceeded in mainland France. On the road safety front, Colas has renewed the charter signed with the French government road safety task force.

## INDUSTRIAL ACCIDENTS (GLOBAL)

							2009	2008
	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Total Group	Total Group
Industrial accident frequency rate <sup>a</sup>	11.87	10.64	5.65	7.56	3.64	2.6	8.30	9.59
Industrial accident severity rate <sup>b</sup>	0.154	0.387	0.187	0.293	0.096	0.069	0.307	0.332

*These indicators are subject to possible correction since they have to be validated after publication by the relevant authorities.*

<sup>a</sup>Number of industrial accidents involving time off work x 1,000,000 / number of hours worked

<sup>b</sup>Number of days off work x 1,000 / number of hours worked

## PART-TIME WORK (FRANCE)

							2009	2008
	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Total Group	Total Group
Number of part-time workers	17	569	44	344	234	385	1,593	1,521

## COLLECTIVE AGREEMENTS NEGOTIATED (FRANCE)

							2009	2008
	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Total Group	Total Group
Number of collective agreements negotiated, including mandatory annual negotiations	7	119	6	89	27	18	266	204

## PARTICIPATION IN ELECTIONS OF EMPLOYEE REPRESENTATIVES (FRANCE)

							Total Group
	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Total Group
Rate of participation in most recent elections	85.6%	84.5%	75.5%	74.9%	72.7%	79.2%	78.4%

<sup>1</sup>Source: Dares <sup>2</sup>Number of industrial accidents involving time off work x 1,000,000 / number of hours worked <sup>3</sup>Number of days off work x 1,000 / number of hours worked <sup>4</sup>National Research and Safety Institute

With its induction software package, already operational in France and being rolled out elsewhere, Colas is extending safety training to all new employees and temporary staff.

- At **Bouygues Telecom** and **TF1**, a stress and well-being observatory keeps a watchful eye on the issue and raises the alarm if necessary.

### Working hours: striking the right balance

A good work/life balance is the best way of ensuring that staff perform effectively, free of stress that might sap their motivation. Several businesses looked closely at the question in 2009. The answers they came up with vary according to the requirements and specific features of each sector of activity.

To give employees some choice in how they manage their worktime, all business areas have introduced "leave bank" arrangements for time off *in lieu* of overtime.

- Several **Bouygues Construction** subsidiaries have signed agreements on parental and paternity leave.
- Following a consultation process in 2008, including focus groups on the work/life balance, in 2009 **Bouygues Immobilier** prepared an action plan to ensure that the right balance is struck. The project, called BI&Me, aims to influence attitudes and behaviour among staff so that they can all work in the best conditions.
- **Bouygues Telecom** is contributing to staff childcare with top-up payments for CESU service vouchers. Through its Resources Centre, employees and the company can jointly invest in training during time off *in lieu* (RTT).

Group companies also encourage employees to get involved in good causes during their free time.

### Trust

#### Dialogue: close attention to the quality of relationships

Monitored by HR departments, the quality of the personal relationships between Group employees and their managers is a key to effective joint action and the well-being of all.

- **Bouygues Construction** has established a common core of questions for satisfaction surveys in all its divisions,

**Aim: to achieve the zero accident target on all projects**



the aim being to track a certain number of parameters across the whole business area.

- In 2006, **Bouygues Immobilier** introduced a system whereby employees have two annual 90-minute interviews with their line manager, one focusing on setting and achieving targets, the other on the employee's skills. 80% of staff in the company had both interviews in 2009.
- In 2009, **TF1** introduced a programme

entitled "Reinventing our future", bringing together 500 managers in ten groups of 50 for a two-day seminar.

- Satisfaction surveys are carried out in all business areas. The **Bouygues Telecom** survey in 2009 showed that 95% of staff are proud to work for the company.<sup>1</sup>

#### Jobs: a significant number of new recruits, greater internal mobility

In view of the economic environment in 2009, the pace of recruitment in the

### FORMAL ANNUAL APPRAISAL (FRANCE)

#### Proportion of staff benefiting from a formal annual assessment

	2009						Total Group
	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	
Managerial	79%	70.2%	88.9%	50%	na	100%	na
Clerical & technical	85%	74.3%	85.9%	41.6%	na	100%	na
Site workers	-	80.5%	-	11%	-	-	36.2%
<b>All categories</b>	<b>81.5%</b>	<b>75.2%</b>	<b>86.7%</b>	<b>25%</b>	<b>72.3%</b>	<b>100%</b>	<b>57.4%</b>

na: not available

### EMPLOYEES BY REGION (GLOBAL)

	2009 <sup>a</sup>						Total Group	Total Group
	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom		
<b>France<sup>b</sup></b>	<b>324</b>	<b>23,518</b>	<b>1,245</b>	<b>38,670</b>	<b>3,657</b>	<b>9,013</b>	<b>76,427</b>	<b>77,281</b>
Europe (excl. France)	6	7,780	98	12,996	229	-	21,109	23,276
Africa and Middle East	-	7,654	-	9,235	6	-	16,895	27,605
North America	-	23	-	4,505	3	3	4,534	4,691
Central/South America	-	843	-	0	-	-	843	922
Asia-Pacific	-	12,781	-	1,365	15	2	14,163	11,371
<b>International</b>	<b>6</b>	<b>29,081</b>	<b>98</b>	<b>28,101</b>	<b>253</b>	<b>5</b>	<b>57,544</b>	<b>67,865</b>
<b>France and international</b>	<b>330</b>	<b>52,599</b>	<b>1,343</b>	<b>66,771</b>	<b>3,910</b>	<b>9,018</b>	<b>133,971</b>	<b>145,146</b>

<sup>a</sup>After the sale of Finagestion in October 2009 (approx. 6,400 employees, mostly in Africa)

<sup>b</sup>Mainland and overseas

<sup>1</sup>Source: 2009 perception survey carried out by Bouygues Telecom



Bouygues group was slower than in the previous year, though a substantial number of new employees were hired (6,000 in France), especially in construction businesses. The total headcount fell slightly.

Group businesses used mobility to keep staff in jobs. The staffing committees set up in several business areas and the new *Mobyctic* mobility extranet help to advertise vacancies, both in an employee's original line of business and in the Group as a whole.

At **TF1**, 60% of vacancies in 2009 were filled from inside the company, involving 280 employees.



#### EMPLOYER'S CONTRIBUTION TO CORPORATE SAVINGS PLAN (FRANCE)

							2009	2008
(€ '000)	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Total Group	Total Group
Total gross contribution to plan	685	33,777	1,867	22,030	8,139	15,276	<b>81,774</b>	77,164

For Bouygues, the employer's contribution to the company savings scheme is 200% of payments up to €300 a year, 100% between €301 and €1,920 and 50% between €1,921 and €4,200.

For TF1, the contribution is 200% of payments up to €300 a year and 100% between €301 and €3,450.

#### PROMOTION\* (FRANCE)

##### Proportion of employees promoted

							2009	2008
(%)	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Total Group	Total Group
Managerial	10.7	9.0	11.6	8.2	16.6	9.6	<b>9.9</b>	14.9
Clerical & technical	4.5	13.2	10.0	5.1	18.9	12.1	<b>9.5</b>	8.3
Site workers	-	16.9	-	6.3	-	-	<b>9.5</b>	11.5
<b>All categories</b>	<b>8.6</b>	<b>13.0</b>	<b>11.1</b>	<b>6.3</b>	<b>17.1</b>	<b>10.9</b>	<b>9.6</b>	<b>12.3</b>

\*change of grade

#### Employee share ownership: one of the Group's great strengths

Following on from the five leveraged schemes offered to Bouygues group employees since 1999, efforts to promote employee share ownership continued with *Bouygues Partage 2*.

72.5% of eligible employees signed up to the scheme. Nearly 60,000 employees owned Bouygues shares at 31 December 2009, holding 18.3% of share capital and 23.2% of voting rights, thereby confirming Bouygues as the CAC 40 company with the highest level of employee share ownership.

The average portfolio of the 52,183 members of the Bouygues company savings plan is €13,860 on the basis of a share price of €36.42 on 31 December 2009.



Willy Guénon, a foreman with DV Construction and a member of the Minorange Guild

#### Internal promotion: an abiding commitment

To keep employees motivated, businesses ensure that they give priority to internal promotion rather than outside recruitment. Each business area has a careers committee whose task is to identify and track employees wishing or seeking to change jobs. It is a policy that encourages staff loyalty. Mechanisms for recognising professional skills and achievements, like the Minorange Guild and the customer advisors club, also exist for particular categories.

#### Example in the Group

Francis Bouygues created the Minorange Guild in 1963 to recognise achievements in the construction trades. The Guild and its offshoots in other business areas have some 2,000 members in 25 orders.

The career path for supervisory staff is a prime example of internal promotion in operation at Bouygues Construction, where employees who start out as site workers may end up as site directors.



## AVERAGE ANNUAL SALARY BY JOB CATEGORY (FRANCE)

2009						
(€, per year)	Holding company and other	Bouygues Construction	Bouygues Immobilier <sup>a</sup>	Colas	TF1	Bouygues Telecom
Managerial (excl. senior executives)	76,927	57,833	68,964	54,336	61,064	54,349
Clerical & technical	29,451	30,598	28,068	31,860	35,543	24,935
Site workers	-	24,845	-	23,184	-	-

<sup>a</sup>Excluding sales staff

## AMOUNT OF PROFIT-SHARING PAYOUTS<sup>a</sup> AND PENSION SAVINGS CONTRIBUTIONS<sup>b</sup> (FRANCE)

(€ '000)	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2009	2008
							Total Group	Total Group
Voluntary profit-sharing <sup>a</sup>	632	25,450	-	-	-	23,654	49,736	48,463
Compulsory profit-sharing <sup>a</sup>	32	27,294	5,310	25,061	5,330	31,319	94,346	94,217
Gross contributions to collective retirement savings plan	62	1,141	57	438	336	479	2,513	1,741
<b>Total</b>	<b>726</b>	<b>53,885</b>	<b>5,367</b>	<b>25,499</b>	<b>5,666</b>	<b>55,452</b>	<b>146,595</b>	<b>144,421</b>

<sup>a</sup>Paid in 2009 in respect of 2008 <sup>b</sup>Perco collective retirement savings plan

## Fairness

### Pay: a proactive pay policy

In 2009, the Group's French businesses specifically monitored then enhanced wages at the lower end of the scale. The Bouygues group's policy is to supplement wages with benefits like profit-sharing, additional social protection, pension savings plans, 13 months' pay and top-up contributions. Several businesses provide each employee with a personalised docu-

ment summarising all these benefits to give them an overview of their total remuneration.

Over the year, average wage increases considerably exceeded the inflation rate and were not less than 3% in any business or job category (increases between April 2008 and April 2009 with a constant workforce).

The Bouygues group's total payroll in 2009 amounted to €6,474 million.

## Equal opportunity and integration: initiatives in all businesses

All Bouygues businesses have taken measures to encourage diversity. The Group's Human Resources Charter reasserts that diversity, as well as being a major asset, is evidence that the Group acts fairly. All the Group's businesses now have a diversity officer.

### Disability

- Many **Bouygues Construction** subsidiaries in France and elsewhere have taken initiatives to raise awareness of disability, including the HandiTour roadshow at DV Construction, GFC and Quille and a disability sport event organised by Bouygues TP UK – Concessions.

In order to place relations with the protected sector on a professional footing, HR purchasing pairs have been introduced in all Bouygues Construction units, together with working groups tasked with identifying labour-intensive services that can be subcontracted to companies in the sheltered sector. The working groups are also asked to identify possible service providers with which tests are carried out before a framework agreement is signed.

- Deeply committed to diversity, **Colas** has developed a policy based on four key themes: disability, integration, older workers and gender equality. On 16 October 2009, Colas concluded a preliminary agreement with Agefiph, a fund to promote the employment of disabled people. This association is organising an "advisory diagnosis" of all Colas subsidiaries in mainland France as the starting point for a coordinated approach.

- **TF1** placed particular emphasis on the integration of disabled workers in 2009. 70 HR managers were given equal opportunity and non-discrimination training, 80 candidates were welcomed to TF1's headquarters for a disabled workers forum and TF1 carried out a nationwide communication campaign on the subject of disability. In 2009, TF1 had already exceeded the targets of a three-year agreement for 2008-2010 approved by the regional labour and employment directorate, in terms of both the number of people employed and sales with the protected sector.

- In 2009, **Bouygues Telecom** continued its commitment to integrating the disabled, increasing the number of disabled workers by 14% and giving 280 employees training intended to demystify the issue of disability in the workplace.

### Diversity

- Over the last two years, **Bouygues Construction** has introduced equal opportunity training for HR managers and other executives. Over 200 employees have benefited from the training, which encourages diversity in the workplace, the fight against stereotypes and the prevention of discrimination. A version of the training course for executive committees is planned in 2010.

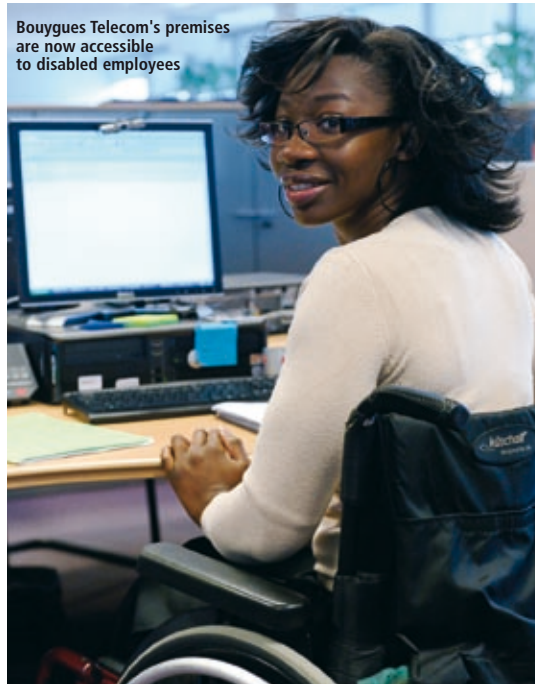
In 2009, Bouygues Construction also became a partner of Cercle Passeport Télécoms. Initially created by telecom companies, the charity, in partnership with the Education Ministry and the Conférence des Grandes Écoles, provides moral and material support to students from disadvantaged neighbourhoods.

Tracking about 500 young people a year, it helps them into classes to prepare the entrance exams for the Grandes Écoles (elite engineering and business schools) through a system of mentoring and preparation for the world of business.

Quille, a Bouygues Construction subsidiary in western France, was the first construction firm to obtain the equal opportunity label, awarded to firms that have introduced practices and procedures to promote gender equality.

Bouygues Construction and TF1 are involved in a number of partnerships with organisations that promote integration in disadvantaged neighbourhoods.

Bouygues Telecom's premises are now accessible to disabled employees



### DISABLED WORKERS (FRANCE)

							2009	2008
	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Total Group	Total Group
Number of disabled workers (permanent and fixed-term contracts)	4	726	5	672	53	178	1,638	1,625
Number of disabled workers hired (permanent and fixed-term contracts)	1	66	0	33	17	31	148	146
Sales with companies in the sheltered sector (excl. Colas)	€2,257	€1,236,770	€223,917	na	€419,000	€996,000	€2,877,974	€2,110,373

na: not available

### TRAINING (FRANCE)

							2009	2008
	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Total Group	Total Group
Percentage of payroll spent on training	2.17	5.10	1.85	4.00	3.93	4.98	4.44	4.56
Number of employees who received training in the year	174	17,414	861	20,600	3,638	7,980	50,667	47,418

### CLASSROOM/WORKPLACE TRAINING (FRANCE)

							2009	2008
	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Total Group	Total Group
Number of apprenticeship contracts	1	479	33	645	24	184	1,366	1,499
Number of professional training contracts	0	173	23	328	36	235	795	1,130

- In late 2009, **Bouygues Immobilier's** policy on the employment of older people, carried out over the last three years in cooperation with the social partners, was placed on a formal footing. Drawing on all its experience in the sphere, the company was able to conclude an agreement that goes further than the regulatory requirements.

- Through its corporate foundation, in 2009 **TF1** offered nine young people (its second intake) a two-year contract with training and mentoring. It also hosted 56 Year 10 pupils from schools in disadvantaged neighbourhoods on a one-week work experience course. In a three-year programme, 60 mentors from within the company are given four half-days' community leave to spend with the same number of selected high-school students.

The partnership begun a few years ago with EPIDe, an agency of the French Defence Ministry that helps educational

underachievers into employment, continued in 2009 and will extend through 2010.

- Bouygues Telecom** tried out an anonymous CV system in 2009.

### Career development and training: continuing priorities in the Group

Career development for employees, a constant priority in the Bouygues group, requires very substantial investment in training. That is why every business unit is committed to devoting a considerable amount of time and money to it. In France, the Group goes well beyond the statutory requirements. With other employers, in 2009 it gave a commitment to maintain its efforts to promote apprenticeships despite a more difficult economic environment.

- Bouygues Construction** has opened its corporate university, Bouygues Construction University. Helping to rationalise the supply of training, it is a privileged place of learning, sharing and personal development.

2009 saw the first class of graduates from the degree-level draughtsman/designer course relaunched on Bouygues Construction's initiative.

Several business areas are taking steps to ensure that their in-house trainers have professional qualifications. Bouygues Construction has signed an agreement with FNTP, the French civil works federation, relating to the training of its apprentice masters.

The Gustave Eiffel Centre, an apprentice work-study training centre supported by Bouygues Construction, prepares young

people for qualifications ranging from the *CAP* vocational training certificate to *BTS* and degree-level technical diplomas. The pass rate for the 151 students who took exams in 2009 was 82%. Altogether, 30% of apprentices from the Gustave Eiffel Centre work in the Bouygues group.

- In 2009, **Colas** extended its University III training course, originally intended for senior executives, to all managers. 410 employees took part in University I, II and III courses in 21 sessions.

- The tenth intake for the sports journalism diploma training course organised by **TF1** subsidiary Eurosport in partnership with Madrid University benefited from new multimedia content.

- Bouygues Telecom** with Paris XII Crétail University, has developed a degree-level course in sales outlet management.



## GROUP SOCIAL DATA

		Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2009 Total Group	2008 Total Group
Percentage of workforce by category (global)	<b>France</b>								
	Managerial	66.0%	36.4%	71.0%	15.2%	76.0%	48.3%	30.3%	28.9%
	Clerical & technical	34%	25.6%	29.0%	25.2%	24.0%	51.7%	28.6%	28.7%
	Site workers	-	38.0%	-	59.6%	-	-	41.1%	42.4%
	<b>International</b>								
	Managerial	100.0%	35.7%	100.0%	29.7%	100.0%	100.0%	33.0%	35.2%
Site workers	-	64.3%	-	70.3%	-	-	67.0%	64.8%	
Percentage of women by category (global)	<b>France</b>	<b>38.5%</b>	<b>14.6%</b>	<b>46.7%</b>	<b>8.0%</b>	<b>48.6%</b>	<b>47.7%</b>	<b>17.7%</b>	<b>17.7%</b>
	Managerial	37.6%	18.4%	32.6%	11.9%	46.0%	33.1%	23.8%	23.6%
	Clerical & technical	40.4%	29.8%	81.4%	23.1%	57.0%	61.3%	35.9%	36.5%
	Site workers	-	0.8%	-	0.6%	-	-	0.6%	0.6%
	<b>International</b>	<b>-</b>	<b>10.9%</b>	<b>51.0%</b>	<b>10.4%</b>	<b>34.0%</b>	<b>-</b>	<b>10.8%</b>	<b>8.3%</b>
	Managerial	-	20.5%	51.0%	24.7%	34.0%	-	22.8%	18.8%
Site workers	-	5.6%	-	4.3%	-	-	4.9%	3.4%	
Percentage of workforce by type of contract (global)	<b>France + international</b>	<b>38.5%</b>	<b>12.7%</b>	<b>47.1%</b>	<b>9.1%</b>	<b>47.7%</b>	<b>47.7%</b>	<b>14.7%</b>	<b>13.4%</b>
	<b>France</b>								
	Permanent contracts	97.2%	96.7%	98.3%	96.5%	93.7%	94.7%	96.3%	96.0%
	Fixed-term contracts	2.8%	3.3%	1.7%	3.5%	6.3%	5.3%	3.7%	4.0%
	<b>International</b>								
	Permanent contracts	100.0%	88.5%	98.0%	82.7%	83.8%	100.0%	85.5%	83.1%
Fixed-term contracts	0.0%	11.5%	2.0%	17.3%	16.2%	0.0%	14.5%	16.9%	
Average age and seniority (France)	<b>France + international</b>								
	Permanent contracts	97.3%	92.1%	98.3%	90.1%	93.0%	94.7%	91.4%	89.8%
	Fixed-term contracts	2.7%	7.9%	1.7%	9.9%	7.0%	5.3%	8.6%	10.2%
	Average age	38	39	39	40	39	34	39	39
	Average seniority	11	10	9	11	9	6	10	10
	<b>France</b>	<b>35</b>	<b>1,636</b>	<b>58</b>	<b>2,420</b>	<b>433</b>	<b>1,442</b>	<b>6,024</b>	<b>11,400</b>
External recruitment by category, permanent and fixed-term (global)	Managerial	23	637	30	333	250	346	1,619	3,072
	Clerical & technical	12	617	28	650	183	1,096	2,586	4,210
	Site workers	-	382	-	1,437	-	-	1,819	4,118
	<b>International</b>	<b>-</b>	<b>12,994</b>	<b>8</b>	<b>3,350<sup>1</sup></b>	<b>63</b>	<b>-</b>	<b>16,415</b>	<b>17,476</b>
	Managerial	-	2,731	8	1,142 <sup>1</sup>	63	-	3,944	4,661
	Site workers	-	10,263	-	2,208 <sup>1</sup>	-	-	12,471	12,815
<b>France + international</b>	<b>35</b>	<b>14,630</b>	<b>66</b>	<b>5,770</b>	<b>496</b>	<b>1,442</b>	<b>22,439</b>	<b>28,876</b>	
<b>Workforce turnover (France)</b>	Turnover rate <sup>2</sup>	7.3%	8.8%	8.2%	3.2%	5.6%	6.3%	5.6%	7.1%
<b>Internships (France)</b>	Number of interns during the year	20	1,562	128	2,075	487	498	4,770	5,823
<b>Temporary employees (France)</b>	Number of temporary employees (full-time equivalent)	1	2,351	5	4,395	371	222	7,344	6,534 <sup>3</sup>

<sup>1</sup>Colas: permanent staff only for international subsidiaries <sup>2</sup>Turnover rate: Resignations + Dismissals + Mutual terminations / Average headcount (all figures for permanent staff) <sup>3</sup>Excluding Bouygues Construction: indicator not tracked in 2008

### METHODOLOGY

Social data are derived from Group subsidiaries' information systems and consolidated at 31 December 2009. The scope of validity of indicators (France or global) depends on their nature and the data collection method.





Nicolas Seailles and Jérôme Hollinger from Bouygues Bâtiment Ile-de-France on the site of the Aubervilliers shopping centre, near Paris



# BUSINESS ACTIVITIES AND SUSTAINABLE DEVELOPMENT

<b>Bouygues Construction</b>	<b>28</b>	<b>TF1</b>	<b>70</b>
Business activity	28	Business activity	70
Sustainable development	33	Sustainable development	76
Outlook for 2010	39	Outlook for 2010	78
Sustainable development:		Sustainable development:	
• Challenges and key indicators	40	• Challenges and key indicators	79
• Detailed non-financial indicators	42	• Detailed non-financial indicators	80
<b>Bouygues Immobilier</b>	<b>44</b>	<b>Bouygues Telecom</b>	<b>82</b>
Business activity	44	Business activity	82
Sustainable development	48	Sustainable development	88
Outlook for 2010	52	Outlook for 2010	91
Sustainable development:		Sustainable development:	
• Challenges and key indicators	53	• Challenges and key indicators	92
• Detailed non-financial indicators	55	• Detailed non-financial indicators	94
<b>Colas</b>	<b>56</b>	<b>Bouygues SA</b>	<b>96</b>
Business activity	56	<b>Alstom</b>	<b>98</b>
Sustainable development	61	<b>Highlights since 1 January 2010</b>	<b>102</b>
Outlook for 2010	66		
Sustainable development:			
• Challenges and key indicators	67		
• Detailed non-financial indicators	68		



# FULL-SERVICE CONTRACTOR

Good operating and commercial performance in 2009

**€9,546m** (+0.5%)  
2009 sales

**3.5%** (+0.3 pts)  
Operating margin

**€240m** (-19%)  
Net profit attributable to the Group

**€12.0bn** (-2%)  
Order book

**52,599**  
Employees

**€9,100m** (-5%)  
2010 sales target



## Good operating and commercial performance

### A continuing high level of orders at €9,395 million

The order intake in 2009 remained robust in comparison with the exceptional level attained in 2008 (€10,668 million). Although lower, it was virtually equivalent to the year's sales.

Orders worth €5,467 million were taken in France, 11% down on 2008. Orders remained strong for building works in the Paris region and for Public-Private Partnership (PPP) infrastructure projects, especially hospitals and prisons. The order intake on international markets fell to €3,928 million, a figure which includes a tunnel project for the port of Miami in the United States.

### A slight rise in sales to €9,546 million

The financial and economic crisis had a limited impact on Bouygues Construction's sales in 2009.

After five consecutive years of double-digit growth, the 2009 sales figure was slightly higher than the record level reached in 2008. A slight fall in sales in France, down 1% to €5,356 million, was offset by a 2% rise in international sales to €4,190 million, driven by major projects.

## HIGHLIGHTS

### Major contracts concluded

- > Amiens-Picardie and Orléans hospitals<sup>1</sup>.
- > Tunnel in Miami.
- > Bata motorway in Equatorial Guinea.

### Projects under construction

- > EPR nuclear power plants in Flamanville<sup>1</sup> and Finland.

- > Tour First in La Défense<sup>2</sup>.
- > Presidential complex in Turkmenistan.

### Completed projects

- > Cyprus airports.
- > Bouygues Telecom Technical Centre in Meudon<sup>2</sup>.
- > Tampines Grande real estate complex in Singapore.

### Sustainable development

Construction of 14 low-energy buildings and rollout of CarbonEco<sup>®</sup>, a carbon balance software package.

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

<sup>1</sup>France

<sup>2</sup>Paris region

### A fall in net profit to €240 million, down 19%

Current operating profit rose in relation to 2008 to €335 million, giving a current operating margin of 3.5%. Financial income fell to €37 million, hit by the effect of lower interest rates on the group's capacity to generate income from its cash surpluses. After a tax charge of €124 million, net profit attributable to the Group amounted to €240 million in 2009, representing 2.5% of sales.

### A further €694 million rise in net cash to €3,286 million

Bouygues Construction saw its net cash position increase by €694 million to €3.3 billion, further strengthening its financial structure.

### A decrease in net investment to €3 million from €256 million in 2008

Net capital expenditure (€142 million) fell in relation to 2008 due in particular to disposals of plant and equipment from projects nearing completion in 2009 and the effect of project phasing.

Net financial and other investments turned negative at -€139 million, compared with €3 million in 2008, under the combined effect of the disposal of majority interests in public service delegations held by Axione, a company specialising in the construction of broadband networks, and the refinancing of several PPP projects.



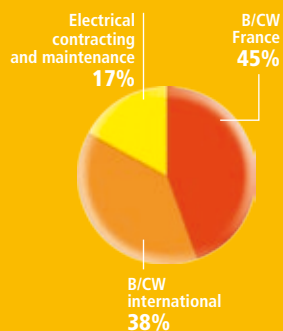
#### Sales € billion



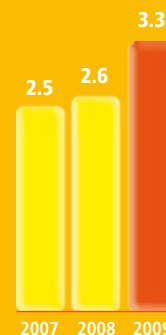
#### Net profit € million



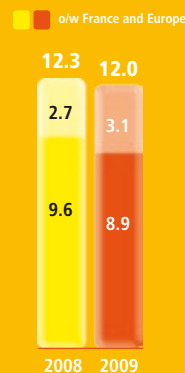
#### Sales by segment



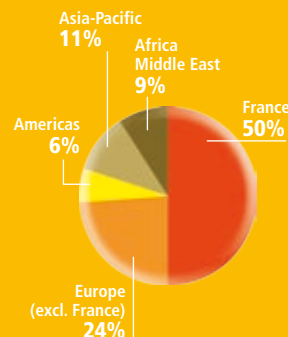
#### Net cash € billion



#### Order book € billion



#### Order book by region



## Condensed balance sheet at 31 December

ASSETS (€ million)	2008	2009
• Property, plant and equipment and intangible assets	670	467
• Goodwill	395	395
• Non-current financial assets and taxes	336	333
<b>NON-CURRENT ASSETS</b>	<b>1,401</b>	<b>1,195</b>
• Current assets	3,539	3,128
• Cash and equivalents	3,199	3,813
• Financial instruments <sup>1</sup>	-	-
<b>CURRENT ASSETS</b>	<b>6,738</b>	<b>6,941</b>
<b>TOTAL ASSETS</b>	<b>8,139</b>	<b>8,136</b>
LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	2008	2009
• Shareholders' equity attributable to the Group	756	754
• Minority interests	5	12
<b>SHAREHOLDERS' EQUITY</b>	<b>761</b>	<b>766</b>
• Non-current debt	375	346
• Non-current provisions	646	739
• Other non-current liabilities	2	1
<b>NON-CURRENT LIABILITIES</b>	<b>1,023</b>	<b>1,086</b>
• Current debt	26	8
• Current liabilities	6,123	6,103
• Overdrafts and short-term bank borrowings	206	173
• Financial instruments <sup>1</sup>	-	-
<b>CURRENT LIABILITIES</b>	<b>6,355</b>	<b>6,284</b>
<b>TOTAL LIABILITIES</b>	<b>8,139</b>	<b>8,136</b>
<b>Net surplus cash</b>	<b>2,592</b>	<b>3,286</b>

<sup>1</sup>Hedging of financial liabilities at fair value

## Condensed income statement

(€ million)	2008	2009
<b>SALES</b>	<b>9,497</b>	<b>9,546</b>
• Net depreciation and amortisation expense	(154)	(162)
• Net charges to provisions and impairment losses	(168)	(347)
• Other income and expenses	(8,867)	(8,702)
<b>OPERATING PROFIT</b>	<b>308</b>	<b>335</b>
• Income from net surplus cash	93	26
• Other financial income and expenses	5	11
• Income tax expense	(114)	(124)
• Share of profits and losses of associates	2	(7)
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>	<b>294</b>	<b>241</b>
• Net profit from discontinued and held-for-sale operations	-	-
<b>NET PROFIT</b>	<b>294</b>	<b>241</b>
• Minority interests	3	(1)
<b>CONSOLIDATED NET PROFIT (attributable to the Group)</b>	<b>297</b>	<b>240</b>





## Building and civil works

Building and civil works generated total sales of €7,919 million in 2009, slightly higher than in 2008. Sales in France amounted to €4,255 million. Internationally, Bouygues Construction operates in 79 countries. Operations outside France generated sales of €3,664 million in 2009.

### France

2009 sales: €4,255m

2009 order intakes: €4,084m

The construction market in France, worth €201 billion, shrank by 6.8% in 2009, hit by the effects of the global economic and financial crisis. A 17% overall drop in new housing starts affected both the private residential segment, despite tax incentives to boost sales, and the social housing segment, despite loans to low-rent housing associations from the Caisse des Dépôts et Consignations. However, the commercial property sector was hardest hit as companies sought to control their costs. Orders for civil works rose 15% in the last quarter in relation to the same period in 2008. Bouygues is one of the three major players in France, with Vinci and Eiffage, the rest of the market being shared by a large number of small and medium-sized regional firms.

**Bouygues Bâtiment Ile-de-France**, leader on its market, reported 14% growth to €1,901 million in 2009. Although all activities contributed, sales growth was driven by major

projects, both for renovation, up 26%, and new construction, up 17%. Examples included renovation of the Tour First in La Défense near Paris, a project with High Environmental Quality (HQE®) certification, rehabilitation of Jussieu University in Paris and the construction of a shopping centre in the Parc du Millénaire, a new eco-neighbourhood in Aubervilliers to the north of Paris.

In France, **Bouygues Entreprises France-Europe** has six main regional subsidiaries involved in both building and civil works. After growing by 51% in five years, sales fell back 5% to €1,937 million. Regional subsidiaries are highly active in building public infrastructure, including hospitals (seven hospitals are currently under construction, each project being worth over €50 million, and a contract has been signed for construction of the Amiens-Picardie hospital), prisons (an order has been taken for a prison at Réau, near Lille), schools and leisure facilities.

The sales in France of **Bouygues Travaux Publics** and **DTP Terrassement** fell by 18% to €274 million and €137 million respectively. Civil engineering work on the Flamanville EPR nuclear power plant is continuing.

### Europe

2009 sales: €1,930m

2009 order intakes: €1,457m

The construction market in the **United Kingdom**, worth €163 billion, fell by 12.6% in 2009 mainly due to a

21% decline in the residential property market and a 50% drop in the non-residential segment. However, public-sector investment held up well, especially for schools and infrastructure for the 2012 Olympic Games. Bouygues UK targets Private Finance Initiative (PFI) and design/build projects in the London region (schools, Broomfield hospital, social housing in Brent, etc.). Waring, a subsidiary in the south of England, has a diversified portfolio, much of it in the form of multi-year contracts. Bouygues Travaux Publics is building a new tunnel under the Tyne in Newcastle as part of a concession contract.

The construction market in **Switzerland** grew by 3.3% in 2009 to €36 billion in all its segments. Losinger, the country's second-largest construction firm and the leader in French-speaking Switzerland and the Bern region, is continuing to expand in German-speaking areas and is building the Prime Tower, the country's tallest.

The construction sector in **Spain** contracted by 21.5% to €145 billion. It was the market hardest hit by the crisis, compounded by the bursting of the property bubble and the credit crunch. Bouygues Construction subsidiaries are targeting specific segments like industrial cladding and prestressing.

In **Cyprus**, under a concession agreement for two airports, Bouygues Bâtiment International delivered the Larnaka airport in July, having already delivered the Paphos airport in September 2008. This calling card for airport concession projects opens



up many prospects for growth in the Mediterranean region.

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

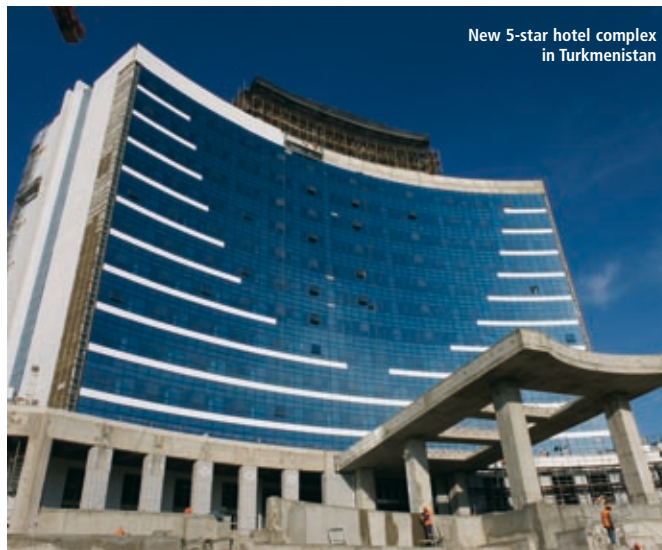
In **Finland**, Bouygues Travaux Publics is continuing civil engineering work on the Olkiluoto EPR nuclear power plant for Areva.

The construction market in **Poland**, worth €45 billion, proved the exception in Europe: it grew by 5.3%, a decline in housing being more than offset by infrastructure projects. Karmar, a Warsaw-based subsidiary acquired by Bouygues Construction in 2007, is continuing to expand. At the end of the year, DTP Terrassement delivered a 22-km section of the A4 motorway.

In the **Czech Republic**, the construction market fell by 4.3% to €22 billion despite considerable needs for housing and public infrastructure. VCES is one of the country's top ten construction firms, operating in the building and water treatment segments.

In **Ukraine**, Bouygues Travaux Publics in partnership with Vinci has started work on the new Chernobyl confinement shelter, which will ultimately enable the damaged reactor to be dismantled.

Bouygues Construction also has smaller-scale projects in **Hungary, Romania, Russia** and **Portugal**.



## Asia

2009 sales: €892m  
2009 order intakes: €799m

Established in **Hong Kong** since 1955, Dragages operates in both the building and civil works segments. Its subsidiary BYME specialises in electrical and HVAC engineering.

Dragages **Singapore** is a prominent builder of luxury condominiums, hotels and offices. The Tampines Grande real estate complex, remarkable for its environmental features, was delivered in 2009.

In **Thailand**, Bouygues Thai specialises in high-rise blocks and delivered The Met residential complex in Bangkok.

In **South Korea**, Bouygues Travaux Publics is building the new port at

Pusan under a concession contract.

In **Turkmenistan**, Bouygues Bâtiment International has started work on two major projects in Ashgabat, the presidential palace and a luxury hotel complex.

## Middle East

2009 sales: €119m  
2009 order intakes: €33m

In **Qatar**, Bouygues Bâtiment International is to build a vast 700,000-sq metre real estate complex in Doha, the Barwa Financial District, in partnership with two local firms.

In **Abu Dhabi**, VSL is building the first stay-cable bridge in the United Arab Emirates, linking Hodariyat Island to Abu Dhabi.

Activity in **Dubai** has slowed considerably since the main projects there have been completed or are nearing completion

## Americas – Caribbean

2009 sales: €186m  
2009 order intakes: €600m

In the **United States**, at the end of 2009 Bouygues Travaux Publics signed a 35-year PPP contract to build a tunnel for the port of Miami.

In **Canada**, Bouygues Bâtiment International is building a hospital in Surrey (British Columbia) in a consortium with two local firms. Ecovert FM, a subsidiary of ETDE, will provide facilities management under a 30-year contract. Other PPP projects are under consideration.

In **Cuba**, Bouygues Bâtiment International is involved in turnkey luxury hotel projects. A player in the country for ten years now, in December it concluded its sixteenth hotel contract and the first on the Cayo Coco site.

In **Trinidad and Tobago**, Bouygues Bâtiment International delivered a major real estate development on the seafront at Port of Spain, the island's capital. Bouygues Travaux Publics, as part of the Trinitrain consortium alongside Alstom and RATP Développement, is currently carrying out studies for a 105-km express rail network including 20 km of viaducts.

In Jamaica, Bouygues Travaux Publics has been involved in developing the

island's road and motorway network for several years.

## Africa

2009 sales: €537m  
2009 order intakes: €759m

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

In **Equatorial Guinea**, the government has embarked on a major infrastructure modernisation programme. BBGE, the local subsidiary, is involved in building, road construction and civil engineering projects. The order intake for the year was very high, including the construction of 86 km of motorway, a 5-star hotel and two bridges.

In **Morocco**, activity in the construction sector was sustained in 2009 by major public-sector investment programmes. Bouygues Construction is currently building a hotel complex at Essaouira. The contract for the second Tangiers container port, Tanger Med 2, has been signed (Tanger Med 1 came into service in 2008) and is expected to take effect in 2010.

In **Egypt**, Bouygues Travaux Publics is a member of the consortium building Cairo's third subway line. Following on from the first phase begun in 2008, the contract for the second phase was concluded in June 2009. The two phases involve nearly 11 km of tunnels and nine underground stations.



In 2009, ETDE won the public lighting contract for the city of Metz

## Electrical contracting and maintenance

ETDE contributed €1,627 million to Bouygues Construction's sales in 2009, compared with €1,648 million in 2008. ETDE has three business lines: utility networks (44% of sales), electrical and HVAC engineering (36%) and facilities management (20%). Sustained growth until 2008 has placed ETDE among the leading players in the sector.

### France

2009 sales: €1,101m  
2009 order intakes: €1,383m

The electrical contracting and maintenance market in France held up well in 2009, sustained by public spending

and large-scale projects to create or upgrade infrastructure.

ETDE's contribution to Bouygues Construction's consolidated sales fell slightly to €1,101 million.

In the electrical and HVAC engineering segment, two new orders worth over €15 million each were taken with hospitals in Amiens and Metz.

ETDE won a 10-year PPP street lighting contract with the city of Metz under which it will be responsible for replacing and maintaining street lighting, with a brief to reduce the city's energy consumption.

In partnership with the group's construction subsidiaries, ETDE is involved in a number of other PPP projects, including a prison at Réau, near Lille, and the logistics platform at

Carcassonne hospital. Its subsidiary, Exprimm, will provide maintenance throughout the lifetime of the contracts.

Its subsidiary, Axione, is a leading player in the development of broadband and digital networks in France. It is involved in 12 public service delegations, representing 6,400 km of optical fibre serving five million inhabitants.

### International

2009 sales: €526m  
2009 order intakes: €280m

In 2009, ETDE's international sales were hit by substantial currency fluctuations, especially the decline of sterling against the euro.

In the **United Kingdom**, ETDE provides facilities management with

Ecovert FM, street lighting services with David Webster (five PFI contracts in progress) and HVAC engineering with Icel and ETDE Contracting.

Elsewhere in Europe, ETDE also has operations in **Switzerland**, where it is continuing to integrate Mibag, a facilities management specialist acquired in mid-2007, and in **Hungary**, with its HVAC engineering subsidiary Szigma-Coop.

In **Africa**, where it has operated for over 50 years, ETDE does most of its business in Congo, Ivory Coast and Gabon. The company provides a full range of services for the design, installation and maintenance of energy networks, street lighting and electrical and HVAC engineering. In one of its major international projects, ETDE has started work on a contract for 500 km

of power lines and substations in Congo on behalf of an international oil company.

## Research and development

More than ever in a changing world, Bouygues Construction relies on research and innovation to support and anticipate new developments that affect its lines of business and activities.

To better coordinate research and development programmes according to its major strategic options and further encourage innovation among staff, Bouygues Construction has created a special department to oversee and coordinate all the resources devoted to research, development and innovation.

The main research projects in 2009 concerned:

- improving the thermal qualities of concrete, culminating in the development with Lafarge of Thermedia™ structural insulating concrete;
- the development of a software tool to oversee sites maintained and operated by specialist subsidiaries under PPP contracts;
- the development of a prototype lamppost of the future incorporating a very wide range of functions and services (telecommunications, CCTV, etc.).

# SUSTAINABLE DEVELOPMENT

## Highly motivated

### Coordination of initiatives



Since 2007, Bouygues Construction has structured its sustainable development policy in an approach entitled Actitudes. Organised around seven key themes subdivided into 42 actions, Actitudes constitutes the common core of the policy for all Bouygues Construction subsidiaries (see box on page 34).

Subsidiaries carry out self-assessments and set their targets for progress according to the 42 actions in the policy on the basis of a reference framework that spells out the results expected at each level of rollout on a scale from 1 to 4. The results of this assessment exercise, carried out every year, are used to track progress and steer the policy. For the last two years an outside consultancy, Ernst & Young,

STAKEHOLDERS	THEIR EXPECTATIONS	OUR RESPONSES	FORUMS AND FORMS OF DIALOGUE
Customers	<ul style="list-style-type: none"> <li>&gt; Service quality and competitiveness</li> <li>&gt; Innovation</li> <li>&gt; Trust</li> <li>&gt; Consideration</li> <li>&gt; Ethical behaviour</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Quality, Environment, Health and Safety policy (ISO 9001, ISO 14001, OHSAS 18001)</li> <li>&gt; Sustainable construction research programmes</li> <li>&gt; Eco-variants offered to customers</li> <li>&gt; Circulation of the Code of Ethics and executive training in business ethics</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Customer satisfaction surveys, conventions, study days, newsletters, organisation of "Sustainable Construction Mornings" (Sustainable Construction Club for customers)</li> </ul>
Shareholders and the financial community	<ul style="list-style-type: none"> <li>&gt; Economic efficiency and profitability</li> <li>&gt; Transparency and information</li> <li>&gt; Long-term visibility</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Publication of information documents and press releases</li> <li>&gt; Publication of the annual report</li> <li>&gt; Responses to non-financial rating agencies and investors (through Bouygues SA)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Annual meetings</li> <li>&gt; Website</li> </ul>
Employees and trade unions	<ul style="list-style-type: none"> <li>&gt; Working conditions, health and safety, respect, labour and union rights, fairness, acknowledgment of achievements, training, diversity</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Training: Bouygues Construction University, equal opportunity, Pro Academy, QSE Academy, etc.</li> <li>&gt; Annual assessment interviews and internal mobility</li> <li>&gt; Employee share ownership (<i>Bouygues Partage</i> and profit-sharing)</li> <li>&gt; Fringe benefits</li> <li>&gt; Safety training on worksites, road safety and anti-addiction campaigns</li> <li>&gt; Ergonomic approach, warm-up exercises on worksites</li> <li>&gt; Handitour roadshow to raise awareness of disability among staff</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Employee satisfaction surveys</li> <li>&gt; Health and safety committee, works councils, elections of employee representatives</li> <li>&gt; Diversity committee</li> <li>&gt; Group Health and Safety Committee</li> <li>&gt; Internal communication (intranet, in-house magazines, conferences, poster campaigns)</li> <li>&gt; Information meetings</li> </ul>
Suppliers and subcontractors	<ul style="list-style-type: none"> <li>&gt; Loyalty</li> <li>&gt; Fairness</li> <li>&gt; Long-term relationships</li> </ul>	<ul style="list-style-type: none"> <li>&gt; CSR<sup>a</sup> Charter for suppliers and subcontractors</li> <li>&gt; Partnerships</li> <li>&gt; Welcome pack for new partners</li> <li>&gt; Assessment of suppliers' CSR performance</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Satisfaction and perception surveys. Cooperation reviews</li> <li>&gt; Conventions</li> <li>&gt; Day conferences</li> <li>&gt; Working days</li> </ul>
Local residents	<ul style="list-style-type: none"> <li>&gt; Control and reduction of worksite impacts</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Environment-friendly worksite policy – Écosite<sup>®</sup> label</li> <li>&gt; Software to estimate and model worksite noise levels</li> <li>&gt; Arrangements for consultation, dialogue and information</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Signs providing information</li> <li>&gt; Register of complaints</li> <li>&gt; Freefone number</li> <li>&gt; Worksite websites</li> <li>&gt; Meetings</li> </ul>
Civil society incl. local authorities, associations, non-governmental organisations (NGOs)	<ul style="list-style-type: none"> <li>&gt; Dialogue and transparency</li> <li>&gt; Long-term partnerships</li> <li>&gt; Compliance with regulations, labour laws and human rights</li> <li>&gt; Protection of the environment</li> <li>&gt; Ethical and responsible behaviour</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Environment-friendly worksite policy – Écosite<sup>®</sup> label</li> <li>&gt; Evaluation of carbon emissions with CarbonEco<sup>®</sup> software</li> <li>&gt; Partnerships with charities like Care France, Architectes de l'Urgence, Planète Urgence, Réseau Vauban, etc.</li> <li>&gt; Terre Plurielle corporate foundation</li> <li>&gt; Citizenship Action Committee</li> <li>&gt; Contribution to economic development in places where we operate</li> <li>&gt; Social audits of suppliers in emerging countries</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Website</li> <li>&gt; Participation in outside events (Forum Federe, etc.)</li> <li>&gt; Membership of organisations that encourage exchanges with civil society (Comité 21, Global Compact)</li> </ul>
Scientific community, industry bodies (Ademe <sup>f</sup> , CSTB <sup>d</sup> , FNTP <sup>e</sup> , EGF-BTP <sup>g</sup> , etc.) and educational organisations	<ul style="list-style-type: none"> <li>&gt; R&amp;D and innovation</li> <li>&gt; Pooling of knowledge and skills</li> <li>&gt; Sharing of knowledge</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Specialist masters in sustainable construction and housing in partnership with Ensam<sup>b</sup> and ESTP<sup>c</sup></li> <li>&gt; Participation in research projects with CSTB<sup>d</sup></li> <li>&gt; Projects in cooperation with Ademe<sup>f</sup> (eco-driving, carbon balance, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Participation in sustainable development working groups in industry bodies</li> <li>&gt; Lectures and courses</li> <li>&gt; Participation in careers fairs</li> </ul>

<sup>a</sup>Corporate Social Responsibility <sup>b</sup>Arts et Métiers ParisTech <sup>c</sup>École Spéciale des Travaux Publics, du Bâtiment et de l'Industrie <sup>d</sup>Centre Scientifique et Technique du Bâtiment <sup>e</sup>Fédération Nationale des Travaux Publics <sup>f</sup>Agence de l'Environnement et de la Maîtrise de l'Énergie <sup>g</sup>Entreprises Générales de France - BTP





Tutoring to enhance employees' skills

has carried out an audit and validated the ratings and consolidation.

The calculation of the performance-related portion of senior managers' pay takes account of sustainable development criteria like safety. Sustainable development targets are also included in the checklists for employees' annual assessment interviews.

The sustainable development department, which reports to senior management, oversees the rollout of its policy through a committee made up of representatives from operating units and support divisions. It also coordinates a network of a hundred or so correspondents in group subsidiaries.

A Sustainable Construction skill centre and committees working on specific subjects like diversity, purchasing and ethics complete the arrangements.

### A training drive

The training drive continued in 2009, including a six-day course for the hundred or so sustainable development correspondents, incorporation of the theme into management, human resources, works and sales training courses and a sustainable construction induction course that has been dispensed to nearly 1,400 technicians and sales staff since 2008.

### Involving stakeholders

Bouygues Construction has given commitments to organisations that seek to promote sustainable development principles and offers forums for dialogue with stakeholders like the United Nations Global Compact.

A member of Comité 21, the French committee for the environment and sustainable development, Bouygues Construction takes an active part in its work, assisting in 2009 with the publication of a handbook on how to motivate employees for sustainable development.

Bouygues Construction is also involved

in many partnerships and exchanges with players from civil society and the construction industry, enabling it to incorporate stakeholders' expectations in both the social and the environmental spheres into its policy (see table on page 33).

## Balanced development to serve clients better

### Forging a relationship of trust with clients

#### Listening and transparency

Our clients' trust is founded on the guaranteed quality of our products and production methods, backed up by an integrated Quality Safety Environment management system (82% of sales were generated in triple-certified operating units in 2009). Listening more attentively to our customers continues to be a priority, reflected in the systematic introduction of customer satisfaction surveys and greater use of outside organisations to ensure that opinions can be freely expressed (for example, Qualimétrie was asked to conduct 480 surveys for Bouygues Entreprises France-Europe in 2009 and mirror surveys have been introduced in several entities).

A group ethics officer at headquarters level is responsible for instigating and coordinating subsidiaries' ethics-related initiatives, including circulating the Code of Ethics to all employees

### ACTITUDES: seven key themes

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

and training managers. Four important measures were decided in 2009: extending whistleblowing arrangements to anti-competitive practices wherever legally possible, stepping up the vetting of sales agents by Adit, a business intelligence agency, creating an ethics committee and introducing an ethics training plan for the executive committees of all Bouygues Construction subsidiaries.

### Leading clients towards sustainable construction

Promoting sustainable construction to customers is a strategic priority for all



Bouygues Construction's businesses. Efforts in this direction include giving technical and sales staff training in the subject, proposing eco-variants and providing customers with information and support. Examples include an online intranet resource for sales staff containing information about and arguments for sustainable construction, organised by type of structure, sustainable construction mornings for customers, the creation of a sustainable construction club as a forum where Bouygues Construction's customers and partners can exchange ideas, and software tools to guide customers, like Projection, which evaluates the sustainable development qualities of housing projects, and CarbonEco® (see "Reducing CO<sub>2</sub> emissions" on page 39).

### Involving suppliers and subcontractors

Bouygues Construction subsidiaries seek to ensure that their subcontractors take their social and environmental responsibilities seriously (health and safety, quality, environment, concealed work), providing introductory handbooks at the start of projects and organising training courses, working groups, conventions, satisfaction surveys and cooperation reviews.

Particular attention is paid to illegal working. In cooperation with State services, Bouygues Construction applies very strict procedures, including identity document checks, personalised access badges, training for works supervisors, upstream coop-

eration with temporary employment agencies including clauses in framework agreements, in-house checks, etc. Bouygues Construction worksites are regularly inspected by the social security authorities, the police and the labour inspectorate.

In late 2009, as part of a movement urging the regularisation of workers without papers coordinated by various associations and trade unions, Bouygues Bâtiment Ile-de-France was accused of employing illegal workers, both directly through temporary employment agencies and indirectly through subcontractors, on the Tour First site and, between 2007 and 2008, on the site of the National Assembly annex at 101 rue de l'Université in Paris. Checks led to the conclusion that the workers spotlighted by the media had used stolen identities with their employer, who produced entirely valid documents. The company's vigilance could not be faulted. Bouygues Construction does not have the means to detect certain types of fraud, false documents or stolen identities. Only State services have the powers and resources to do so.

The assessment of suppliers' CSR<sup>1</sup> performance has been strengthened by the use of a specialist external organisation, EcoVadis, offering objective analysis and a benchmark between suppliers (60 suppliers were audited in 2009, representing purchases worth €263 million). This arrangement completes the principles set out in the Supplier CSR Charter attached to contracts and specific clauses relating to

social and environmental responsibility in subcontracting agreements. Particular attention is paid to suppliers in emerging countries: 74 audits of new international suppliers were carried out in 2009.

Action is coordinated by a responsible purchasing committee which provides Bouygues Construction's purchasers with information and training on the subject. Catalogues of eco-products and eco-equipment for technical and works teams complete the arrangements.

## Corporate social responsibility

### Leading the way in health and safety

Bouygues Construction's accident prevention policy, which aims to keep its businesses and worksites accident-free, is coordinated by a Health and Safety Committee which ensures the worldwide sharing of best practices and consistency in initiatives for progress and tracking indicators. The total safety management system, implemented in all entities, has OHSAS 18001 certification that covers 82% of the group's activity.

Preventing accidents means training staff and making them more responsible. In addition to everyday initiatives on worksites, major campaigns to raise awareness of health, safety and road safety issues were carried out in 2009, reaching a total of 33,000 employees.



Accident prevention initiatives by Bouygues Entreprises France-Europe

They included a health and safety day at ETDE, an ongoing health and safety campaign at Bouygues Bâtiment Ile-de-France and an anti-addiction campaign at Bouygues Entreprises France-Europe.

A comprehensive training cycle is offered, adapted to the target population (site workers, foremen, site supervisors, managers). Subsidiaries' safety records are taken into account in calculations for managers' profit-sharing and performance-related pay.

The accident prevention policy is also extended to temporary workers and subcontractors. Measures such as safety clauses in contracts, training, prevention handbooks and renewal of the partnership with OPPBTP<sup>2</sup>, a construction industry health and safety advisory body, have been taken to motivate subcontractors.

The prevention policy has several health-related strands:

- anti-addiction campaigns (alcohol, drugs);
- prevention of risks arising from the use of chemicals, including the development of a specific software package and the establishment of a safety watch unit bringing together preventers and occupational health experts;
- rollout of warm-up exercises for site workers before they start work to prevent muscle strain.

### Developing employees' skills

Bouygues Construction has continued to recruit staff despite the crisis, hiring 1,635 new employees in France in 2009.

Bouygues Construction spends over 5% of its wage bill in France on training, provided by in-house training centres at both group level (Bouygues

<sup>1</sup>Corporate Social Responsibility <sup>2</sup>Organisme Professionnel de Prévention du Bâtiment et des Travaux Publics



The Handitour roadshow reached 6,000 employees

Construction University, Gustave Eiffel apprentice training centre) and in subsidiaries (Pro Académie, VSL Academy, etc.). Courses are designed for both managers and trades, particular emphasis being given to safety in 2009.

Training courses for site workers to enhance their career prospects and the Minorange Guild and its sister organisations in Switzerland, Morocco, Hong Kong and Cuba offer recognised pathways for advancement. Literacy training is also provided.

Satisfaction surveys are also used extensively to take better account of employees' expectations. They are conducted every three years as part of the management cycle; 15,400 employees took part in such surveys between 2007 and 2009. Profit-sharing and employee share ownership schemes also help to give staff an interest in the company's success (employees are Bouygues' second-largest shareholder group).

Social dialogue within the firm is ensured in a number of Bouygues Construction entities through the negotiation and conclusion of agreements on jobs and skills planning, disability, gender equality and the employment of older people.

### Encouraging diversity

Bouygues Construction's diversity policy has been coordinated since 2008 by a Diversity Committee made up of representatives from group entities. Following diversity audits in a number

of subsidiaries, Bouygues Construction is preparing to apply for the diversity certificate awarded by the French standards body Afnor.

In the fight against discrimination, equal opportunity training for Human Resources managers and executives is continuing: 220 people had received training by the end of 2009. On the gender equality front, women represent 15% of the workforce and 18% of managerial staff in France. In all, 13 gender equality agreements were concluded with social partners in 2008 and Quille became the first construction firm to obtain the Afnor gender equality certificate.

A particular effort was made in 2009 to integrate disabled workers, of whom 618 in the group's French subsidiaries. Six new agreements were concluded with Agefiph<sup>1</sup>, a fund to promote the employment of disabled people, and purchases of services from the protected sector increased significantly in 2009 following the establishment of a network of 22 HR/purchasing pairs in subsidiaries. Operations to raise awareness of disability among staff were carried out, like the Handitour, a roadshow that tours worksites and reached 6,000 employees in 2009. The group welcomed 30 disabled workers on day visits as part of the disabled employment week organised by Agefiph.

In 2009, all Bouygues Construction subsidiaries in France concluded an agreement on the employment of older people with the social partners.

### Respecting human rights

Operating in nearly 80 countries, Bouygues Construction encounters a very wide range of economic, social and political situations. Its actions are guided by respect for the fundamental values and principles of human rights as expressed in the Universal Declaration of Human Rights and by organisations like the ILO<sup>2</sup> and OECD<sup>3</sup>. These principles are echoed in the Bouygues group's Code of Ethics and Supplier CSR Charter, circulated in all subsidiaries.

Entities operating in emerging countries take action in a variety of different ways:

- enabling local staff to benefit from the group's occupational health and safety standards, which are stricter than local requirements in many countries;
- providing decent working conditions and accommodation while respecting different cultures and communities (Bouygues Bâtiment International is working on a general standard for 2010);
- introducing controls to ensure that subcontractors and suppliers do not use forced or child labour;
- transferring know-how and skills to local staff to make them more employable, through training and the establishment of training centres (in Cuba, for example, two centres to train foremen have been set up with the Education Ministry and trained about a hundred apprentices in 2009);

<sup>1</sup>Fund to promote the employment of disabled people <sup>2</sup>International Labour Organisation <sup>3</sup>Organisation for Economic Co-Operation and Development



## TESTIMONIAL

### Allen Ang,

Deputy CEO of City Developments Ltd (CDL)

|| As an investor, we aim to promote sustainable construction solutions in Singapore. The two buildings that Dragages Singapore<sup>1</sup> built for us, Tampines Grande and Tampines Concourse, are a fine example. Tampines Grande, Singapore's first building with LEED Gold certification, has been awarded Green Mark Platinum status, the country's highest environmental distinction, and won a Solar Pioneer Award for its solar energy innovations.

That is an area in which we had particularly high ambitions. Dragages proposed a highly innovative solar air-conditioning system, using thermal panels and adsorption chillers to transform solar energy into cold air. It has also installed 2,080 sq metres of photovoltaic and thermal solar panels, more than on any other private building in Singapore. Overall, the building's green features will save 2.7 million kWh of electricity and 1,400 tonnes of CO<sub>2</sub> a year.

With a limited budget, the second development, Tampines Concourse, has *façade* and roof greening, helping to keep the building cool and encouraging biodiversity. The concrete also incorporates recycled materials.

Dragages shares our philosophy that environmental performance is as important as quality. As proof, our buildings came first and second in the Conquas<sup>2</sup> rankings. ||

<sup>1</sup>A subsidiary of Bouygues Bâtiment International and Bouygues Travaux Publics

<sup>2</sup>Construction quality assessment system in Singapore

- contributing to local development, on all major projects, by supporting associations that help the most disadvantaged.

Bouygues Construction refrains from working in countries under a United Nations embargo.

### Participating in the economic and social life of local communities

#### Integration

Bouygues Construction subsidiaries are involved in a number of integration schemes. They include "Chantiers Écoles", a vocational training programme in partnership with the government employment agency Pôle Emploi and AFPA<sup>1</sup>, an adult training organisation; a partnership with EPIDE<sup>2</sup>, an agency of the French Defence Ministry, to help educational underachievers into employment; and the "Gateway to Employment" programme in the Paris region to help young people and adults find a job (90 people were supported in 2009, of which a third were able to find work, and 40 employees were involved in the scheme). ETDE is also continuing its partnership with the National Neighbourhood Association Liaison Committee, a coordinating body for 120 local associations, commissioning services and thus encouraging the training, integration and recruitment of people excluded from society. In the context of a cooperation with IMS-Entreprendre pour la Cité, a network promoting corporate social responsibility, two subsidiaries, Quille and

Bouygues Bâtiment Ile-de-France, are involved in local initiatives to roll out targeted integration and employment actions in disadvantaged neighbourhoods.

#### Sponsorship

2009 was marked by the creation of the Bouygues Construction corporate foundation, Terre Plurielle, to support projects favouring access to healthcare, education and integration for the disadvantaged. Some 21 projects in eight countries benefited from the foundation's support in 2009. In the context of a partnership with Planète Urgence, 38 employees were able to take community leave in order to undertake humanitarian missions in Africa. International partnerships were also formed in response to emergencies, with Care France in Cuba for a

two-year project to build and rehabilitate 5,000 homes, and with Architectes de l'Urgence.

Through its subsidiaries, Bouygues Construction supports 334 charities and associations and works with 208 integration bodies.

### Innovating to protect the environment

Faced with the challenges of climate change, escalating energy costs and biodiversity issues, the construction industry has a key part to play in terms of both its processes (the environmental footprint of worksites) and its products, whether on the scale of a building, a neighbourhood or a component of transport infrastructure.



Centre for disadvantaged children in Vietnam

<sup>1</sup>Association Nationale pour la Formation Professionnelle des Adultes <sup>2</sup>Établissement Public d'Insertion de la Défense



## Including eco-design

Sustainable construction is a strategic growth priority for all Bouygues Construction businesses, which are mobilising to offer their customers solutions that improve the energy performance of buildings and limit the impact of structures on the environment.

### Sustainable construction, a vector of innovation

Sustainable construction is a vector of innovation for the group and accounts for a third of R&D expenditure, 15% more than in 2008. The 150 or so experts in the research team are overseen and coordinated by an Innovation, R&D and Sustainable Construction department, created in 2009. The company teams up with many outside partners to stimulate innovation, including CSTB<sup>1</sup>, the French building technology research centre, Ademe<sup>2</sup>, the French environment and energy management agency, architects, design firms and manufacturers.

The main areas of focus are as follows:

- **Energy efficiency of both new and existing buildings**, with the aim of optimising the assembly of the best products and systems and integrating renewable energy sources. One outcome has been the Tikopia

concept building: designed as a vertical village, this low-energy residential mini-tower block won the Puca planning and building competition organised by the Ministry of Ecology, the Environment, Sustainable Development and the Sea.

Bouygues Construction has also enhanced its thermodynamic modelling skills so that it can make energy efficiency commitments.

- **Components:** the environmental and health quality of materials is analysed (145 product and system factsheets) and partnerships are developed with suppliers. Bouygues Construction and Lafarge have teamed up to create Thermedia™ 0.6B, a structural insulating concrete with three times less thermal conductivity than standard concrete (the product is exclusive to Bouygues Construction for two years).
- **Low-carbon solutions** through energy efficiency and advances in building systems, such as composite wood and concrete structures.
- **Evaluation and measurement tools.** Bouygues Construction has developed a number of such tools:
  - Projection®, to evaluate the sustainable development performance of new housing;

- BY Oasis (civil engineering) and Silens (building), to model and control site noise;
- CarbonEco®, to carry out a carbon balance of projects;
- Participation in work by the CSTB building technology research centre on Elodie® building lifecycle analysis software.

- **Services during the operating phase of buildings.** Bouygues Construction is developing tools to measure usage, comfort and consumption during a building's lifetime. Hypervision uses sensors connected to PLCs to centralise, analyse and track consumption on a site in real time in order to constantly optimise energy efficiency.

- **Eco-neighbourhoods**, with the development of a questionnaire derived from a benchmark involving 15 sustainable neighbourhoods worldwide to help local authorities plan eco-neighbourhoods.

### Increase in sustainable construction projects

Bouygues Construction saw the number of projects under environmental certification schemes rise by 11% in 2009 to 148 compared with 133 in 2008. Although such projects have fallen from 35% to 29% of the global order intake, the overall decline masks contrasting situations.

**In France**, following the Grenelle Environment Forum, the number of buildings with environmental certification or labels has increased by

28%. The slight decline in the order intake by value, down 3 points on the previous year, is due to the effect of the HQE® renovation of the Tour First in La Défense. 2009 saw delivery of the first low-energy buildings (BBC<sup>3</sup>) (<50 kWh/sq m/year): the headquarters buildings of Norpac in Lille, Construction Privée in Les Ulis and Ademe in Angers and the departmental agencies of the Ile-et-Vilaine council. Ten other low-energy buildings are under construction.

On **international markets**, the decline was 27% by volume and

13 points by value. Although buildings with environmental certification predominate in the UK, Switzerland and Hong Kong, the movement has had trouble gaining a foothold in markets that are less mature in environmental terms. Expertise in environmental certification and labelling schemes (HQE®, LEED™, BREEAM) has been developed to facilitate a proactive approach to customers.

### Circulating knowledge about sustainable construction

A bilingual sustainable construction

## TESTIMONIAL

### Jean-Christophe Visier,

Energy, Health and Environment director of CSTB, the French building technology research centre

|| The carbon balance proposed by Ademe, the French environment and energy management agency, has become an essential diagnostic and steering tool for any construction firm that wishes to offer its customers buildings with reduced greenhouse gas emissions. For me, Bouygues Construction has been a pioneer with CarbonEco®, adapted for construction projects from the Ademe method. Over 300 carbon balances have been carried with CarbonEco®, a figure that ensures a certain representative value. Bouygues Construction has agreed to share its experience in a working group coordinated by the CSTB, tasked by Ademe with producing a sectoral guide to enhance the "building" component of the carbon balance. Bouygues Construction's contribution is valuable in terms of both method and precise data on greenhouse gas emissions during a building's construction and operational phases. ||

<sup>1</sup>Centre Scientifique et Technique du Bâtiment <sup>2</sup>Agence de l'Environnement et de la Maîtrise de l'Énergie <sup>3</sup>BBC – Bâtiment Basse Consommation





## Reducing the environmental impact of activities

For Bouygues Construction, reducing the environmental impacts of its activities involves developing a prevention policy based on an ISO 14001-certified environmental management system that covers 84% of its business.

### Creation of the Écosite® environmental label

In 2009, Bouygues Construction defined environmental standards for construction sites, specifying measures to be taken in 11 key areas to reduce a site's environmental footprint, from waste management and the preservation of biodiversity to the limitation of nuisance for local residents.

All entities are involved in the approach, wherever they are located, with adaptations to take account of the specific features of the different businesses. Implementation of the actions recommended in the standards is measured against a set of 60 criteria. If the results are satisfactory, the site is awarded the Écosite® label. The initiative helps to motivate staff from Bouygues Construction and its subcontractors to achieve ambitious and clearly stated environmental targets. Rollout of the Écosite® scheme started in January 2010. Measures to raise awareness among site workers and office staff are taken through campaigns to encourage green behaviour and meetings on responsible consumption.

### Preserving biodiversity

Particular attention is paid to preserving eco-systems in major infrastructure projects. In order to fully integrate this aspect from the tender stage, the businesses concerned are developing a methodology based on successive phases of analysis, identification, evaluation and integration. The initiatives put forward generally concern ordinary biodiversity and may take the form of establishing green and blue infrastructure, the reintroduction of pollinators, the enhancement of abandoned sites, the creation of wetlands and the rehabilitation of quarries.

In-house expertise in biodiversity has been developed. Biodiversity is included in the R&D programme and partnerships in the field have been established with outside experts like Noé Conservation. Bouygues Construction is working to develop relevant indicators to quantify, measure and evaluate its efforts relating to biodiversity.

### Reducing CO<sub>2</sub> emissions

Bouygues Construction intends to reduce its CO<sub>2</sub> emissions and has already taken action in two main areas: low-carbon building design and changes to organisational methods and travel arrangements.

### CarbonEco®

In cooperation with Carbone 4 the firm has developed CarbonEco®, a software package to calculate carbon emissions based on the Ademe method and adapted to the construction industry,

which highlights the CO<sub>2</sub> reductions offered by eco-variants. 330 carbon balances of building and civil works projects have been carried out since the product was introduced in March 2009. A network of around 50 in-house experts, trained in the Ademe method and in using CarbonEco®, provide training in the group's businesses with the aim of systematically carrying out carbon balances on all projects in 2010 and introducing a comprehensive carbon accounting system.

Drawing on its expertise, Bouygues Construction is contributing to work by CSTB, the French building technology research centre, on a specific method for the building industry.

### Eco-mobility

Travel accounts for a substantial portion of the group's carbon footprint, whether on business or between home and work. Several initiatives have been taken, including company vehicles that emit less CO<sub>2</sub>, use of Excellium fuel, corporate travel plans in five subsidiaries and at Bouygues Construction's headquarters, an online training module in eco-driving techniques (280 people have been trained), eco-driving training for employees of Bouygues Travaux Publics and the "Green Challenge" campaign to raise employees' awareness of their fuel consumption.

## OUTLOOK FOR 2010






**In a business environment still hit by the crisis, Bouygues Construction can count on:**

- > **orders at 31 December 2009 to be executed in 2010 worth €6.7 billion, covering 74% of forecast 2010 sales;**
- > **a long-term order book (more than five years) standing at €1.3 billion at 31 December 2009;**
- > **a solid financial structure with a net cash surplus of €3.3 billion;**
- > **an opportunistic international strategy that enabled Bouygues Construction to win the huge Barwa Financial District project in Qatar in the last quarter of 2009.**

**Bouygues Construction will step up its efforts in the fields of innovation and sustainable construction to make them real differentiation factors.**



<sup>1</sup>École Spéciale des Travaux Publics, du Bâtiment et de l'Industrie <sup>2</sup>Arts et Métiers ParisTech <sup>3</sup>Entreprises Générales de France - BTP <sup>4</sup>Fédération Nationale des Travaux Publics

# SUSTAINABLE DEVELOPMENT: CHALLENGES AND KEY INDICATORS




	AIM	KEY FIGURES		ACTION IN 2009	PROGRESS <sup>a</sup>	2010 OBJECTIVES
		2008	2009			
FINANCIAL AND BUSINESS CHALLENGES	<b>Foster</b> a trusting relationship with our clients, based on consideration, transparency and innovation	<b>81%</b> of sales covered by triple certification	<b>82%</b> of sales covered by triple certification	<ul style="list-style-type: none"> <li>&gt; Furtherance of triple Quality Safety Environment (QSE) certification in business units</li> <li>&gt; Systematic use of customer satisfaction surveys conducted by outside consultants</li> <li>&gt; Business ethics: circulation of the Code of Ethics to all employees, executive training and framing of a corporate action plan</li> <li>&gt; Rollout of resources to promote sustainable construction: sales pitches, sustainable construction training (1,400 people trained since 2008), guide to low-energy building design, etc.</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Promote sustainable construction to customers (eg, new training course to help sales and technical staff to take a proactive approach to environmental certification on international markets)</li> <li>&gt; Create a Sustainable Construction Club as a forum for exchanging ideas with customers and partners</li> <li>&gt; Roll out the business ethics action plan: whistleblowing for anti-competitive practices, stricter vetting before appointing sales agents, creation of an Ethics Committee, training plan</li> </ul>
	<b>Incorporate</b> risk assessment into the day-to-day management of the company	<b>82%</b> of sales in activities where a formal analysis of environmental risk is carried out	<b>84%</b> of sales in activities where a formal analysis of environmental risk is carried out	<ul style="list-style-type: none"> <li>&gt; Rollout of a common risk analysis methodology in business units (identification, description, assessment and ranking of main risks) as part of the plan to strengthen the Group's internal control</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Prepare factsheets describing the most significant risks, to be used to support analysis and action to reduce the likelihood of such risks occurring and their impact</li> </ul>
	<b>Develop</b> balanced relations with suppliers and subcontractors and involve them in the sustainable development policy	<b>70%</b> of sales generated by business units that have incorporated the CSR <sup>b</sup> charter for suppliers and subcontractors into their contracts	<b>79%</b> of sales generated by business units that have incorporated the CSR <sup>b</sup> charter for suppliers and subcontractors into their contracts	<ul style="list-style-type: none"> <li>&gt; Responsible purchasing policy coordinated by a specific committee: training of buyers, catalogues of eco-products and eco-equipment, CSR<sup>b</sup> charter annexed to contracts, etc.</li> <li>&gt; Assessment of suppliers' CSR<sup>b</sup> performance by an outside consultant (EcoVadis), audits of new international suppliers (74 audits in 2009)</li> <li>&gt; Measures to involve subcontractors in the policy: introductory handbook, training, working groups, satisfaction surveys, etc.</li> <li>&gt; Measures against illegal working: systematic checks of identity documents and work permits, access badges, organisation of internal checks</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Increase the number of suppliers assessed by EcoVadis and audit low-scoring suppliers, incorporate CSR<sup>c</sup> performance as a criterion for choosing suppliers for framework agreements</li> <li>&gt; Develop partnerships with suppliers and subcontractors</li> </ul>
SOCIAL/HR CHALLENGES	<b>Lead</b> our business sectors in terms of health and safety	<b>82%</b> of sales in activities with OHSAS <sup>c</sup> 18001 certification <b>12.17:</b> industrial accident frequency rate <sup>d &amp; 1</sup> <b>0.40:</b> industrial accident severity rate <sup>e &amp; 1</sup>	<b>82%</b> of sales in activities with OHSAS <sup>c</sup> 18001 certification <b>10.64:</b> industrial accident frequency rate <sup>d &amp; 1</sup> <b>0.39:</b> industrial accident severity rate <sup>e &amp; 1</sup>	<ul style="list-style-type: none"> <li>&gt; Worksite health and safety and road safety campaigns: 33,000 employees reached</li> <li>&gt; Safety training cycles adapted to different target populations (site workers, foremen, site supervisors, managers)</li> <li>&gt; Involvement of subcontractors in safety initiatives: training, accident prevention handbook</li> <li>&gt; Development of software and creation of a safety watch unit bringing together preventers and occupational health experts to prevent risks arising from the use of chemicals</li> <li>&gt; Rollout of warm-up exercises for site workers before they start work</li> <li>&gt; Anti-addiction campaigns (alcohol, drugs) and initiatives to raise awareness of health and lifestyle issues</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Continue a proactive health and safety policy with awareness-raising and training actions for employees, temporary workers and subcontractors' staff</li> </ul>
	<b>Develop</b> employees' skills	<b>61%</b> of staff given training during the year	<b>52%</b> of staff given training during the year	<ul style="list-style-type: none"> <li>&gt; Proactive training policy (over 5% of the total payroll in France) based on in-house training centres (Bouygues Construction University, Gustave Eiffel apprentice training centre, etc.)</li> <li>&gt; Training in sustainable development and sustainable construction in the Bouygues Construction University curriculum</li> <li>&gt; Extensive use of employee satisfaction surveys (15,400 employees surveyed between 2007 and 2009)</li> <li>&gt; Measures to improve the work/life balance following the audit carried out in 2008 (eg, test and conclusion of an agreement on teleworking at ETDE)</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Strongly emphasise training that addresses safety and sustainable construction issues</li> </ul>

<sup>a</sup>Compared with 2009 objectives <sup>b</sup>Corporate Social Responsibility <sup>c</sup>Occupational Health and Safety Assessment Series <sup>d</sup>Number of industrial accidents involving time off work x 1,000,000 / number of hours worked (scope: global)  
<sup>e</sup>Number of days off work x 1,000 / number of hours worked (scope: global) <sup>1</sup>Indicator subject to possible correction since it has to be validated after publication by the relevant authorities

## SOCIAL/HR CHALLENGES

AIM	KEY FIGURES		ACTION IN 2009	PROGRESS <sup>a</sup>	2010 OBJECTIVES
	2008	2009			
<b>Encourage</b> diversity in the company	<b>18%</b> of managers in France are women <b>22%</b> more disabled employees in France	<b>18%</b> of managers in France are women <b>13%</b> more disabled employees in France	<ul style="list-style-type: none"> <li>&gt; Diversity policy overseen by a committee responsible for coordinating subsidiaries' initiatives</li> <li>&gt; Equal opportunity training (220 people trained)</li> <li>&gt; Implementation of 2008 agreements on gender equality in the workplace and conclusion of agreements on the employment of older people in all French subsidiaries</li> <li>&gt; Six new agreements with Agefiph<sup>b</sup> for the employment of disabled workers, expansion of purchases from the protected sector, measures to raise awareness of disability in the workforce (Handitour roadshow, which reached 6,000 employees)</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Organise new equal opportunity training courses (90 applications in 2010)</li> <li>&gt; Prepare to apply for the Afnor diversity certificate in France</li> <li>&gt; Extend the policy to promote the employment of disabled workers and initiatives with the protected sector</li> </ul>
<b>Participate</b> in the economic and social life of the regions where Bouygues Construction operates	<b>263</b> partnerships supporting integration, education and health	<b>334</b> partnerships supporting integration, education and health	<ul style="list-style-type: none"> <li>&gt; Many integration initiatives: integration of young people from EPiDe (Defence Ministry integration scheme), "Gateway to Employment" in the Paris region to help young people and adults find a job (90 people helped), ETDE's partnership with the National Neighbourhood Association Liaison Committee</li> <li>&gt; Creation of Terre Plurielle, Bouygues Construction's corporate foundation (21 projects favouring access to health, education and integration supported in 2009)</li> <li>&gt; Community leave for 38 employees to spend with Planète Urgence</li> <li>&gt; Partnerships in response to emergencies with Care France in Cuba (two-year plan to build and rehabilitate 5,000 homes) and Architectes de l'Urgence</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Continue action to promote integration: two subsidiaries involved in business and neighbourhood clubs organised by IMS-Entreprendre pour la Cité, partnership with Médiane for the integration of young high-school dropouts, etc.</li> <li>&gt; Continue sponsorship initiatives through the Terre Plurielle foundation and local partnerships</li> <li>&gt; Implement the partnership with the Vauban network to help local authorities preserve Vauban's architectural heritage</li> </ul>

## ENVIRONMENTAL CHALLENGES

<b>Increase</b> the consideration given to environmental factors in project design and construction	<b>35%</b> of buildings under environmental labelling or certification schemes in the year's order intake	<b>29%</b> of buildings under environmental labelling or certification schemes in the year's order intake	<ul style="list-style-type: none"> <li>&gt; Creation of an Innovation, R&amp;D and Sustainable Construction department coordinating a network of 150 experts. Main innovations in 2009: Tikopia concept building (low-energy residential mini-tower block); Thermedia™, a structural insulating concrete developed with Lafarge with three times less thermal conductivity than standard concrete; Hypervision®, software to supervise the energy efficiency of a building in operation</li> <li>&gt; Anticipation of future thermal regulations in France with 14 low-energy buildings (&lt; 50 kWh/sq m/year) completed or in progress</li> <li>&gt; Sharing of sustainable construction knowledge in-house and outside: dedicated intranet site, training courses, specialist masters with ESTP<sup>c</sup> and Ensam<sup>d</sup></li> </ul>		<ul style="list-style-type: none"> <li>&gt; Step up the sustainable construction R&amp;D programme (40% budget increase on 2009)</li> <li>&gt; Participate in CSTB<sup>e</sup> research on the adaptation of Elodie® (lifecycle analysis software) for specific industry segments</li> <li>&gt; Start work on the energy-efficient renovation of Challenger, Bouygues Construction's headquarters building, to achieve the objective of cutting energy consumption by a factor of ten</li> </ul>
<b>Reduce</b> the environmental impacts of our activities	<b>82%</b> of sales in activities with ISO 14001 certification <b>221</b> QSE "Blue Sites" in Europe	<b>84%</b> of sales in activities with ISO 14001 certification <b>301</b> QSE "Blue Sites" in Europe	<ul style="list-style-type: none"> <li>&gt; Creation of the Écosite® label validating the implementation of a worksite environmental standards common to all business units</li> <li>&gt; Reduction of nuisance caused to local residents: software to model and control site noise, self-compacting concrete to eliminate vibrations</li> <li>&gt; Consultation and feedback actions with local residents: information meetings, websites, freephone numbers, open days, satisfaction surveys</li> <li>&gt; Initiatives to raise employees' awareness of green behaviour</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Roll out the Écosite® label and environmental standards in 11 areas from waste management to preserving biodiversity</li> <li>&gt; Extend the use of self-compacting concrete on Bouygues Entreprises France-Europe worksites</li> <li>&gt; Implement the partnership with ATF Gaïa to recycle computer hardware</li> </ul>
<b>Reduce</b> CO <sub>2</sub> emissions related to our activities	<b>40</b> carbon balances of buildings and engineering structures carried out	<b>330</b> carbon balances of buildings and engineering structures carried out with CarbonEco®	<ul style="list-style-type: none"> <li>&gt; Deployment of CarbonEco® to carry out carbon balances of different types of construction projects</li> <li>&gt; Quest for low-carbon solutions: energy consumption, materials, construction systems</li> <li>&gt; Reduction of transport-related emissions: company vehicles that emit less CO<sub>2</sub>, corporate travel plans in five subsidiaries and at Bouygues Construction headquarters, eco-driving training, etc.</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Gradually extend carbon balances to all projects</li> <li>&gt; Introduce a comprehensive carbon accounting system</li> <li>&gt; Roll out corporate travel plans to encourage eco-mobility</li> </ul>

<sup>a</sup>Compared with 2009 objectives <sup>b</sup>Fund to promote the employment of disabled people <sup>c</sup>École Spéciale des Travaux Publics, du Bâtiment et de l'Industrie <sup>d</sup>Arts et Métiers ParisTech <sup>e</sup>Centre Scientifique et Technique du Bâtiment

 Measures introduced in 2009  Ongoing measures in 2009  Mature measures (continuous improvement)



## DETAILED NON-FINANCIAL INDICATORS AT 31 DECEMBER

FAMILY	INDICATOR	SCOPE	UNIT	2007	2008	2009	REPORTING FRAMEWORK	
Foster a trusting relationship with customers	Completed projects for which customer satisfaction surveys have been concluded	Global (excl. ETDE)	%	33	46	41	GRI - PR 5	
	Number of managers given training in business ethics in the last three years	Global	Number	1,324	2,082	2,117	GRI - SO 3	
	Sales covered by triple QSE <sup>a</sup> certification		%	57 <sup>1</sup>	81	82	GRI - PR 1	
	Implement a Quality Management System (QMS)	Sales covered by an ISO 9001 certified QMS	Global	%	90 <sup>1</sup>	94	97	GRI - PR 1
	Involve suppliers and subcontractors in the sustainable development policy	Sales generated by operating units with an action plan to involve subcontractors in the QSE <sup>a</sup> approach	European subsidiaries excl. Bâtiment International	%	61 <sup>1</sup> (excl. civil works)	89	86	Internal
		Sales generated by operating units that systematically include the CSR Charter in their contracts with subcontractors or suppliers		%	43 <sup>1</sup> (excl. civil works)	70	79	
Increase preventive health and safety measures	Sales covered by a safety management system (SMS) with ILO <sup>b</sup> , OHSAS <sup>c</sup> 18001 or equivalent certification	Global	%	75 <sup>1</sup>	82	82	GRI - PR 1	
	Industrial accident frequency rate <sup>d</sup>	Global	e	14.65	12.17	10.64	GRI - LA 7	
	Industrial accident severity rate <sup>d</sup>	Global	f	0.50	0.40	0.39		
	Number of fatal accidents to employees	Global	Number	10	4	4		
	Frequency rate <sup>d</sup> of industrial accidents involving temporary site workers	Frequency rate <sup>d</sup> of industrial accidents involving temporary site workers	Global (excl. Bouygues International)	e	27.65	25.62	21.12	Internal
		Frequency rate <sup>d</sup> of road accidents with the company vehicle fleet involving third parties	Global	%	15	14	19	GRI - LA 7
		Occupational illnesses recognised by social security authorities	France (excl. Bouygues TP)	Number	-	48	48	
		Employees covered by a major risk, hospitalisation and maternity welfare scheme	France	%	100	100	100	Internal
Absenteeism rate <sup>g</sup>	France	%	4.01	4.23	4.24	GRI - LA 7		
Monitor career paths	Employees receiving regular performance and career development reviews	France	%	64	71	75	GRI - LA 12	
Develop skills	Employees given training	Global	%	40	61	52	GRI - LA 10	
	Site workers given training	Global	%	31	61	45		
	Managerial staff given training	France	%	69	76	70		
	Clerical/technical/supervisory staff given training	France	%	65	79	61		
	Employees in managerial positions outside France given training	International only	%	21	44	48		
	Proportion of annual payroll spent on training	France	%	4.88	5.12	5.10		
Encourage diversity	Women in the workforce	France	%	14	15	15	GRI - LA 13	
	Women in top management (executive committee level)	France	%	6	9	8		
	Women in managerial positions	France	%	17	18	18		
	Female clerical/technical/supervisory staff	France	%	32	32	30	Internal	
	Female site workers	France	%	1	1	1		
	Disabled employees on permanent contracts	France	Number	449	547	618		
Participate in economic and social life	Sales from work performed by the adapted and sheltered sector	France	€ '000	380	715	1,236	Internal	
	Operations carried out in cooperation with local integration bodies	France	Number	157	208	208		
	Partnerships supporting integration, education and health	Global	Number	175	263	334	Internal	

■ Financial and business challenges ■ Social/HR challenges ■ Environmental challenges

<sup>1</sup>Bouygues Construction's reporting methodology is described in an annex at the end of the Registration Document (p. 270).



FAMILY	INDICATOR	SCOPE	UNIT	2007	2008	2009	REPORTING FRAMEWORK
Implement an Environmental Management System (EMS)	Sales covered by an ISO 14001 certified EMS	Global	%	61 <sup>1</sup>	82	84	GRI - PR 1
Design and develop buildings with high environmental performance	R&D budget devoted to sustainable construction	Global	%	21	25	32	Internal
	Buildings with environmental labelling or certification in order intakes	Building activities, France and international	Number	94	133	148	
	Buildings with environmental labelling or certification in order intakes of which Bouygues Construction is the designer	Building activities, France and international	Number	23	60	60	
	Buildings with environmental labelling or certification in order intakes as a proportion of the amount of orders		%	23	35	29	
	QSE "Blue Site" certified worksites	Bouygues Entreprises France-Europe	Number	183	221	301	
	Proportion of QSE "Blue Site" certified worksites	Bouygues Entreprises France-Europe	%	43	56	72	
Reduce energy consumption	Fuel consumption of the light commercial and passenger vehicle fleet	France	Million litres	23.5	24	23	GRI - EN 3
Reduce and recycle waste	Hazardous waste collected	France (excl. DTP Terrassement)	Tonnes	-	8,795	609	GRI - EN 22
	Non-hazardous waste collected		Tonnes	-	257,073	185,914	
	Non-hazardous waste recycled	Bouygues Entreprises France-Europe (excl. Bouygues UK)	%	-	39	49	
Minimise disturbance for local residents	Work sites taking action to listen to or communicate with local residents, or to assess their satisfaction	Global (excl. ETDE and civil works)	%	48	56	62	Internal

<sup>1</sup>Quality Safety Environment <sup>2</sup>International Labour Organisation <sup>3</sup>Occupational Health and Safety Assessment Series <sup>4</sup>Indicator subject to possible correction since it has to be validated after publication by the relevant authorities <sup>5</sup>Number of industrial accidents involving time off work x 1,000,000 / number of hours worked (scope: global) <sup>6</sup>Number of days off work x 1,000 / number of hours worked (scope: global) <sup>7</sup>Number of days off work (social balance sheet figures) / Number of calendar days

## Commentaries on trends

### Completed projects for which customer satisfaction surveys have been carried out

A slight fall occurred in 2009 in all businesses except Bouygues Bâtiment International. However, efforts are continuing. At Bouygues Entreprises France-Europe, for example, customer satisfaction surveys are systematically commissioned from an outside consultant.

### Industrial accident frequency and severity rates

Frequency and severity rates are better than in 2008, both for Bouygues Construction employees and for temporary workers, reflecting efforts to train staff and raise awareness.

### Frequency rate of road accidents with the company vehicle fleet involving third parties

An increase can be seen, especially at ETDE, whose activities

require a considerable amount of travel (ETDE alone accounts for 38% of Bouygues Construction's entire vehicle fleet).

### Employees given training

The fall in 2009 is due to:

- a slowdown in the recruitment of permanent staff in France (new employees are generally trained in their first year);
- the recruitment of large numbers of site workers on international projects, for which training is more difficult in the first year.

### Integration of disabled workers (family: Encourage diversity in the company)

A particular effort to integrate disabled workers was made in 2009. Six new agreements were concluded with Agefiph, a fund to promote the employment of disabled people. Following the establishment of a network of 22 HR/pr-

chasing pairs, purchases of services from the adapted and sheltered sector rose by 73% in 2009.

### Partnerships to support integration, education and health during the year

2009 was marked by the creation of the Bouygues Construction corporate foundation, Terre Plurielle, to support projects favouring access to healthcare, education and integration. Operating units entered into other partnerships, with Care France in Cuba and with Architectes de l'Urgence in particular.

### Buildings with environmental labelling or certification in order intakes

The number of projects with environmental labelling or certification increased in 2009. However, the overall decline of such projects as a proportion of the global order intake by value

masks contrasting situations.

- In France, following the Grenelle Environment Forum, the number of buildings with environmental certification or labels has increased by 28%. The slight decline in the order intake by value, down three points on the previous year, is due to the effect of the HQE® renovation of the Tour First in La Défense.
- On international markets, although buildings with environmental certification predominate in the UK, Switzerland and Hong Kong, the movement has had trouble gaining a foothold in markets that are less mature in environmental terms.

### Waste collected

The sharp fall in the amount of waste in 2009 is due to a decline in earth removal and disposal activities from the particularly high level in 2008.

# A LEADING PROPERTY DEVELOPER

## A leading position strengthened in 2009

**€2,989m** (+2%)  
2009 sales

**6.8%** (-1.6 pts)  
Operating margin

**€110m** (+5%)  
Net profit attributable  
to the Group

**1,343**  
Employees

**€2,100m** (-30%)  
2010 sales target

With 33 branches  
in France and four  
subsidiaries elsewhere  
in Europe, **Bouygues  
Immobilier** develops  
residential, commercial  
and retail park projects.  
In 2009, the company  
performed better than  
the residential property  
market in France.

### HIGHLIGHTS

#### Residential

- > Record sales of €2.1 billion (up 16%).
- > 11,230 housing units reserved, an increase of 40%.

#### Commercial

- > Sales of €0.9 billion.
- > Delivery of Eos, Galeo, Dueo and Trio in Issy-les-Moulineaux<sup>1</sup>, Spallis

in Saint-Denis<sup>1</sup> and the Bouygues Telecom Technical Centre in Meudon<sup>1</sup>.

#### Sustainable development

- > 14% of building permit applications filed in 2009 were for low-energy residential buildings.
- > 58,000 sq metres of positive-energy office space

under construction or with building permits granted.

- > Creation of the Bouygues Immobilier corporate foundation with the aim of making towns and cities more human by placing architecture and urban planning at the service of the environment and the community.



Galeo, Bouygues Immobilier's HQE® headquarters building in Issy-les-Moulineaux, near Paris

## A leading property developer

Bouygues Immobilier operates in all areas of property development, including residential property, serviced accommodation, offices, shops and retail parks. The company designs, builds and markets high-quality programmes for its corporate and private customers. After identifying and buying the land, it draws up the project with the architect and the designers and resolves any technical, administrative and financial issues. Bouygues Immobilier then develops the project, generally as contracting authority, and markets it to customers, whether private individuals, companies or investors.

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

Sustainable development has been a key element of Bouygues Immobilier's strategy for several years.

Bouygues Immobilier strengthened its leading position on a reviving residential property market. However, the commercial property market (offices and shops) showed another significant decline in 2009.

<sup>1</sup>Paris region



L'Atria in Bordeaux

In response to the changed market conditions, Bouygues Immobilier adapted its organisation in order to cut overheads and production costs.

In 2009, the company took reservations worth €1,955 million, including €1,803 million in the residential segment, up 38% with 11,230 units reserved, and €152 million in the commercial segment, down 77%, representing 56,000 sq metres of office space.

Sales in 2009 amounted to €2,989 million, up 2% on 2008, reflecting a peak in marketing activity in 2007.

The order book totalled €2,178 million at year-end, representing ten months of sales in the residential segment and nine months of sales overall.

Current operating profit amounted to €203 million, representing 6.8% of sales.

Net profit attributable to the Group amounted to €110 million, 5% up on the previous year.

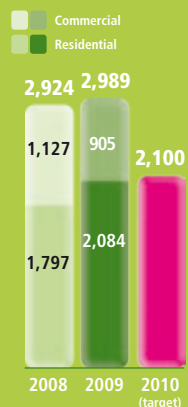
The company had shareholders' equity of €512 million and net surplus cash of €146 million at 31 December 2009.

## Residential property: Bouygues Immobilier performed better than the market

Taking 11,230 reservations in all, including 10,740 in France, Bouygues Immobilier performed better than the market and had a market share of 10.1% in 2009.

After a sharp downturn in 2008, the French market for new, privately developed residential properties rebounded

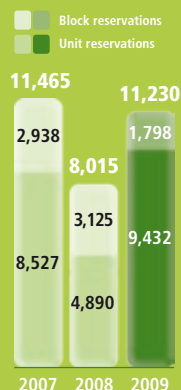
### Sales € million



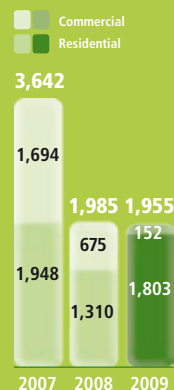
### Net profit € million



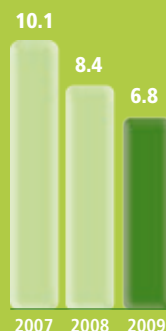
### Residential number of reservations



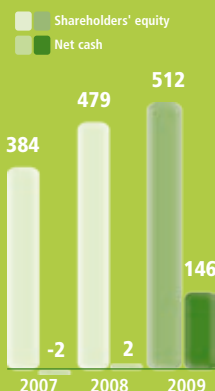
### Reservations € million



### Operating margin as a percentage of sales



### Shareholders' equity and net cash € million



## Condensed balance sheet at 31 December

ASSETS (€ million)	2008	2009
• Property, plant and equipment and intangible assets	16	16
• Goodwill	-	-
• Non-current financial assets and taxes	48	56
<b>NON-CURRENT ASSETS</b>	<b>64</b>	<b>72</b>
• Current assets	2,082	1,695
• Cash and equivalents	155	256
• Financial instruments <sup>1</sup>	-	1
<b>CURRENT ASSETS</b>	<b>2,237</b>	<b>1,952</b>
<b>TOTAL ASSETS</b>	<b>2,301</b>	<b>2,024</b>
LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	2008	2009
• Shareholders' equity attributable to the Group	472	508
• Minority interests	7	4
<b>SHAREHOLDERS' EQUITY</b>	<b>479</b>	<b>512</b>
• Non-current debt	61	91
• Non-current provisions	78	83
• Other non-current liabilities	2	1
<b>NON-CURRENT LIABILITIES</b>	<b>141</b>	<b>175</b>
• Current debt	77	18
• Current liabilities	1,589	1,317
• Overdrafts and short-term bank borrowings	15	2
• Financial instruments <sup>1</sup>	-	-
<b>CURRENT LIABILITIES</b>	<b>1,681</b>	<b>1,337</b>
<b>TOTAL LIABILITIES</b>	<b>2,301</b>	<b>2,024</b>
<b>Net surplus cash</b>	<b>2</b>	<b>146</b>

<sup>1</sup>Hedging of financial liabilities at fair value

## Condensed income statement

(€ million)	2008	2009
<b>SALES</b>	<b>2,924</b>	<b>2,989</b>
• Net depreciation and amortisation expense	(6)	(6)
• Net charges to provisions and impairment losses	(86)	(81)
• Other income and expenses	(2,585)	(2,699)
<b>OPERATING PROFIT</b>	<b>247</b>	<b>203</b>
• Income from net surplus cash	(17)	(6)
• Other financial income and expenses	(30)	(35)
• Income tax expense	(89)	(49)
• Share of profits and losses of associates	-	-
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>	<b>111</b>	<b>113</b>
• Net profit from discontinued and held-for-sale operations	-	-
<b>NET PROFIT</b>	<b>111</b>	<b>113</b>
• Minority interests	(6)	(3)
<b>CONSOLIDATED NET PROFIT (attributable to the Group)</b>	<b>105</b>	<b>110</b>





in 2009, rising by 34% to 106,282 reservations<sup>1</sup> under the dual effect of lower interest rates and measures introduced by the French government in its stimulus plan (Loi Scellier tax incentives, doubling of the amount available for interest-free mortgages, Pass-foncier<sup>®</sup> scheme for low-income first-time buyers).

Bouygues Immobilier took a number of measures to adapt to the new market conditions and enable its customers to take maximum advantage of the incentives offered under the government stimulus plan. The measures included:

- revising the conditions for acquiring land;
- adjusting sale prices while continuing to maintain high quality;
- developing partnerships with lenders so as to be able to offer customers more advantageous borrowing terms;
- finalising agreements with major collectors of the 1% housing levy on employers to implement the Pass-foncier<sup>®</sup> scheme, which enables low-income households to get onto the housing ladder by significantly

reducing their monthly mortgage payments.

Bouygues Immobilier also continued its strategy of selling to social housing bodies.

Marketing efforts made headway in Poland and Belgium, where Bouygues Immobilier subsidiaries are continuing to develop residential property programmes.

## Residential property

### Paris region

The residential property market in the Paris region has a number of specific features, including extensive demand, scarce land, high prices and concentration in the property development business.

Bouygues Immobilier has created an attractive range of properties that meet its customers' expectations, whether occupants or investors. Some 2,572 housing units were reserved in 2009, 63% more than in 2008.

Owner-occupiers accounted for 42% of reservations.

Bouygues Immobilier achieved a number of commercial successes with the launch of remarkable programmes such as:

- L'Avant-Garde in Nanterre: 263 units, 158 of them sold as a block;
- the Limeil-Brévannes eco-neighbourhood: 84 units;
- Le Bel Agora in Cergy: 88 units.

In 2009, Bouygues Immobilier launched two programmes under the Pass-foncier<sup>®</sup> scheme at Dammarie-les-Lys and Saint-Fargeau-Ponthierry to the south-east of Paris, both of which were highly successful in marketing terms.

2,516 units were delivered. The biggest developments included:

- Clos Arc en Ciel at Brétigny-sur-Orge: 200 units;
- Le Med in Cachan: 158 units;
- Crescendo in Argenteuil: 129 units;
- Cèdre Bleu and Îlot Robinson at Plessis-Robinson: 134 units.

### Rest of France

The market in the French regions is less concentrated, since the top four developers account for only a quarter of the market. Bouygues Immobilier took 8,168 reservations in the French regions in 2009.

Several major developments were marketed, including:

- Côté Parc at Vizille, south of Grenoble, a 60-unit development under the Pass-foncier<sup>®</sup> scheme;

- Cap Sud in Lyon with 238 units, including 140 in a student residence;
- Valnaturel in Marseille with 960 units, including 260 social housing units and nearly 400 in serviced residences (nursing home, student residence, etc.).

A number of serviced residences were also launched, including:

- Patio Courteline in the centre of Tours: a 37-unit nursing home;
- Vespucci, a 108-unit tourist residence in La Rochelle.

8,972 units were delivered, including the following projects:

- L'Atria (114 units) and Les Chais (51 units) in Bordeaux, programmes of remarkable architectural quality, designed respectively by Christian de Portzamparc and Bernard Bühler;
- Cour Saint-Clément in Rennes (77 units);
- Plein Ciel at La Madeleine near Lille (87 units);
- Porte du Barrio, the last phase of the Ponts Jumeaux urban development zone in Toulouse, Bouygues Immobilier's first development with Habitat & Environment certification (138 units).

## Residential property subsidiaries France

### Maisons Elika

Maisons Elika builds inexpensive, high-quality, wood-frame, two- to four-

bedroom houses intended mainly for first-time buyers. It is already developing programmes of low-energy (BBC<sup>2</sup>) homes.

Often located in urban renovation areas, Maisons Elika developments qualify for the Pass-foncier<sup>®</sup> scheme, making them even more affordable.

After delivering programmes at Beaucaire and Dreux, Maisons Elika started work on six new projects in the second half of 2009, scheduled for delivery in the first half of 2010.

### SLC and Urbis

SLC (Société Lyonnaise pour la Construction) and Urbis Réalisations also performed well under their own names on their respective markets of Lyon and Toulouse, with SLC taking 410 reservations and Urbis 180.

## Subsidiaries in Europe

### Poland

Bouygues Immobilier Polska performed well, taking reservations for 318 homes in five developments. Three programmes were delivered in 2009: La Lumière (517 units), Villa l'Azur (176 units) and Le Village (85 units).

### Belgium

Three residential property developments are under way in Brussels and Liège and 140 units have been reserved. Two programmes in Brussels were delivered in 2009, Davis House (72 units) and Clos Ceres (74 units).

<sup>1</sup>Source: ECLN (new housing marketing survey) <sup>2</sup>BBC – Bâtiment Basse Consommation



## Commercial property

The commercial property market (offices and shops) remained sluggish in 2009, hit by a decline in placed demand<sup>1</sup>, investor insistence on higher yields and falling rents. In this unfavourable environment, Bouygues Immobilier took commercial property orders worth €152 million.

In France, Bouygues Immobilier continued the Farman and La Banque Postale projects in Paris, Euralille 2 in Lille, Mozart and Eqwater in Issy-les-Moulineaux, and CCG Veritas in Massy (Paris region).

Work started on the first Green Office®, which has won energy efficiency and innovation awards from Ademe<sup>2</sup>, the French environment and energy management agency, and the Île-de-France regional council. A real technology incubator, this first positive-energy

office building is at the cutting edge of environmental innovation, producing more energy than it consumes. When delivered in the first half of 2011, the building will house part of Bouygues Immobilier's workforce.

In Portugal, the Aqua Portimão shopping centre was sold to Generali Klépierre. Work started on the project, which is scheduled for delivery in 2011.

In Poland, a first 43,000-sq metre commercial property project is being developed for TPSA, a France Télécom subsidiary and the country's leading operator.

Thanks to sustained marketing activity in previous years, Bouygues Immobilier was able to deliver nearly 268,500 sq metres of office space in 2009.

### Major flagship projects delivered in 2009:

#### Paris region

- In Issy-les-Moulineaux, the first buildings in the Seine Ouest business district with Eos (46,000 sq metres), headquarters of Microsoft France, and Galeo (5,840 sq metres), Bouygues Immobilier's new headquarters;
- in Meudon, Bouygues Telecom's 60,000-sq metre Technical Centre, which houses its IT and network staff;
- in Saint-Denis, the 39,000-sq metre Spallis building, sold to the Spanish investor Naropa Properties;

- in Paris (13th *arrondissement*), a 6,400-sq metre development on rue Daviel for Pramerica Properties.

#### Rest of France

- In Toulouse, the 13,000-sq metre Marengo Boulevard building for HSBC.

#### In Europe

- In Portugal, Bouygues Imobiliária delivered a 12,000-sq metre retail park in Portimão and a 48,000-sq metre shopping centre in Guimarães.

### A number of major deliveries are scheduled in 2010, including:

#### In France

- The 22,000-sq metre headquarters of La Banque Postale in Paris (6th *arrondissement*);
- the 45,500-sq metre Mozart Tower for Bouygues Telecom, which has HQE® certification for office buildings, and the 27,000-sq metre Farman and 16,500-sq metre Eqwater buildings situated respectively to the north and south of the tower;
- the 7,851-sq metre Solaris building in Lyon;
- a retail park in Orange, the roof of which will be covered with over 12,000 photovoltaic panels generating energy equivalent to the annual electricity needs of 3,500 people.

#### In Europe

- In Madrid, Bouygues Imobiliária will complete the Cristalia business



park with Cristalia 4 and Cristalia 4B (each 11,000 sq metres), sold respectively to Ama, a Spanish mutual insurance group, and Deka Immobilier, a German investor;

- in Lisbon, Bouygues Imobiliária will deliver the 10,000-sq metre Espace and 5,000-sq metre Explorer buildings for Pramerica Properties.

## Innovation

Innovation in 2009 focused mainly on sustainable development and energy efficiency through the design of low-energy (BBC) and positive-energy buildings.

After launching Green Office®, the first positive-energy office building concept, in 2008 Bouygues Immobilier created the Positive Energy Consortium, a group of major industrial firms seeking

to improve the energy performance of commercial buildings in the operating phase. The first results of their research were published in a White Paper, available online (in French) on the website [www.enjeu-energie-positive.com](http://www.enjeu-energie-positive.com). Two new members will join the consortium in 2010, Intel and Tenesol/Total.

In the residential property segment, Bouygues Immobilier is continuing to pursue its energy efficiency policy. 14% of building permit applications filed in 2009 were for BBC residential buildings, anticipating future regulatory requirements.

A research and sustainable development committee has been created to ensure the in-house coordination of innovation in key areas like sustainable neighbourhoods, building energy management, carbon balances and housing/transport convergence.



<sup>1</sup>Total surface area let during the year <sup>2</sup>Agence de l'Environnement et de la Maîtrise de l'Énergie

### Our approach

Having embarked on a proactive sustainable development policy in 2006, Bouygues Immobilier stepped up its efforts in 2009 and was the leading property developer in the Novethic<sup>1</sup> sustainable development league table for the second year running.

Aware of the challenges of sustainable development in the property development sector, Bouygues Immobilier is pursuing an ambitious policy with four major strands:

- designing and marketing environment-friendly property development programmes and supporting customers in the responsible use of their housing and offices;
- promoting the green economy by cre-

ating a new generation of buildings and related services while actively helping to change the property development business from the inside;

- reducing the environmental impact of its activity and controlling its carbon footprint;
- encouraging diversity and the well-being of the company's employees.

The first French property developer to seek comprehensive H&E<sup>2</sup> and HQE<sup>3</sup> certification, creator of the Green Office<sup>®</sup> concept for positive-energy office buildings and prime mover of the Positive Energy Consortium, Bouygues Immobilier continued to roll out its initiatives in 2009 in order to confirm its positioning as the standard-setter in sustainable development.



Green Office<sup>®</sup> project in Nanterre, near Paris

STAKEHOLDERS	BOUYGUES IMMOBILIER DIALOGUE PARTNERS	EXAMPLES OF DIALOGUE
Central and local government and public bodies	<ul style="list-style-type: none"> <li>&gt; Senior management</li> <li>&gt; Regional divisions</li> <li>&gt; Branch management</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Permanent dialogue with regional divisions and branch managers</li> <li>&gt; Joint coordination, in the framework of the Grenelle Building Plan strategic committee (Pelletier commission), of a working group tasked with framing proposals to help property developers accelerate their transition to BBC (low-energy) buildings</li> </ul>
Customers	<ul style="list-style-type: none"> <li>&gt; Group and regional sales departments</li> <li>&gt; Quality department</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Permanent dialogue with customers through local sales structures, especially customer relations staff</li> <li>&gt; Website</li> <li>&gt; Information about progress on projects, including through project newsletters</li> <li>&gt; Systematic customer satisfaction survey for all developments during the acquisition phase and after delivery</li> </ul>
Suppliers and service providers	<ul style="list-style-type: none"> <li>&gt; Purchasing department</li> <li>&gt; Regional technical staff</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Supplier relations management including an annual assessment, progress plans and an EcoVadis CSR (Corporate Social Responsibility) assessment</li> <li>&gt; Permanent and personalised dialogue with the purchasing division and regional technical staff</li> <li>&gt; CSR and sustainable development clauses incorporated into contracts</li> </ul>
Local residents and associations and non-governmental organisations	<ul style="list-style-type: none"> <li>&gt; Regional divisions</li> <li>&gt; Branch management</li> <li>&gt; Programme management</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Regular initiatives at a very early stage in projects to organise consultation with local residents and associations</li> <li>&gt; Information provided to local residents throughout construction work, including on-site signs and posters, traffic plans, etc. Provision of a letter box for questions and complaints</li> <li>&gt; Participation in public meetings (eg, of local residents) to explain the project</li> </ul>
Staff and social partners	<ul style="list-style-type: none"> <li>&gt; Management, human resources department</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Dialogue and negotiation of agreements with staff representatives</li> <li>&gt; Internal communication: BIM in-house magazine, intranet, newsletters, breakfasts with senior management, chat forums, day events for managers, etc.</li> <li>&gt; Two personalised annual interviews (skills assessment and performance interview)</li> </ul>
Charities and associations	<ul style="list-style-type: none"> <li>&gt; Human resources department</li> <li>&gt; Bouygues Immobilier corporate foundation</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Membership of various associations to promote the integration of disabled people into working life (Tremplin entreprises, Hanploi, etc.)</li> <li>&gt; Launch of solidarity initiatives under the aegis of the corporate foundation, especially Unis-Cité's "Mediaterrre" project</li> </ul>
Industry bodies	<ul style="list-style-type: none"> <li>&gt; Senior management</li> <li>&gt; Regional divisions</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Participation in management committees of the FPC (Property Developers Federation), staff members elected president of certain regional federations</li> </ul>
Press, online community	<ul style="list-style-type: none"> <li>&gt; Communications department</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Regular dialogue with the press, press conferences, blogger breakfasts, etc.</li> <li>&gt; Social networking sites (Twitter, Facebook, etc.)</li> </ul>

<sup>1</sup>Novethic & Ademe survey of communication about eco-efficient building ([www.novethic.fr](http://www.novethic.fr); under heading "Baromètre\_2009") <sup>2</sup>H&E – Habitat & Environment <sup>3</sup>HQE<sup>®</sup> – High Environmental Quality





L'Ermitage, a positive-energy residential development in Montreuil, near Paris

## Anticipating to stay ahead

### Anticipating energy efficiency regulations

Implementing the laws and regulations that have flowed from the Grenelle Environment Forum will imply a transformation of the property development business. Although the regulatory requirements and deadlines are known (*BBC*<sup>1</sup> – low-energy by 2012, *Bepos*<sup>2</sup> – positive-energy by 2020), Bouygues Immobilier has already set itself a number of objectives: to anticipate regulatory changes, to set the industry benchmark in a period of transformation, to prepare staff to deal with

the issues, and to rethink purchasing policy in order to select suppliers and service providers capable of responding to the new requirements. Bouygues Immobilier started out along this road in 2007 by systematically seeking Habitat & Environment certification for its residential developments and *HQE*<sup>®</sup> certification for office buildings.

If the company has been able to get ahead of the game, it is thanks to the determination of its management, which among other measures in 2009 created a research and sustainable development committee to ensure the in-house coordination of innovation in key areas like building energy management, carbon balances and renewable energy sources.

### Speeding up the transition to *BBC*<sup>1</sup> housing

Anticipating low-energy standards means mastering complex types of know-how that are still relatively unfamiliar in France. Design, development, construction and operation all have to be rethought from a sustainable development standpoint. 14% of building permit applications filed in 2009 were for *BBC* residential buildings, representing over 1,500 housing units.

## Combining thought and action in the cause of innovation

### Green Office<sup>®</sup>: setting new benchmarks for positive-energy offices

In 2006, with the aim of structuring its future strategic thinking, Bouygues Immobilier embarked on the Green Office<sup>®</sup> project in Meudon, the first large-scale positive-energy building in France. Work on the 23,000-sq metre project began in mid-2009 for delivery in the first half of 2011. A technological showcase which anticipates French environmental regulations by ten years, the building will produce more energy than it consumes in a year thanks to 4,200 sq metres of photovoltaic panels and a biomass combined heat and power generation system. Another Green Office<sup>®</sup> project with a net floor area of 35,000 sq metres is being developed in the Paris suburb of Nanterre.

Bouygues Immobilier has also laid the foundation stone of a retail park in Orange that will have the biggest photovoltaic power plant incorporated into a public building in Europe. More than 12,000 photovoltaic panels distributed over the 27,000-sq metres of roof will generate 2.5 GWh a year, equivalent to the annual domestic power consumption of a town with 3,500 inhabitants.

### Using industrial expertise to optimise energy consumption

In 2008, Bouygues Immobilier created the Positive Energy Consortium, a grouping of eight major industrial firms, each a leader in its particular field (energy management, lighting, office equipment, catering, etc.). The consortium's aims are to reduce the energy consumption of future office buildings in the operating phase, to help increase their capacity to generate energy from renewable sources and to optimise the carbon balance of such buildings over their entire lifecycle. The consortium, which recently celebrated its first birthday, has published its first recommendations in a White Paper available online (in French) on the [www.enjeu-energie-positive.com](http://www.enjeu-energie-positive.com) website. Two new members will join the consortium in 2010, Intel and Tenesol, Total's photovoltaic energy subsidiary. Five new subjects will be explored, namely the integration of photovoltaic energy, health, comfort and quality of life, the carbon footprint in the operating phase, green mobility and network convergence.

### Rehagreen<sup>®</sup>: rehabilitating existing commercial buildings

Residential and commercial buildings account for 46% of energy consumption and 25% of greenhouse gas emissions in France. The property industry is experiencing a green revolution that makes existing buildings even more obsolescent. To help institutional owners enhance the value of their property assets, in 2009 Bouygues Immobilier introduced a service package baptised Rehagreen<sup>®</sup>. The approach involves providing a methodological framework that will enable value creation through greater energy and thermal efficiency as part of a more comprehensive approach to property assets. The aim is to assess the development potential of the property in order to enhance its

Positive Energy Consortium press conference at the Cité de l'Architecture on 29 December 2009



<sup>1</sup>BBC – Bâtiment Basse Consommation <sup>2</sup>Bepos – Bâtiment à Énergie Positive



The Ginko eco-neighbourhood will have 2,150 housing units, 90% of them with the BBC (low-energy) label



value in a sustainable and environmentally responsible way using green rehabilitation methods.

### Designing sustainable neighbourhoods

The Ginko eco-neighbourhood, part of the Berge du Lac development in Bordeaux, is representative of Bouygues Immobilier's sustainable neighbourhood ambitions. The fruit of cooperation with the urban community and city of Bordeaux, the neighbourhood, on which work will begin in 2010, will ultimately comprise 2,150 housing units, 20,000 sq metres of public buildings, 25,000 sq metres of office space and 32,000 sq metres of retail space. It is distinctive in taking account of all aspects of sustainable development, including social diversity, mixed usage, quality of life, preservation of biodiversity, energy-efficient building and soft mobility. In November 2009, the project won the "Energy efficiency and renewable energy prize" awarded by the Ministry of Ecology, Energy, Sustainable Development and the Sea. In 2009, Bouygues Immobilier also won a contract to develop a future eco-neighbourhood in Joué-lès-Tours, near Tours, scheduled for completion in 2015. It will include 150 homes, two serviced residences, four local shops, a hypermarket and local and public amenities.

Priority will be given in 2010 to structuring proposals for sustainable neighbourhoods based on objective and measurable criteria.

## Assuming our environmental and social responsibility

### Raising customer awareness of energy savings

Bouygues Immobilier introduced educational initiatives targeting customers in 2009, including the production of a manual of green behaviour and an online eco-calculator<sup>1</sup>. As well as highlighting the potential energy savings of new homes, the calculator enables users to evaluate the impact of simple

things they can do to reduce their environmental footprint. The aim is to spread best practice and help customers to analyse their own behaviour.

### Reducing the environmental impact of ICTs<sup>2</sup>

The development of Green IT was another major focus of Bouygues Immobilier's sustainable development policy in 2009. At Galeo, its new headquarters building in Issy-les-Moulineaux, Bouygues Immobilier has implemented the Green IT Factory<sup>®</sup> concept, which has enabled the company to cut the energy consumption of

its data centres by 30%. Developed in cooperation with Prosodie, in December 2009 the concept won the Digital Green Growth prize awarded by major players including Medef, the French employer's federation, the Ministry of Ecology, Energy, Sustainable Development and the Sea, and Ademe.

For several years, Bouygues Immobilier has been promoting the use of video-conference technology for meetings between people in different places. The number of videoconference hours rose from 700 in 2007 to over 4,000 in 2009, significantly reducing the need for travel within France and in Europe.

## INTERVIEW

### Laurie Wigle,

*General Manager, Eco-Technology Program Office, Intel*

#### ***Bouygues Immobilier: Why has Intel joined the Positive Energy Consortium?***

**Laurie Wigle:** We saw it as an opportunity to join a group of companies, each a leader in its field, in a project that looks at very broad issues. We found the comprehensive nature of the approach interesting, especially as regards the connection possibilities between a building's IT infrastructure and its energy management system. And this type of cooperation between companies is unique.

#### ***What do you expect from it?***

**Laurie Wigle:** We believe that this cooperation will result in major innovations. We would like to be able to achieve outcomes that can be applied in other fields. It's not a question of working on one-offs but of long-term research.

#### ***What do you think you can bring to the consortium?***

**Laurie Wigle:** Intel already offers cutting-edge energy management solutions. The consortium will give us the opportunity to apply them to buildings. For example, we have started to work on integrating different networks (energy, IT, lighting) in order to optimise their management.

<sup>1</sup><http://developpementdurable-bouyguesimmobilier.com/fr/eco-calcullette.html> <sup>2</sup>Information and Communication Technologies

## INTERVIEW

### Nathalie Delattre,

Deputy Mayor of Bordeaux,  
member of the Aquitaine region Economic and Social Council

#### **Bouygues Immobilier: In what way is Ginko a flagship project for Bordeaux?**

**Nathalie Delattre:** Over the next few months, Ginko will become Bordeaux's benchmark neighbourhood. The project to create an eco-neighbourhood with 6,000 inhabitants in the exceptional setting of Bordeaux Lake is a great asset in our urban strategy. As well as promoting soft mobility, not least thanks to the tramway running through it, the neighbourhood will encourage social diversity, intergenerational mixing and different types of function: homes, shops, businesses, local amenities, etc. 90% of housing units will have the BBC (low-energy) label and, for the first time in France, the heating network will run entirely on renewable energy sources.

#### **Why did you decide to work with Bouygues Immobilier?**

**Nathalie Delattre:** The quality of Bouygues Immobilier's proposals in terms of urban planning, architecture and financing convinced us that it was the right partner for us. By securing the services of the right planners and architects, Bouygues Immobilier was able to bring persuasive proposals to the table. These days, developers that want to genuinely support a community must demonstrate not only originality and innovation but also credible environmental and sustainable development commitments. It is an aspect that is all the more essential for Bordeaux in the context of our Agenda 21 project, which was given government approval in February.

### Controlling greenhouse gas emissions from development projects

Bouygues Immobilier is determined to reduce its carbon footprint in every aspect of its operations. A carbon balance of about 20 pilot property developments has been carried out using the CarbonEco® software developed by the Bouygues group and validated by Ademe. The software is used to calculate greenhouse gas emissions from a development project over its entire lifecycle (construction, opera-

tion, end-of-life). Staff will be given carbon awareness training in 2010 and sales arguments will be prepared to make customers more aware of the environmental and economic benefits of low-carbon solutions.

### Locking in responsible purchasing

The Bouygues group's responsible purchasing policy, implemented with the help of EcoVadis, was rolled out at Bouygues Immobilier in 2009, where a CSR<sup>1</sup> assessment of part of the panel of

suppliers was carried out. The processes of 20 suppliers were analysed, with a further 20 to follow in 2010. In addition, Bouygues Immobilier has committed itself to a new product-based approach, evaluating the health and safety impact of the materials used in its developments. The approach initially applies to finishing materials in direct contact with users, such as adhesives and flooring. Bouygues Immobilier is also continuing to systematically incorporate CSR<sup>1</sup> clauses in its contracts with suppliers and subcontractors.

### Sponsoring solidarity initiatives for the community

Through its corporate foundation created in 2009, Bouygues Immobilier aims to help make the urban environment more human by placing architecture and urban planning at the service of the environment and the community. Endowed with a five-year budget of €1 million, the Foundation will focus on three main priorities: promoting architecture and planning to the general public, encouraging expert discussion of future urban life in a sustainable development perspective, and promoting solidarity in urban communities by helping young people in difficulty to integrate.

One of the first projects to benefit from the foundation's support was the *Habiter Écologiquement* (Living Ecologically) exhibition held at the Cité de l'Architecture et du Patrimoine from 13 May to 1 November 2009. As one of its solidarity initiatives, the foundation formed a partnership with Unis-Cité, an association that promotes community service among young people aged 18 to 25. As part of its "Mediaterre" project, Unis-Cité aims to give families from disadvantaged neighbourhoods six-month training in green behaviour, subsequently measuring the effect of such behaviour on their electricity and water bills.

### Continuing to roll out the training plan

Bouygues Immobilier dispensed

22 hours of training per employee on average in 2009. The training budget represented 1.85% of its payroll. Having emphasised the training of sales staff in 2008, Bouygues Immobilier decided to focus more particularly on technical aspects in 2009 to give staff a better understanding of new Grenelle environmental regulations. Staff from technical departments and programme managers were able to attend courses at ENPC (École Nationale des Ponts et Chaussées), an elite engineering school.



Bouygues Immobilier employees received 22 hours of training on average in 2009

<sup>1</sup>Corporate Social Responsibility





### **Making diversity a genuine opportunity for the company**

An awareness-raising seminar and discussion for all human resources managers was organised in 2009. The aim was to reach a framework agreement spanning all aspects of diversity, modelled on existing agreements on the employment of older people. An in-house study of gender equality begun in late 2009 will provide the basis for framing a proactive gender equal-

ity policy in 2010. Women are already well-represented in the company, since 33.1% of managers and 20% of general management committee members are women.

### **Disability: strengthening partnerships with firms in the sheltered sector**

In 2009, Bouygues Immobilier stepped up its cooperation with firms in the sheltered sector. All staff were informed of the policy and almost all entities

now have a disability correspondent. Services purchased from firms in the adapted and sheltered sector include mail shots, routing and the recycling of computer hardware. The aim for 2010 is to subcontract certain services for the company's development projects, such as cleaning, security and gardening.

### **Older employees: going beyond regulatory requirements**

Going beyond new regulatory requirements, the agreement on the employment of older people concluded with the social partners in late 2009 places the policy implemented by Bouygues Immobilier for a number of years on a formal footing. The group has a hundred or so employees aged over 55 and undertakes to maintain those numbers for the next three years. Priority is given to two aspects: the well-being of older people in the workplace (stress prevention, listening, training, etc.) and the transmission of their know-how and expertise to newcomers through mentoring. 50% of employees aged over 45 attended at least one training course during the year and 15% of training hours in-house were dispensed by older people. Mid-career interviews have been introduced for older people and those who wish can ask for a skills assessment.

### **"BI&Me": encouraging the right work/life balance**

Following an in-house survey in 2007 and a consultation exercise in 2008,

Bouygues Immobilier prepared an action plan in 2009 to ensure respect for its employees' work/life balance. Training in how to prevent stress and manage unhappiness in the workplace will be introduced for managers in 2010, and all staff will be given train-

ing in time and priority management. Rules on the conduct of meetings will also be introduced. The project, called "BI&Me", aims to change people's attitudes and behaviour so that everyone works in the best possible conditions from a psychological standpoint.






## **OUTLOOK FOR 2010**

**Due to the completion of major commercial property projects (office and retail space) and the lower level of reservations in 2008, Bouygues Immobilier expects sales to fall in 2010. In markets slowly emerging from a period of crisis, Bouygues Immobilier intends to strengthen its positions.**

- > **Residential:** reinforce its position by taking advantage of government incentives and offering products which, in terms of price and type of housing, meet the requirements of owner-occupiers, especially first-time buyers.
- > **Commercial:** complete and deliver major projects in progress, ensure that future developments are backed by users or investors and prepare for the recovery by continuing the policy of innovation.
- > **Sustainable development:** continue the ambitious green property development policy:
  - by stepping up the launch of *BBC* (low-energy) residential developments;
  - by continuing to develop positive-energy office buildings and renovating existing buildings;
  - by becoming a recognised expert in the development of eco-neighbourhoods.
- > **Financial management:** maintain a solid financial structure.



# SUSTAINABLE DEVELOPMENT: CHALLENGES AND KEY INDICATORS

	AIM	KEY FIGURES		ACTION IN 2009	PROGRESS <sup>a</sup>	2010 OBJECTIVES
		2008	2009			
<b>FINANCIAL AND BUSINESS CHALLENGES</b>	<b>Making green building attractive and affordable</b>	<b>22%</b> of sales covered by an environmental certification scheme (H&E or HQE <sup>®</sup> )  <b>23,000 sq metres</b> of positive-energy office space planned with building permits secured (Green Office <sup>®</sup> Meudon)	<b>86%</b> of sales covered by an environmental certification scheme (H&E or HQE <sup>®</sup> )  <b>58,000 sq metres</b> of positive-energy office space (under construction and planned with planning permission secured)	<ul style="list-style-type: none"> <li>&gt; Creation of Rehagreen<sup>®</sup>, a service package that enables institutional owners to enhance the value of their commercial property assets through green rehabilitation projects</li> <li>&gt; Launch of Ginko in Bordeaux, Bouygues Immobilier's first eco-neighbourhood, which was awarded an energy efficiency and renewable energy prize by the Ministry of Ecology, Energy, Sustainable Development and the Sea</li> <li>&gt; Start of work on a retail park in Orange that boasts the biggest photovoltaic power plant incorporated into a public building in Europe (12,000 panels producing 2.5 GWh/year)</li> <li>&gt; Start of construction work on the first Green Office<sup>®</sup> positive-energy office building in Meudon, and launch of a new Green Office<sup>®</sup> project also in the Paris region</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Develop Rehagreen<sup>®</sup></li> <li>&gt; Formalise a sustainable neighbourhood offering</li> <li>&gt; Smart Grid<sup>®</sup>: with a partner, study a positive-energy building energy management solution to optimise energy consumption and production</li> <li>&gt; Promote Green Office<sup>®</sup> positive-energy office buildings</li> </ul>
		<b>3rd</b> Observatoire de la Ville debate	<b>4th</b> Observatoire de la Ville debate  <b>20</b> practical proposals under the Grenelle Building Plan	<ul style="list-style-type: none"> <li>&gt; Continuation for the third year running of the work of the Observatoire de la Ville</li> <li>&gt; Joint coordination, in the framework of the Grenelle Building Plan strategic committee (Pelletier commission), of a working group tasked with framing proposals to help property developers accelerate their transition to BBC<sup>c</sup> (low-energy) buildings</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Continuation of the work of the Observatoire de la Ville</li> <li>&gt; Launch a structured innovation policy at Bouygues Immobilier by creating a research and sustainable development committee</li> </ul>
<b>SOCIAL/HR CHALLENGES</b>	<b>Provide social housing to buy or rent</b>	<b>2,138</b> housing units sold to registered social landlords  <b>38</b> Maisons Elika homes reserved	<b>1,284</b> housing units sold to registered social landlords  <b>137</b> Maisons Elika homes reserved  <b>65</b> Maisons Elika homes delivered	<ul style="list-style-type: none"> <li>&gt; Delivery of the first Maisons Elika programmes</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Continue to develop programmes for registered social landlords</li> <li>&gt; Extend Maisons Elika products to major conurbations</li> <li>&gt; Anticipate new environmental requirements by incorporating low-energy objectives into new Maisons Elika programmes</li> </ul>
	<b>Motivate partners and suppliers behind a CSR<sup>d</sup> policy</b>	<b>270</b> suppliers given information about the CSR policy  <b>7</b> suppliers evaluated by EcoVadis according to CSR criteria	<b>350</b> suppliers given information about the CSR policy  <b>20</b> suppliers evaluated by EcoVadis according to CSR criteria	<ul style="list-style-type: none"> <li>&gt; Inclusion of a CSR clause in purchasing contracts</li> <li>&gt; Introduction of lifecycle analysis for certain strategic products (policy launched with 31 suppliers in 2009)</li> <li>&gt; Continuation of CSR assessments of main suppliers</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Continue the responsible purchasing policy in place since 2008: inclusion of a CSR clause in contracts, CSR assessment of suppliers by EcoVadis, lifecycle analysis of strategic products</li> <li>&gt; Measure the health and safety impact of construction materials and household amenities in order to select materials according to those criteria</li> </ul>
	<b>Favour diversity within the company</b>	<b>32.6%</b> of managerial staff are women	<b>33.1%</b> of managerial staff are women	<ul style="list-style-type: none"> <li>&gt; Conclusion of a company-wide agreement on the employment of older people (continuing employment, training, etc.)</li> <li>&gt; Appointment of a disability correspondent in almost all entities and an increase in subcontracting with companies in the sheltered sector</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Implement the agreement on the employment of older people</li> <li>&gt; Reach an agreement with social partners on methods for gender equality and disability policies</li> <li>&gt; Increase the use of companies in the sheltered sector, in particular for cleaning, security, gardening, etc.</li> </ul>

<sup>a</sup>Compared with 2009 objectives <sup>b</sup>Information technologies designed to optimise power distribution <sup>c</sup>BBC – Bâtiment Basse Consommation <sup>d</sup>Corporate Social Responsibility

 Measures introduced in 2009  Ongoing measures in 2009  Mature measures (continuous improvement)

## SUSTAINABLE DEVELOPMENT: CHALLENGES AND KEY INDICATORS (CONTINUED)

	AIM	KEY FIGURES		ACTION IN 2009	PROGRESS <sup>a</sup>	2010 OBJECTIVES
		2008	2009			
SOCIAL/HR CHALLENGES	Motivate, train and retain staff	<b>72%</b> of employees received training during the year  <b>29</b> hours of training on average per trainee	<b>71%</b> of employees received training during the year  <b>22</b> hours of training on average per trainee	<ul style="list-style-type: none"> <li>&gt; Preparation of a "BI&amp;Me" action plan designed to favour employees' well-being at work</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Roll out the "BI&amp;Me" action plan: specific training in stress prevention, unhappiness at work and time and priority management</li> <li>&gt; Implementation of a training plan with five priorities: customer support, sustainable development, managerial skills, "BI&amp;Me", new tools and processes</li> </ul>
	Carry out an active sponsorship policy in favour of architecture, sustainable development and solidarity for urban communities	<b>€786,000</b> spent on solidarity and sponsorship	<b>€499,000</b> spent on solidarity and sponsorship	<ul style="list-style-type: none"> <li>&gt; Creation of the Bouygues Immobilier corporate foundation</li> <li>&gt; Continuation as a founder partner of the Cité de l'Architecture et du Patrimoine in Paris</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Develop sponsorship to raise awareness of architecture in the general public</li> <li>&gt; Develop solidarity initiatives under the aegis of the Bouygues Immobilier corporate foundation</li> </ul>
ENVIRONMENTAL CHALLENGES	Design and build environment-friendly property development programmes	<b>18,599</b> housing units with H&E certification granted or pending  <b>1%</b> of building permit applications submitted during the year for BBC <sup>b</sup> (low-energy) buildings	<b>24,083</b> housing units with H&E certification granted or pending  <b>14%</b> of building permit applications submitted during the year for BBC (low-energy) buildings	<ul style="list-style-type: none"> <li>&gt; Continuation of systematic certification of all developments: H&amp;E for residential properties, HQE<sup>®</sup> for office buildings</li> <li>&gt; Introduction of a policy to anticipate new Grenelle environmental requirements: building permit applications submitted for over 1,500 BBC (low-energy) homes in 2009 (three years early)</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Accelerate the development of BBC (low-energy) residential properties</li> </ul>
	Reduce the environmental impact of business operations and reduce greenhouse gas emissions	<b>4</b> carbon balances of property development programmes with CarbonEco <sup>®</sup> software  <b>3,264 hours</b> of videoconferencing	<b>19</b> carbon balances of property development programmes with CarbonEco <sup>®</sup> software  <b>4,323 hours</b> of videoconferencing  <b>30%</b> energy saving on the data centre thanks to Green IT Factory <sup>®</sup>	<ul style="list-style-type: none"> <li>&gt; Launch of an in-house programme to train technical staff in carbon balance techniques</li> <li>&gt; Introduction of an in-house Green IT policy to reduce the carbon footprint from the use of new information and communication technologies</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Introduce an internal reporting system in order to carry out a complete carbon balance of Bouygues Immobilier's operations in 2011 (direct emissions and property development programmes)</li> </ul>
	Support customers in the responsible use of their homes and offices	<b>100%</b> of residential customers provided with information about how they can help protect the environment	<b>100%</b> of residential customers provided with information about how they can help protect the environment  <b>9</b> industrial firms as members of the Positive Energy Consortium  <b>5</b> themes studied by the Consortium and published in a White Paper	<ul style="list-style-type: none"> <li>&gt; Development and provision online of an eco-calculator, a simulator that measures the energy and water savings achieved by H&amp;E-certified buildings</li> <li>&gt; Publication of the first results of the Positive Energy Consortium's work in the form of a White Paper</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Prepare specifications for the development of tools that enable customers to manage the energy consumption of residential properties</li> <li>&gt; Expand the Positive Energy Consortium and continue work by engaging in new areas of research</li> </ul>

<sup>a</sup>Compared with 2009 objectives <sup>b</sup>BBC – Bâtiment Basse Consommation

Mature measures (continuous improvement) Ongoing measures in 2009 Measures introduced in 2009

## DETAILED NON-FINANCIAL INDICATORS AT 31 DECEMBER

FAMILY	INDICATOR	SCOPE	UNIT	2007	2008	2009	REPORTING FRAMEWORK
Employee benefits	Total amount of employee profit-sharing and employer's contributions to collective retirement savings schemes ( <i>Perco</i> )	France	€ '000	9,185	5,350	<sup>a</sup>	Internal
	Employee shareholders as a proportion of the total headcount	France	%	68.3	51.3	57.4	
Quality	ISO 9001 certified book sales	France Europe	%	97.9	96.6	96.2	GRI 3.2
Diversity and non-discrimination	Women in managerial positions	France Europe	%	33.4	32.6	33.1	Internal
	Disabled employees hired over the year	France	Number (full-time equivalent)	2	3	5.3	
	Units benefiting from subcontracting agreements with the sheltered sector	France	Number (full-time equivalent)	0.06	3.13	3.61	
Training	Employees given training	France Europe	%	73	72	71	GRI LA 10
	Training dispensed	France Europe	Hours	31,407	33,531	18,659	Internal
	Average number of hours per trainee	France Europe	Hours	28	29	22	
	Proportion of annual payroll spent on training	France Europe	%	3.7	3.2	1.9	
Career tracking	Employees given an annual assessment	France Europe	%	69	77	87	
Safety	Industrial accident frequency rate <sup>b</sup>	France	<sup>c</sup>	3.98	2.74	5.65	GRI LA 7
	Industrial accident severity rate <sup>b</sup>	France	<sup>d</sup>	0.125	0.088	0.190	
Labour relations	Collective agreements negotiated	France	Number	6	2	6	Internal
	Participation in most recent works council elections	France	%	76	76	76	
Sponsorship and solidarity	Expenditure	France	€ '000	724	786	499	Internal
Environmental Management System (EMS)	Book sales covered by an environmental certification scheme (H&E, <i>HQE</i> <sup>®</sup> )	France Europe	%	13.6	22.3	85.9	GRI 3.2
Energy	Direct electricity consumption	France (consumption billed only)	kWh/employee	5,540	3,873	3,564	GRI EN 3
Water	Total water consumption per employee	Headquarters	Cu m/employee	13	11.8	13.6	GRI EN 8

■ Financial and business challenges ■ Social/HR challenges ■ Environmental challenges

<sup>a</sup>Not available at publication date <sup>b</sup>Indicator subject to possible correction since it has to be validated after publication by the relevant authorities <sup>c</sup>Frequency rate: number of industrial accidents involving time off work x 1,000,000 / number of hours worked <sup>d</sup>Severity rate: number of days off work x 1,000 / number of hours worked

### Commentaries on trends

#### Hours of training dispensed during the year and proportion of annual payroll spent on training

The decline in 2009 was due to the fact that induction training and some training courses for senior executives were suspended.

#### Industrial accident frequency and severity rates

The increase was caused by accidents that occurred during seminars and falls down stairs (44% of the total).

#### Participation in most recent works council elections

There has been no observable trend over the last three years since the last works council elections took place in December 2006. The next elections will be held in December 2010.

#### Solidarity expenditure

The decline in 2009 was due to the refocusing of sponsorship initiatives on the missions of the Bouygues Immobilier corporate foundation created in 2009.

#### Book sales covered by an environmental certification scheme (H&E, *HQE*<sup>®</sup>)

The significant increase in 2009 is due to the fact that

since 1 July 2007 all applications for permits to build residential properties submitted by the company in France have H&E certification and major office projects have *HQE*<sup>®</sup> certification.





# THE WORLD'S LEADING ROADBUILDER

## Holding up well on falling markets

**€11,581m** (-9%)  
2009 sales

**4.7%** (-0.6 pts)  
Operating margin

**€387m** (-21%)  
Net profit attributable  
to the Group

**€6.3bn** (+7.5%)  
Order book

**66,771**  
Employees

**€11,500m** (-1%)  
2010 sales target

Colas operates in all segments of roadbuilding and transport infrastructure in 40 countries around the world. It also spans the full range of upstream industrial activities, from aggregates, asphalts and ready-mix concrete to emulsions, waterproofing membranes and road safety equipment.



Work on the M6-M60 motorway in Hungary

### Present in all roadbuilding and transport infrastructure activities

Colas felt the effects of the global financial crisis in its business lines in 2009. Activity levels in infrastructure construction and maintenance markets were significantly lower in almost all the countries where the company has operations.

Consolidated sales amounted to €11.6 billion in 2009, lower than the record level achieved in 2008. There were many reasons for the decline, including a drop in private and public-sector investment, the postponement of stimulus plans and displacement effects, the completion of a number of exceptional major projects in late 2008 without any immediate replacements, unfavourable winter weather in the first half of the year, a fall in the price of works and the impact of lower bitumen prices on sales.

Except in Asia and Morocco, all Colas' 1,400 local profit centres in some 40 countries around the world experienced a decline in business volumes, often greater than expected. The contribution of external growth was marginal.

#### France

The group's roads business is highly diversified. Each year, Colas completes

### HIGHLIGHTS

#### External growth

> Conclusion of preliminary agreements for the acquisition in June 2010 of Société de la Raffinerie de Dunkerque in order to secure bitumen sources.

#### Projects in progress

> Tramways in Reims and Angers (France).  
> M6-M60 motorway (Hungary).

> Port of Anchorage in Alaska (United States).  
> Highway 85 in Quebec (Canada).

#### Long-term projects – PPP – Concessions

> Award of a fourth road management and maintenance contract (Area 12) in the UK.  
> PPP contracts: Reunion Island Tram-Train<sup>1</sup>, D1 motorway<sup>1</sup> in Slovakia.

#### Sustainable development

> Fuel-saving campaign.  
> Practical measures to implement the diversity policy (disability, older employees, integration, gender equality).

<sup>1</sup>Financing currently being finalised



around 57,000 projects involving the construction and maintenance of transport infrastructure (motorways, national and local road networks, airports, seaports, railway hubs and reserved-lane public transport). They also include small-scale civil engineering and drainage works, often linked to road projects. Upstream, the group is an industrial producer of aggregates and roadbuilding materials such as asphalt mixes, binders, emulsions and ready-mix concrete. The group has five other complementary activities.

**Road safety and signalling** comprises the manufacture, installation and maintenance of safety equipment, road marking, lights and traffic/access management systems. The **pipes and mains** business includes the laying and maintenance of large- and small-diameter pipes for transporting fluids (oil, gas, water). **Waterproofing**

comprises the production and sale of waterproofing membranes in France and on international markets, the waterproofing of roadways and the waterproofing, cladding and roofing of buildings, plus a photovoltaic energy activity. The **railways** sector includes the design and engineering of complex, large-scale projects, the construction, renewal and maintenance of rail networks, including *LGV* high-speed lines, conventional track, tramways and subway lines (infrastructure, overhead lines, electrification, signals), specific works and a rail freight business. **Building** comprises a construction business on Reunion Island and in the Paris region and a demolition and construction business in the Paris region and other French regions.

On **roadbuilding and civil engineering markets**, Colas subsidiaries are in competition with Eurovia (Vinci

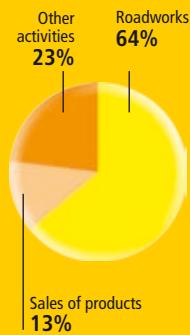
#### Sales € billion



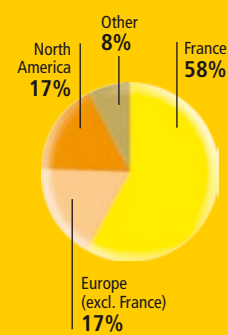
#### Net profit € million



#### Sales by segment



#### Sales by region



#### Cash flow € million



#### Net capital expenditure € million



## Condensed balance sheet at 31 December

ASSETS (€ million)	2008	2009
• Property, plant and equipment and intangible assets	2,411	2,372
• Goodwill	469	467
• Non-current financial assets and taxes	649	663
<b>NON-CURRENT ASSETS</b>	<b>3,529</b>	<b>3,502</b>
• Current assets	4,030	3,641
• Cash and equivalents	425	536
• Financial instruments <sup>1</sup>	11	9
<b>CURRENT ASSETS</b>	<b>4,466</b>	<b>4,186</b>
<b>TOTAL ASSETS</b>	<b>7,995</b>	<b>7,688</b>
LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	2008	2009
• Shareholders' equity attributable to the Group	2,140	2,276
• Minority interests	37	34
<b>SHAREHOLDERS' EQUITY</b>	<b>2,177</b>	<b>2,310</b>
• Non-current debt	186	212
• Non-current provisions	648	663
• Other non-current liabilities	79	82
<b>NON-CURRENT LIABILITIES</b>	<b>913</b>	<b>957</b>
• Current debt	53	45
• Current liabilities	4,649	4,205
• Overdrafts and short-term bank borrowings	183	153
• Financial instruments <sup>1</sup>	20	18
<b>CURRENT LIABILITIES</b>	<b>4,905</b>	<b>4,421</b>
<b>TOTAL LIABILITIES</b>	<b>7,995</b>	<b>7,688</b>
<b>Net surplus cash</b>	<b>(6)</b>	<b>117</b>

<sup>1</sup>Hedging of financial liabilities at fair value

## Condensed income statement

(€ million)	2008	2009
<b>SALES</b>	<b>12,789</b>	<b>11,581</b>
• Net depreciation and amortisation expense	(466)	(481)
• Net charges to provisions and impairment losses	(153)	(183)
• Other income and expenses	(11,488)	(10,376)
<b>OPERATING PROFIT</b>	<b>682</b>	<b>541</b>
• Income from net surplus cash	(22)	(34)
• Other financial income and expenses	6	1
• Income tax expense	(217)	(172)
• Share of profits and losses of associates	46	55
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>	<b>495</b>	<b>391</b>
• Net profit from discontinued and held-for-sale operations	-	-
<b>NET PROFIT</b>	<b>495</b>	<b>391</b>
• Minority interests	(5)	(4)
<b>CONSOLIDATED NET PROFIT (attributable to the Group)</b>	<b>490</b>	<b>387</b>





group), Eiffage TP (Eiffage group), NGE, large regional firms and 1,600 small and medium regional and local firms. Cement makers like Lafarge, Cemex and Ciments Français are competitors on the aggregates and ready-mix concrete markets.

Subsidiaries operating in complementary activities compete with the specialist units of French and international construction firms, plus a host of regional, national and foreign firms of all sizes.

Colas leads the field in roadbuilding and railways and is in second place for the production of aggregates and waterproofing.

### International

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

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

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

## Holding up well on falling markets in 2009

### France

Consolidated sales in France fell by 8% on 2008 to €6.75 billion.

#### Mainland France

In a market that was estimated to have shrunk by 9%, Colas and its 16 regional **roads** subsidiaries reported €4.7 billion in sales, down 8.6% on 2008. After a sharp fall in the first half of the year due mainly to lower public-sector spending, a significant decline in private investment and poor winter weather, the expected upturn in the second half of the year as the full effect of the stimulus plan kicked in was weaker than anticipated, although a positive impact was observed in the last quarter.

Local government spending was dented by a displacement effect between planned investment and measures under the stimulus plan, the late start on projects and uncertainties about local authority funding. However, with some geographical disparities, the stimulus plan and the efforts of most local authorities helped to cushion the fall in the volume of business.

In all events, the volume of business cannot explain the sudden plunge in price levels. Falling bitumen prices also had an impact on sales. Steps have been taken to adapt to the situation and capital expenditure has been held

down to the strict minimum.

**Safety and signalling** subsidiaries reported similar levels of activity to those in 2008, with slightly lower sales.

Like-for-like, sales in the **pipes and mains** segment remained at the same level as in 2008. There was sustained demand in the energy sector.

**Waterproofing** subsidiaries reported the same level of sales as in 2008, after a steady five-year rise. The photovoltaic energy business is growing.

In the **railway** sector, business picked up in all segments, especially track replacement and maintenance and the construction of tramway lines.

#### French overseas departments

On Reunion Island, against a background of recession, sales fell sharply in comparison with 2008 due to the completion of the major *Route des Tamarins* road project and a drop in private investment. In August, the Tram'Tiss consortium, of which Colas is the lead firm through GTOI and Colas Rail, was designated as the preferred candidate to build the tram-train under a Public-Private Partnership (PPP) agreement concluded in December.

Activity in the Antilles was paralysed in the early part of the year by a wave of unrest that had far-reaching effects on the economy and investment. Although business held up well in Guiana, total sales in French overseas departments fell by 19%.





Construction of Highway 85 in Quebec, part of the Trans-Canada Highway

## International markets and French overseas territories

Sales on international markets and in French overseas territories amounted to €4.8 billion, a fall of 11.6% on 2008 (10.9% like-for-like and at comparable exchange rates).

### Europe

Sales in Europe (excluding France) amounted to €2 billion, 16.1% down on 2008 (-11.6% like-for-like and at constant exchange rates). Although business held up well in the UK, sales fell in Northern Europe, though not as much as in Central Europe, where Romania and Croatia were especially hard hit by the crisis.

In the **United Kingdom**, despite the crisis, Colas Ltd continued to perform

well, benefiting from four long-term contracts to manage and maintain the road and motorway networks in Areas 14, 10, 7 and 12. Colas Rail Ltd was awarded a new track replacement contract. Sales continued to grow in **Switzerland**, but roads activity fell in **Denmark, Ireland, Iceland** and **Belgium**, though rail business in Belgium remained firm. Traditional roadbuilding, hit by the crisis, fell sharply in the countries of **Central Europe** where Colas operates, like **Hungary** and **Slovakia**. In Hungary, some large-scale projects like the PPP project to build an 80-km section of the M6-M60 motorways continued according to schedule, helping to cushion the fall. In **Romania** and **Croatia**, extensive measures have been taken to adapt to plunging levels of activity

due to those countries' severe budget difficulties.

### North America

Sales amounted to €1.9 billion, 9.4% lower than in 2008 (-12.7% like-for-like and at constant exchange rates).

In the **United States**, in a falling market nevertheless supported by the stimulus plan, subsidiaries performed well despite displacement effects in States in financial difficulty and the postponement of projects to 2010. The fall in sales was partly due to lower prices for oil products, especially bitumen. The federal multiyear transportation programme, called SAFETEA-LU, which expired in September, is likely to be provisionally renewed for an 18-month period. Margins were pre-

served despite lower volumes, due in particular to an ongoing policy of keeping operating costs down. Emulsion plants and a bitumen depot were acquired in Georgia.

In **Canada**, in a context of slowing demand, sales fell slightly in the western provinces, especially Alberta, where the oil industry was hit by lower oil prices. In Quebec, in contrast, sales were robust, stimulated by public-sector infrastructure spending. Acquisitions were made in Saskatchewan (a new sphere of operations), Quebec and British Columbia.

### Rest of the world

In **Morocco**, all subsidiaries again reported a sharp rise in sales in 2009 as a result of the many large-scale infrastructure projects on which the country has embarked. In **West Africa** (Benin, Togo and Gabon), sales remained virtually unchanged. Activity was stable in the **Indian Ocean** with the exception of **Madagascar** where business, hard hit by political turbulence in the country, was limited to ongoing private-sector mining contracts. In **Asia**, where Colas operates in nine countries and focuses on the production, distribution and sale of bitumen products, all units reported a sharp increase in sales as a result of the economic recovery. Sales in **Australia** fell slightly.

### Projects

In 2009, over 105,000 projects were completed in over 40 countries.

### France

- Construction and maintenance of motorways (sections of the A36, A65, A75 and A714 motorways) and roads (Angoulême eastern bypass, RN2, RN88, RD1324).
- Refurbishment of the runway at Beauvais airport.
- Urban redevelopment projects at Chantilly, Châtelleraut, Rennes and Thonon-les-Bains.
- Continuation of the PPP tramway project in Reims.
- Start of work on the tramway in Angers.
- Supply and installation of 100 km of metal safety barriers on the A19.



Colas has a multiyear road management and maintenance contract for Area 12 in the UK

- Construction under an Engineering Procurement Construction (EPC) contract of the Bazainville interconnection station turnkey project for GRT Gaz.
- Installation of photovoltaic power plants at the Pôle Solère in Lyon.
- Track replacement works on the Bourg-en-Bresse to Bellegarde railway line.
- Construction of the Oyapock road in French Guiana.

#### International

- Maintenance and management of the road and motorway network in Areas 14, 10, 7 and 12 in the United Kingdom.
- Construction of the Geneva tramway as a member of a consortium.
- Construction as a PPP project of a 78-km section of the M6-M60 motorways and a 12-km section of the M31 motorway in Hungary.
- Construction of an 8-km section of the D1 motorway in Slovakia, the Pribor and Lovosice bypasses in the Czech Republic and the Suceava bypass in Romania.
- Completion of the redevelopment of the port terminal at Anchorage in Alaska (United States).
- Construction of Highway 85 on the TransCanada Highway in Quebec.
- Construction of the Rabat-Salé tramway in Morocco.

- Infrastructure and civil engineering work for the major Sherritt mining project in Madagascar.

#### Industrial activity

Total output of construction materials, especially aggregates, in 2009 amounted to 106 million tonnes, down 10% on 2008 from 685 quarries and gravel pits spanning the full range of the group's operations. Colas either directly owns or has rights to reserves totalling 2.6 billion tonnes, equivalent to roughly 24 years' production.

#### Research and development

Research has been a strategic priority for Colas for many years. With a portfolio of 142 patents for products used in France and around the world, the group continues to pioneer new roadbuilding techniques suited to the different needs of an ever-changing global market.

Colas spent €70 million on R&D in 2009, the same amount as in 2008, 60% of which in France (according to the OECD<sup>1</sup> definition, which includes organised research, technical laboratory activities, IT and engineering consultancy).

The aim of Colas' R&D policy is to anticipate and respond to the needs of public and private transport infrastructure clients, users and local residents in terms of quality, safety, environmental



The Colas Campus for Science and Techniques (CST), the leading private-sector road industry research centre

protection (especially energy efficiency, reduced greenhouse gas emissions and savings on materials) and cost. Colas also seeks to improve existing technologies, design new products and extend the range of services on offer.

Colas has an extensive international network of in-house technical staff, expanding continuously as new companies join the group. A driver of innovation, the network has close links

with operational divisions and teams in the field. At its heart, the Campus for Science and Techniques (CST) in Magny-les-Hameaux, to the west of Paris, is the road industry's biggest private research centre and spearheads the group's innovation policy.

Some 50 or so decentralised laboratories and about 100 engineering consultancies work in liaison with the Campus in France and in other

countries, contributing to the group's research effort and providing teams on the ground with technical support adapted to the local context.

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

<sup>1</sup>Organisation for Economic Co-Operation and Development



# SUSTAINABLE DEVELOPMENT

## Our approach

The leading player in the construction and maintenance of transport infrastructure and urban and leisure amenities, Colas aims to satisfy essential needs and aspirations. In doing so it must act responsibly, taking account of contemporary concerns and contradictions such as social cohesion and climate change. To provide a firm foundation for its action, Colas has drawn up a map of its interactions with stakeholders on the basis of the structural analysis shown in the table below.

Three main conclusions can be drawn:

- the people on the ground play a key role for Colas' image in society;
- environmental issues (especially materials production) are central to Colas' reputation in society;



- customers are a major local opinion-shaping force in Colas' dialogue with civil society.

By superimposing this stakeholder map on a risk analysis, Colas has identified three strategic challenges and five other major challenges.

Colas' branches, subsidiaries and divisions also carry out actions rooted in their local context. The variety of these actions bears witness to the mobilisation of staff (see the [www.colas.com](http://www.colas.com) website for more detailed information).

## Three strategic challenges

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

### Renewing and enhancing human resources

Colas has to deal with generational renewal and periods of strong growth. Its human capital and the enhancement of its human resources are vital to the company's success and continued existence. The key issues at stake are recruitment, diversity, loyalty and training.

### Recruitment

Colas continued to recruit in 2009, hiring nearly 5,800 new employees (compared with 7,450 in 2008), including over 2,400 in France. The 3% decline in the total headcount was due to the completion of major projects on Reunion Island and in Madagascar and a lower level of recruitment linked to the 9% drop in sales. Colas greatly strengthened synergies in France and elsewhere in 2009, transferring staff between subsidiaries in order to cope with falling activity levels. In mainland France, this helped to preserve jobs; in overseas departments and other countries, 582 workers in Romania and on Reunion Island had to be laid off on account of the downturn.

Colas hosted nearly 2,500 interns in 2009 (3,500 in 2008), 430 of them

outside mainland France (660 in 2008). Over 600 young people on work/study contracts at all levels of qualification were trained and assessed in 2009 (870 in 2008) prior to recruitment.

### Diversity

The appointment of a diversity officer in 2009 gave practical expression to the company's desire to move forward in order to enhance its collective intelligence. Diagnostic exercises were begun in 2009 to provide a foundation for three-year action plans.

### Older employees

Colas concluded an agreement in October 2009 covering all subsidiaries in mainland France, defining five areas of action and tracking indicators.

### Disability

A number of subsidiaries have introduced policies to encourage the employment of disabled employees. As it has done since 2006, Colas continued to support the sight-impaired athlete and four-time Paralympic medal-winner Assia El'Hannouni, recruiting her to a position in the Communications department. The film *Déterminations* was shown to over 37,000 elected officials in France and abroad.

### People in difficulty

In France, Colas continued its partnership with EPIDe<sup>1</sup>, a French Defence Ministry integration agency, and maintained integration contracts with local bodies.

Elsewhere, subsidiaries in a number of

## ISSUES IN THE DIALOGUE WITH STAKEHOLDERS

	Customers	Human Resources	Civil society	Environment and audit bodies	Suppliers	Shareholders
Customers	○	●	●	●	●	●
Human Resources	●	○	●	●	●	●
Civil society	●	●	○	●	●	●
Environment and audit bodies	●	●	●	○	●	●
Suppliers	●	●	●	●	○	●
Shareholders	●	●	●	●	●	○

Not significant ○ Low risk ● Medium risk ● Substantial impact ● Major impact ● Strategic challenge ●

<sup>1</sup>Établissement Public d'Insertion de la Défense



countries (Alaska, Belgium, Canada, Djibouti, Romania, Slovakia) are stepping up measures to recruit people from high-unemployment areas and to offer opportunities to the long-term unemployed.

#### Gender equality

Women represented 8.2% of the workforce in France (8.4% in 2008) and 9.2% outside France (8.7% in 2008). A working group has been asked to come up with proposals for improvements. The number of women in traditionally male jobs is increasing very slowly.

#### Staff recognition

In France as elsewhere, employees are paid substantially more than the minimum wage<sup>1</sup>. Outside France, benefits are gradually being harmonised within the same geographical area, amongst other things in order to encourage mobility.

Labour representation in France is based on 342 works councils and 30 group councils, while international subsidiaries elect their representatives to the Bouygues European Works Council. In 2009, new agreements were concluded with social partners in France, Canada, Madagascar, Romania and Slovakia.

#### Training and internal promotion

The training budget again represented 4% of the total payroll. Training plans cover all categories of staff, whatever their level, and all spheres of activity, with safety remaining a key focus.

<sup>1</sup>See Colas detailed non-financial indicators on page 68

For internal promotion purposes, in France Colas awarded occupational qualification certificates to 70 employees in 2009 and continued to train site workers for supervisory positions. Membership of the Compagnons de la Route guild offers younger workers a guarantee of quality and know-how. Two new branches of the guild were created in 2009, in Canada and on Reunion Island.

#### Societal acceptance of production sites

Colas has a vertical integration strategy for the production of construction materials (aggregates, ready-mix concrete, asphalt mixes, bitumen, emulsions, binders, waterproofing membranes, etc.). It is becoming increasingly difficult to secure acceptance of production sites, especially among local residents. Action plans focus on two aspects in particular.

#### Exemplary behaviour

Each site must go beyond mere compliance with the regulations, implying a policy of seeking environmental certification such as ISO 14001. 57% of sales from Colas' industrial output in France and elsewhere were covered by a certification scheme in 2009, compared with 50% in 2008. Progress is measured and documented on the basis of worldwide checklists that cover over 60% of sites and make it possible to consolidate action plans in a system that forms an integral part of the operational internal control system (France and international markets).

#### Initiating regular dialogue with local residents

Dialogue with local residents is a means of listening to expectations, explaining the practical requirements of the work involved, moving towards better mutual understanding and heading off crisis situations. In 2009, 32% of sales from Colas' industrial output were covered by a local dialogue structure (23% in 2008), the aim being to exceed 50% in 2010.

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

- **New construction works** account for less than 20% of sales. The environmental impact is assessed at the design stage and Colas implements and enhances its customers' environmental protection plans during the construction phase.
- Most of the company's **regular business** (the price tag for an average Colas project is still under €100,000) involves maintaining or redeveloping existing roads or rail track. In surroundings that are already man-made, environmental issues are mostly limited to the management of liquid products and waste, most of it inert.

In addition to initiatives designed to encourage peaceful coexistence between industrial sites and local residents, some techniques and methods for building or rehabilitating pipes and mains without digging trenches have been developed, along with the

Nanosoft® noise-reducing surfacing. Popular with users (surface noise is a pet hate), over 200,000 sq metres of the surfacing were laid in 2009.

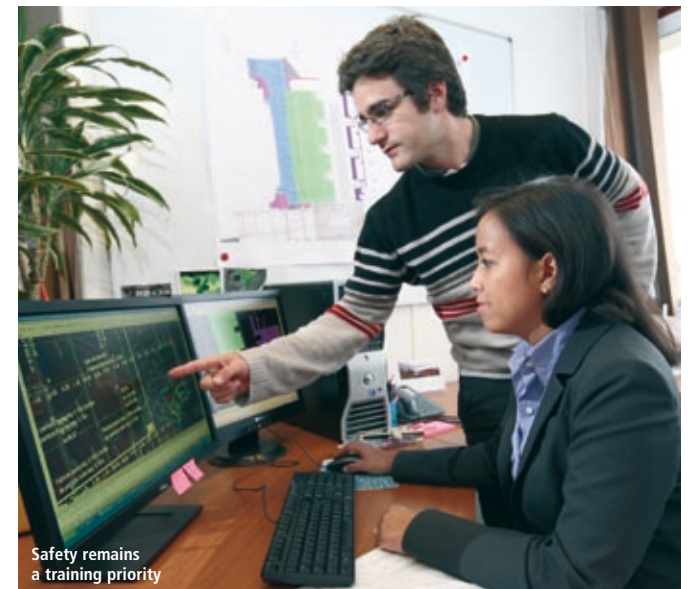
#### Business ethics

Compliance with business ethics is an inalienable principle at Colas: it is a key element of the internal control system, backed up by a sanctions policy. The absolute necessity of applying ethical principles is regularly reaffirmed in executive training and when the Bouygues group Code of Ethics is circulated. Fair and open competition offers the best conditions for Colas to promote its know-how and develop long-term partnerships with its customers. Transparency and the

circulation of information are also guarantees of effective cooperation and self-fulfilment at managerial level: loyalty and motivation are enhanced when individual and corporate values coincide.

Colas' Board of Directors created an Ethics Committee in 2009 to examine alerts and risk situations and sponsorship agreements worth more than €20,000.

Colas has also taken a number of practical ethics-related measures, often teaming up with independent partners. Such measures include a secure weighing system at French asphalt plants ensuring the traceability of deliveries with Association Qualité Pesage,



Safety remains a training priority



a quality association, and auctions of pre-owned civil engineering equipment under the supervision of Tracfin, the French money-laundering watchdog, to avoid illegal cash transactions.

## Five other major challenges

Colas has less freedom of action with regard to these five additional challenges as for the three strategic challenges, even if some, like energy, may be deemed equally important.

### Safety

Long a priority for Colas, the safety of its employees is the first expression of the company's respect for its human capital.

### Preventing industrial accidents

In 2009, the accident frequency rate<sup>1</sup> showed an improvement of around 15% on the 2008 figure, both in France and on international markets.

Prevention measures include:

- **Risk assessment and awareness raising** with risk assessment software and tools, action plans, presentation of safety instructions, video analysis of behaviour, etc.
- **Structured motivation:** line managers have been mobilised, backed up by coordinators with a day-to-day accident prevention role on the ground. Units with safety certification (OHSAS 18001, MASE, ILO, etc.) accounted for 34% of sales in 2009 (mainland France and international).
- **First-aid training:** this benefits colleagues, family, friends and society in general while also raising awareness of safety issues. Some 19,210 employees had workplace first-aid certificates in 2009, representing 29% of the workforce (24% in 2008).

### Road safety

Colas reasserted its commitment to road safety in 2009, renewing the

French and European road safety charters to which it had initially signed up in 1997 and 2005 respectively. The commitment is central to Colas' road-building activities.

A network of over 500 road safety officers pass on safe driving and accident avoidance advice and help with the work organisation. Handbooks on safe and fuel-efficient driving for plant operators and vehicle drivers were prepared in 2009.

The accident frequency rate<sup>1</sup> involving company vehicles in France improved from 0.088 in 2008 to 0.084 in 2009. The frequency rate has fallen by 62% in 12 years even while the plant and vehicle fleet increased by 93%. The road safety policy is gradually being extended to all the countries where Colas operates.

### Health

Colas has a health protection policy designed to encourage healthy living, including measures like a "back clinic" at Colas Belgium and healthcare partnerships in the United States. Many subsidiaries have introduced anti-addiction training, and random on-site drug and alcohol testing is carried out in those countries that permit it. Exposure to chemicals is dealt with under another heading<sup>2</sup>.

### CSR in southern hemisphere countries

Infrastructure is not exportable. It is built locally, with local human resources. Infrastructure work is highly sensi-

tive to the cost of transporting bulk materials and subject to very short lead times (a few hours for laying concrete or applying asphalt mix). For Colas, the aim of an international presence is not to relocate operations to low-cost countries but to seek opportunities for growth and to balance country risks.

In Morocco and Madagascar, where the group has had extensive operations for over 50 years, and countries like South Africa, Benin and Djibouti, where its operations are more recent or on a smaller scale, Colas contributes to economic, social and cultural development, growth and environmental protection in addition to carrying out its regular projects.

- **In labour relations,** Colas implements a progressive human resources policy in terms of pay and benefits, training and promotion, etc.
- **In health,** initiatives focus not only on staff and their families but also on

local populations, including health visits, dispensaries, HIV/AIDS prevention, anti-malaria campaigns, etc.

- **In the environmental sphere,** priority is given to protecting biodiversity, combating deforestation and cutting waste. The International Road Federation awarded Colas Madagascar its top environment prize in 2009.

- **In relations with society,** Colas designs site installations so that they can subsequently be left to local authorities, participates in water distribution and installation of main services during its operations and mobilises its resources when disasters like fires or floods hit local populations.

- **Human rights policy** focuses on dignity and recognition of local staff in order to set an example to others, especially subcontractors, suppliers and local people. If staff are



<sup>1</sup>Number of accidents with time off work x 1,000,000 / number of hours worked <sup>2</sup>See Chemical Hazards on page 65

themselves respected, they naturally promote human rights in their professional relations with the rest of society.

### Energy and greenhouse gases

The carbon constraint will affect the entire economic landscape. Aware of the need to adapt, Colas offers a range of lower-carbon products and technologies and is making a deter-

mined effort to improve its own energy efficiency.

#### Energy content of products and services

- **Écologiciel®** (Colas) was the first software package to calculate lower-carbon variants for roadbuilding projects, as was Spac's Éco-Cana for pipes and mains. In order to meet demand for a package that will enable all firms' eco-variants to com-

pete on a level playing field, Colas and the rest of the industry in France are developing a shared online eco-comparer that will become available in 2010. The scheme received official encouragement from the Ministry of Ecology, Energy, Sustainable Development and the Sea when a charter was signed with French road industry association, Ursif<sup>1</sup>, in March. In late 2009, the French government changed its general procurement conditions to authorise eco-variants in maintenance and construction contracts. Outside France, Colas takes the same approach wherever possible. In 2009, Écologiciel® was used in the preparation of over 1,000 bids (up from 500 in 2008), proposing total savings of 175,000 tonnes of CO<sub>2</sub> (40,000 in 2008). However, the take-up rate was disappointing, since while waiting for the new tool to become available customers accepted variants representing savings of only 13,000 tonnes (15,000 in 2008).

- **Néophalte BT®, 3E®** asphalt mix<sup>2</sup>, **Ecomat®**, etc. Industrial production of low-temperature mastic asphalt and asphalt mixes began in Belgium, Canada, France, Switzerland and the United States. The products offer energy savings of 10 to 30% and account for 2% of Colas' total worldwide output, representing savings of over 2,000 tonnes of CO<sub>2</sub>. The initial objective of 10% of output should be achieved in the near future.

Energy saving campaign launched by Colas in 2009



**TOGETHER,  
LET'S REDUCE  
OUR ENERGY  
CONSUMPTION**

In order to fight climate change, generate savings and reduce the number of accidents, the Colas Group is committed to reducing its fuel consumption by 20%  
Let's save energy, together, we can do it!



### TESTIMONIAL

#### Mike Cardinal,

member of the Big Stone clan of the Cree nation from northern Alberta (Canada), former member of Alberta's Legislative Assembly<sup>a</sup>

|| Works Alberta<sup>b</sup> had to do more to protect wildlife and the environment, engage in more consultation with tribes, contribute to economic development and job creation and ensure people's safety.

For that, they had to establish contacts with aboriginal groups, trappers, local, provincial and federal authorities and other firms. Reaching a consensus is always complicated but necessary.

The new partnerships set up by Works Alberta with the aboriginal people not only meant that aggregate deposits could be developed, they also benefited our people in the form of jobs and training. They joined the firm in large numbers.

So Works Alberta came to a better understanding of the aboriginal way of life and changed the way it does business. By accepting the challenge, Works Alberta proved that it is possible to live successfully with the aboriginal people and in doing so raised the bar for the entire industry. ||

<sup>a</sup>Mike Cardinal was also the first aboriginal minister in Alberta's history, holding five successive cabinet posts <sup>b</sup>Colas' subsidiary in Alberta (Canada)

- **Végéroute** products use plant-based instead of oil-based components which cut application and manufacturing temperatures and even reduce the quantities required. The range includes Végéflux®, a fluxing agent, Végécol®, a binder, Ostréa®, a hot-application road marking product, Neogreen emulsion and Compomac V® asphalt mixes. With each usage the 'carbon sink' effect ensures a positive carbon balance, offering a 7,000-tonne reduction in CO<sub>2</sub> in 2009 in comparison with conventional products.
- Demand for **photovoltaic roofing** rose very rapidly in 2009, representing 10% of Smac's order intake and a total of 100,000 sq metres (13 million KW), ten times more than in 2008.

#### Energy consumption and efficiency

- **Measurement:** the first step in making Colas more energy-efficient is to measure its fossil fuel consumption (electricity accounts for only a small proportion of its energy footprint). While it is relatively simple to monitor the burner consumption of Colas' 700 asphalt plants, it is much more complicated to track the consumption of 70,000 vehicles and items of plant at over 3,000 sites. Colas has equipped 1,200 machines and vehicles with tracking devices and held discussions with equipment suppliers on real-time data transmission and recovery standards.
- **Workforce mobilisation:** at the end of 2009, Colas launched a national and international cam-

<sup>1</sup>Union des Syndicats de l'Industrie Routière Française <sup>2</sup>Environment-friendly, Energy-Efficient



campaign aimed at vehicle drivers and plant operators with the objective of reducing fuel consumption by 20% through calm driving techniques and by encouraging drivers not to leave engines idling. The campaign has a “three times better” theme: better for efficiency, better for safety, better for the environment.

- **Asphalt plants:** burner fuel consumption fell again in 2009, by 4.2% per tonne of asphalt mix in comparison with 2008 (giving a 10% reduction in two years), representing

a saving of 100,000 tonnes of CO<sub>2</sub> (40,000 in 2008). This was achieved through a combination of lower consumption and greener fuels (recycled fuel in North America, switch to natural gas in Europe).

- **Overall assessment:** Colas has started to calculate its carbon footprint, both within the group and in upstream operations. The result, which will be known in 2010, will provide a basis for comparing amounts of CO<sub>2</sub> not emitted with Colas’ overall footprint (230,000 tonnes of CO<sub>2</sub>

in 2009) and for a more accurate segmentation of the carbon footprint so that new avenues for action can be explored.

## Recycling

Recycling is a fundamental priority, since Colas is a major producer and user of construction materials. Civil engineering is the industry that consumes the most bulk materials, but since they also lend themselves to recycling, roadbuilding is also a major user of recycled materials.

### Recycling platforms

Production of recycled materials fell by 15% in 2009, while output from Colas quarries and gravel pits fell by only 3.5%<sup>1</sup>, the first time since the indicator has been tracked that recycling has fallen behind new materials production. In all, 8.7 million tonnes of materials (spoil, mastic asphalt from pavements, concrete demolition rubble, slag, clinker, etc.) were recycled in 2009 compared with 10.2 million tonnes in 2008, equivalent to 10.5% of Colas’ total production of aggregates or the output of 26 quarries<sup>2</sup>.

### Asphalt mixes

Colas’ production of asphalt mixes incorporated 9% of recycled asphalt mixes (8% in 2008), representing a saving of almost 3.6 million tonnes of aggregates and about 180,000 tonnes of bitumen, equivalent to the output of a medium-sized refinery and 70,000 tonnes of CO<sub>2</sub> not emitted. Figures vary considerably, from 21% in



Recycling road pavement in Ariège, southern France

Belgium and 20% in the United States to 5.2% in France, with a target of 10% in 2010.

### In situ recycling

*In situ* recycling jumped in 2009 to over 7.5 million sq metres of road surface (5 million sq metres in 2008), mostly in North America, France, the UK, Hungary and West Africa, using a whole range of techniques (Valorcol®, Recycold®, etc.).

### Chemical hazards

Colas aims to actively control the risk of chemical hazards. For example, over 50% of Aximum road painting products are covered by an environmental labelling scheme. Colas has set itself a number of priorities.

- **Solvents:** scrapping the use of solvents in laboratories, solvent-based degreasing fountains and toluene in road paints.

- **Pigments:** scrapping the use of heavy metal-based pigments in paints, research into a non-powder formulation.

- **Non-stick products:** scrapping the use of fuel oil for the application of asphalt mix and replacing it with plant-based alternatives.

- **Bitumen vapours:** international research published in 2009, especially the second part of an epidemiological study carried out by IARC<sup>3</sup>, points to the conclusion that there is no link between lung cancer and exposure to bitumen vapours. Colas was one of the first in France and in Europe to refer the matter to independent organisations, setting an example to the rest of the industry and its suppliers.

- **Resins:** launch of the Greencoat research project with several partners and support from the French national research agency, ANR<sup>4</sup>.

## TESTIMONIAL

### Assia El'Hannouni,

sight-impaired athlete and winner of four gold and silver medals at the Beijing Paralympic Games

“The support I have had from Colas since early 2006 is one of the best proofs of its commitment to diversity in general and to disability in particular.

It is also an illustration of human values that I share one hundred per cent: open-mindedness and confidence in others, whatever their differences, insistence on work well done, the acknowledgment of effort, encouragement to push your limits, exemplary behaviour. They are values I feel totally in tune with. As well as supporting me in my sporting career, this year Colas has given me another opportunity by offering me a job in the group's Communications department. Everything has been done to help me fit easily into working life despite my disability, just like any other employee. Like Colas, I am convinced that integrating disabled people and more generally increasing diversity in the company are doubly enriching. My experience with Colas is proof of that.”

<sup>1</sup>Due to the extension of the scope of consolidation to minority interests in 2009; like-for-like, the fall would be 10% <sup>2</sup>On the basis of the average output of a Colas quarry <sup>3</sup>International Agency for Research on Cancer, a World Health Organisation agency

<sup>4</sup>Agence Nationale de la Recherche

- **Waste oil:** control over disposal or recycling in all countries, since oil waste is the main form of hazardous waste produced by Colas.

## Dialogue with civil society

In addition to these strategic and major challenges, Colas is attentive to issues that have caught the attention of society at large and engages in debate on them.

### The road-rail debate

Colas has a substantial share of the market for both road and rail works in many countries (France, UK, etc.), enabling it to relativise the debate between the two forms of transport. Since the real scope for any transfer between the two is rather limited, Colas' priority is to improve the situ-



ation in each one, applying a policy of technical and methodological innovation that favours balanced, multi-modal transport in the service of a regional development policy that seeks to reduce unnecessary journeys<sup>1</sup>.

### Lifecycle cost of public infrastructure

Colas defends an approach based on partnership that focuses on lifecycle cost and favours innovative forms of public procurement like PPP<sup>2</sup>, PFI<sup>3</sup>, MAC<sup>4</sup> and concessions, etc. Infrastructure that is designed and built for the long term and regularly maintained offers the best return on investment and reduces the consumption of resources. Contracts in various stages of completion and operation include the Reims tramway and A41 motorway in France, the M6 motorway in Hungary, urban road maintenance for the city of Portsmouth in the UK, public lighting in Libourne in France, the tram-train project in Reunion Island and the D1 motorway in Slovakia, four MAC maintenance contracts in the UK covering a third of the national road network and two similar contracts for the railways.

### Responsible purchasing

Colas uses over 100,000 suppliers and subcontractors around the world, which can be divided into six categories: local subcontractors, local materials suppliers, global raw materials suppliers, national or international equipment suppliers, national or international service providers, and miscellaneous suppliers.

Work has been carried out to identify each category and the extent of freedom in relation to them, and to define responsible purchasing priorities such as safety, quality, controls of illegal labour, regulatory compliance, design and proper use of equipment, etc. Colas is trying out various methods for rating suppliers, though not all can be rated. At the same time, a risk assessment is being conducted to target certain categories of purchases.

As far as purchasing from southern hemisphere countries is concerned, the question of transferring production

is of negligible importance for Colas because of the nature of its business, though its presence in these countries is an issue<sup>5</sup>.

### Participation in community life, support for projects

Initiatives in these areas are mainly local, managed by subsidiaries and their establishments. In mainland France, Colas sponsors about 100 cultural projects and 400 sports teams and is involved in a hundred or so humanitarian or educational projects, for a total of about €2 million, the same as

in 2008. Outside France, the company devoted €1.1 million in 2009 to 1,200 initiatives, including 470 educational and humanitarian actions, about 100 cultural initiatives and 350 sporting events and sponsorships.

The parent company spent €0.7 million on paralympic and cultural sponsorship. Colas is also a founder member of the ChemSUD Foundation, created in Montpellier in 2009 to support R&D in chemistry for sustainable development.

## OUTLOOK FOR 2010

**The order book at end-December 2009 amounted to €6.3 billion, 7.5% higher than at the end of 2008. Market trends remain uncertain.**

- › **In France, the roads activity could stabilise or perhaps fall slightly; local government spending decisions will be the decisive factor. Business is expected to grow in the rail and pipes and mains segments.**
- › **Activity in North America should hold up well, not least due to the postponement of the US stimulus plan to support infrastructure.**
- › **Activity in Europe outside France could continue to decline on account of the financial difficulties of the Central European countries in which Colas operates.**
- › **Business in Africa/Indian Ocean/Asia is likely to be more or less the same as in 2009. The start of work on major projects concluded but awaiting financing could have a positive effect.**

**A cautious initial sales target of €11.5 billion has been set for 2010, based on an unchanged strategy of preferring profitability to volume.**

**Sustainable development objectives (energy saving, reduction of CO<sub>2</sub> emissions, safety, diversity) will be continued.**

**The pragmatic strategy of adapting to the level of business in each country will continue in 2010 in the expectation that infrastructure markets will pick up again from 2011, since considerable needs remain worldwide.**

<sup>1</sup>See the [www.colas.com](http://www.colas.com) website for a more thorough analysis <sup>2</sup>Public-Private Partnership <sup>3</sup>Private Finance Initiative <sup>4</sup>Managing Agent Contractors <sup>5</sup>See CSR in southern hemisphere countries on page 63



# SUSTAINABLE DEVELOPMENT: CHALLENGES AND KEY INDICATORS

	KEY FIGURES					
	AIM	2008	2009	ACTION IN 2009	PROGRESS <sup>a</sup>	2010 OBJECTIVES
FINANCIAL AND BUSINESS CHALLENGES	<b>Promote and develop concessions and Public-Private Partnerships (PPP)</b> to favour a lifecycle cost approach for the benefit of customers	<b>6</b> contracts underway or signed in the UK (roads), Hungary (motorways) and France (lighting, tramway, motorway)	<b>13</b> contracts in progress or concluded in the UK (roads, urban road networks, railways), Hungary and Slovakia (motorways) and France (motorway, tramway, tram-train, lighting)	> Creation of cross-cutting teams to work on these projects		> Keep five to ten contracts of this type on the books
	<b>In most countries, propose variants</b> that reduce greenhouse gas emissions	Variants offering a reduction of <b>40,000</b> tonnes CO <sub>2</sub> equivalent proposed to customers Variants offering a reduction of <b>15,000</b> tonnes CO <sub>2</sub> equivalent accepted by customers	Variants offering a reduction of <b>175,000</b> tonnes CO <sub>2</sub> equivalent proposed to customers Variants offering a reduction of <b>13,000</b> tonnes CO <sub>2</sub> equivalent accepted by customers	> Rollout of Écologiciel <sup>®</sup> , a software modelling tool that uses lifecycle analysis to simulate energy consumption and greenhouse gas emissions		> In France, participate in the development of Seve, a new common software tool for the road industry as a whole, and continue to roll out Éco-Cana (pipes and mains) > Internationally, roll out the bilingual version of Écologiciel <sup>®</sup> , with databases adapted to each country
SOCIAL/HR CHALLENGES	<b>Promote local dialogue</b> and the acceptance of materials production sites through consultation and dialogue with local communities and residents	<b>23%</b> of sales from Colas' industrial output covered by a local dialogue structure (scope: global)	<b>32%</b> of sales from Colas' industrial output covered by a local dialogue structure (scope: global)	> Action plans with a target for each subsidiary		> Achieve the objective of 50% of sales from Colas' global industrial output covered by a local dialogue structure
	<b>Give staff first-aid training:</b> first-aid training benefits colleagues, friends and relatives and society as a whole, as well as helping to raise awareness of health and safety issues	<b>24%</b> of the workforce worldwide had a first-aid qualification	<b>29%</b> of the workforce worldwide had a first-aid qualification	> Staff training and indicator-based monitoring		> Ensure that one third of the Colas workforce worldwide has a recent workplace first-aid certificate
ENVIRONMENTAL CHALLENGES	<b>Recycle</b> as much asphalt mix as possible during production in order to save aggregates and bitumen and reduce greenhouse gas emissions	<b>8%</b> of recycled asphalt mix used in production, for a saving of 175,000 tonnes of bitumen and a 70,000-tonne reduction in greenhouse gas emissions (CO <sub>2</sub> equivalent)	<b>9%</b> of recycled asphalt pavement used in production, for a saving of 180,000 tonnes of bitumen and a 70,000-tonne reduction in greenhouse gas emissions (CO <sub>2</sub> equivalent)	> Upgrading asphalt plants when needed, organisation of the recovery of planed materials <sup>b</sup> , indicator-based tracking, training of technical and sales staff, promotion to customers > Action plans with a target for each subsidiary		> Achieve an average recycling rate of 10% in global production of asphalt mixes
	<b>Promote 3E<sup>®</sup></b> asphalt mixes to save energy and reduce greenhouse gas emissions	<b>10 to 30%</b> saving on fossil fuels in production (asphalt or mixing plant)	<b>2%</b> of 3E <sup>®</sup> asphalt mixes in Colas' global production	> Upgrading asphalt plants when needed, training of technical and sales staff, promotion to customers		> Achieve the objective of 10% of 3E <sup>®</sup> asphalt mixes in Colas' production in France

<sup>a</sup>Compared with 2009 objectives <sup>b</sup>Existing asphalt pavement recovered by planing <sup>c</sup>Environment-friendly, Energy-Efficient

Measures launched in 2009 Ongoing measures in 2009 Mature measures (continuous improvement)





## DETAILED NON-FINANCIAL INDICATORS AT 31 DECEMBER

FAMILY	INDICATOR	SCOPE	UNIT	2007	2008	2009	REPORTING FRAMEWORK		
Quality	Sales covered by a quality certification scheme	Global (excl. US and Canada) <sup>a</sup>	%	85	88	92	GRI PR 5		
	Lifecycle cost	Global	Number	4	6	13	Internal		
	Eco-variants	France	%	-	8	30			
	Success rate of variants with Écologiciel <sup>®</sup>			-	37	7			
Workforce	Average workforce	France	Number	37,160	39,522	38,896	GRI LA 1		
		International		29,564	34,072	32,422			
		Global		66,724	73,594	71,318			
	Women	Site workers	France	%	0.50	0.52		0.56	
			International		5.88	4.86		4.35	
		Managerial staff	France		18.40	19.70		18.85	
			International		21.85	23.33		24.63	
		Total	France		7.50	8.36		8.21	
			International		9.39	8.65		9.16	
	Recruitment	Site workers	Global	Number	5,300	4,826		3,645	Internal
		Managerial staff			2,800	2,617		2,125	
		Total			8,100	7,443		5,770	
Interns		2,600			3,500	2,495			
Pay	Total workforce in France	France	Number	37,160	39,522	38,896	GRI EC 5		
	Average pay, Colas plant operator		Multiple of statutory minimum wage	1.49	1.49	1.48			
	Average pay, Colas site manager		2.09	2.05	2.04				
	Total workforce in United States	United States	Number	4,973	4,885	4,518			
	Average pay, Colas plant operator		Multiple of statutory minimum wage	3.76	3.41	3.48			
	Average pay, Colas site manager		4.62	4.23	3.99				
	Total workforce in Madagascar	Madagascar	Number	4,327	6,080	4,817			
	Average pay, Colas plant operator		Multiple of statutory minimum wage	5.64	4.60	4.94			
	Average pay, Colas site manager		8.37	7.38	9.74				
	Total workforce in Morocco	Morocco	Number	1,932	2,056	2,223			
	Average pay, Colas plant operator		Multiple of statutory minimum wage	2.91	2.84	2.40			
	Average pay, Colas site manager		6.91	6.03	6.28				

■ Financial and business challenges ■ Social/HR challenges ■ Environmental challenges

<sup>a</sup>Excluded on account of dissimilar reporting frameworks, certification rules and legal doctrine <sup>b</sup>Public-Private Partnership

FAMILY	INDICATOR	SCOPE	UNIT	2007	2008	2009	REPORTING FRAMEWORK
Training	Training dispensed	France	Number	24,600	26,400	29,500	GRI LA 10
		International		-	24,700	64,300	
		France	Hours	451,000	475,000	530,000	
		International		-	450,000	454,100	
	Site workers	France	%	53	50	51	
	Clerical/technical/supervisory			27	28	27	
	Managerial			20	22	22	
Safety	34			36	32		
Safety	Occupational safety index	France	-	7.27	5.58	4.06	GRI LA 7
		International	-	1.84	1.47	1.14	
	Road accidents (number of accidents involving a third party per vehicle)	France	%	0.094	0.088	0.084	Internal
	Employees with up-to-date occupational first-aid training	Global	%	21	24	29	Internal
Societal	Sales from materials production sites covered by a local dialogue structure	Global	%	17	23	32	GRI SO 1
Certification	Sales from materials production sites covered by an environmental certification scheme	Global	%	42	50	57	Internal
Recycling	Quantity of raw materials recycled in Colas plants in relation to output from Colas quarries and gravel pits	Global	%	12	12	10 <sup>a</sup>	GRI EN 2 & EN 27
	Proportion of planed materials in production of asphalt mix			9	8	9	
	Pavement recycled <i>in situ</i>			Million sq m	5.9	4.9	
Greenhouse gas	Écologiciel <sup>®</sup> : savings proposed to customers	Global	Tonnes of CO <sub>2</sub> equivalent	-	40,000	175,000	GRI EN 5, EN 6 & EN 18
	Écologiciel <sup>®</sup> : savings accepted by customers			-	15,000	13,000	
	Emissions avoided by recycling asphalt mix			70,000	70,000	70,000	
	Emissions avoided in asphalt plant burners			-	40,000	100,000	
	Emissions avoided by the use of Végécol <sup>®</sup>			11,000	10,000	7,000	
Energy	Production of 3E <sup>®b</sup> asphalt mix	Global	Tonnes	-	210,000	750,000	Internal

■ Financial and business challenges ■ Social/HR challenges ■ Environmental challenges

<sup>a</sup>The fall is mainly due to an extension of the scope to aggregate production plants not wholly owned by Colas <sup>b</sup>Environment-friendly, Energy-Efficient



# NO. 1 PRIVATELY-OWNED TELEVISION GROUP IN FRANCE

A year of successful adaptation, paving the way for the future

**€2,365m** (-9%)

2009 sales

**4.3%** (-2.5 pts)

Operating margin

**€115m** (-30%)

Net profit attributable to the Group

**3,910**

Employees

**€2,410m** (+2%)

2010 sales target



The *Enfoirés* celebrity charity fundraiser on 6 March 2009 attracted 12.3 million viewers

## A year of adaptation

TF1, like all European media operators, was hit by the recession in 2009, as well as having to cope with a changing audiovisual media landscape in France. Marked by strict cost controls in all areas, the year was also rich in initiatives that enabled the TF1 group to adapt while continuing to pursue its medium-term objectives.

## Sales

The TF1 group's sales fell back 9% in 2009 to €2,365 million.

Net advertising revenue from the TF1 core channel fell 13% to €1,429 million as a result of economic turbulence and greater competition from digital terrestrial television (DTT) channels.

Revenue from diversification activities dropped 1% to €936 million, also due to adverse economic conditions which caused a decline in advertising revenues, especially for pay theme channels, e-TF1 and Eurosport.

Excluding advertising, revenue from diversification activities remained stable at €760 million, sustained by growing subscription revenue from pay theme channels, especially Eurosport International.

The TF1 group generates 85% of its sales in France, 11% in the European Union excluding France and 4% in other countries.

## HIGHLIGHTS

- > Promulgation on 5 March of the law on audiovisual communication and the new public television service.
- > **Record** audience for TF1 with 12.3 million viewers<sup>1</sup> for the *Enfoirés* celebrity charity fundraiser on 6 March.
- > **Launch** of the new [www.TF1.fr](http://www.TF1.fr) website in April and launch of [www.TF1News.fr](http://www.TF1News.fr) in November.
- > 11 June 2009, **agreement** concerning TF1's acquisition of 100% of NT1 and the Groupe AB's 40% stake in TMC.
- > **Partnerships** in May with Sony Pictures Home Entertainment (video) and in July with UGC (cinema).
- > **Launch** of the Disability campaign in September.
- > **Sale** on 28 December 2009 of the 9.9% stake in Canal+ France for €744 million.

The **TF1** group's mission is to inform and entertain.

**While continuing to strengthen its position in its core television business with free and pay channels, it has diversified into the internet, audiovisual rights, production, licences and games.**

<sup>1</sup>Source: Médiamétrie Médiamat (2009)



## Optimisation plan

In 2009, the group looked more in depth into optimising its programme schedule. This involved renegotiating unit programme costs, limiting commitments and making better use of existing programmes.

Over 2009 as a whole, programming costs for the TF1 channel amounted to €927 million, representing a total saving of €105 million, of which the optimisation plan accounted for €35 million.

Cuts in other costs amounted to €39 million and were achieved in particular by renegotiating contracts with suppliers and discontinuing certain activities.

The TF1 group thus generated recurrent savings of €74 million in relation to 2008, exceeding its initial target of €60 million.

## Results

Operating profit in 2009 amounted to €101 million compared with €177 million a year earlier.

The operating margin fell to 4% from 7% a year earlier. The cost of net debt remained stable at €22 million.

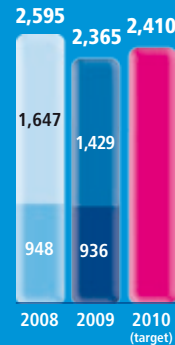
Other income and expenses amounted to €36 million at 31 December 2009 compared with €41 million in 2008. The main component of this item was a revaluation of the fair value of the TF1 group's option to sell the 9.9% stake



Up to 8.1 million viewers watched the series Joséphine Ange Gardien in 2009

## Sales

TF1 core channel advertising revenue  
Other activities



## Net profit

Net profit



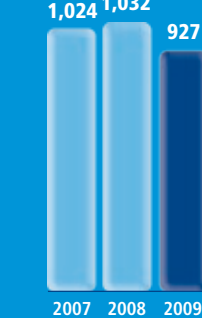
## Operating profit

Operating profit

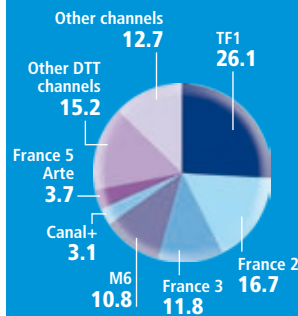


## Cost of TF1 programme schedules

Cost of TF1 programme schedules (€ million)

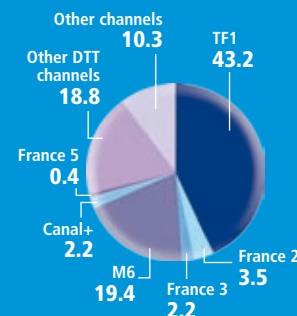


## 2009 audience share<sup>1</sup> Individuals aged 4 and over (as %)



<sup>1</sup>Source: Médiamétrie Médiamat

## Share of advertising market 2009<sup>2</sup> as %



<sup>2</sup>Source: TNS Media Intelligence

## Condensed balance sheet at 31 December

ASSETS (€ million)	2008	2009
• Property, plant and equipment and intangible assets	346	329
• Goodwill	506	507
• Non-current financial assets and taxes	1,017	307
<b>NON-CURRENT ASSETS</b>	<b>1,869</b>	<b>1,143</b>
• Current assets	1,837	1,960
• Cash and equivalents	12	571
• Financial instruments <sup>1</sup>	7	9
<b>CURRENT ASSETS</b>	<b>1,856</b>	<b>2,540</b>
• Assets held for sale	15	-
<b>TOTAL ASSETS</b>	<b>3,740</b>	<b>3,683</b>
LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	2008	2009
• Shareholders' equity attributable to the Group	1,377	1,397
• Minority interests	-	-
<b>SHAREHOLDERS' EQUITY</b>	<b>1,377</b>	<b>1,397</b>
• Non-current debt	696	1
• Non-current provisions	57	44
• Other non-current liabilities	3	1
<b>NON-CURRENT LIABILITIES</b>	<b>756</b>	<b>46</b>
• Current debt	4	501
• Current liabilities	1,564	1,734
• Overdrafts and short-term bank borrowings	19	4
• Financial instruments <sup>1</sup>	5	1
<b>CURRENT LIABILITIES</b>	<b>1,592</b>	<b>2,240</b>
Liabilities held for sale	15	-
<b>TOTAL LIABILITIES</b>	<b>3,740</b>	<b>3,683</b>
<b>Net surplus cash</b>	<b>(705)</b>	<b>73</b>

<sup>1</sup>Hedging of financial liabilities at fair value

## Condensed income statement

(€ million)	2008	2009
<b>SALES</b>	<b>2,595</b>	<b>2,365</b>
• Net depreciation and amortisation expense	(95)	(100)
• Net charges to provisions and impairment losses	(53)	(14)
• Other income and expenses	(2,270)	(2,150)
<b>OPERATING PROFIT</b>	<b>177</b>	<b>101</b>
• Cost of net debt	(23)	(22)
• Other financial income and expenses	41	36
• Income tax expense	(41)	(15)
• Share of profits and losses of associates	10	15
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>	<b>164</b>	<b>115</b>
• Net profit from discontinued and held-for-sale operations	-	-
<b>NET PROFIT</b>	<b>164</b>	<b>115</b>
• Minority interests	-	-
<b>CONSOLIDATED NET PROFIT (attributable to the Group)</b>	<b>164</b>	<b>115</b>



Arthur and the Minimoys

in Canal+ France which it owned until 28 December 2009.

The TF1 group's net profit fell by €49 million to €115 million.

### Financial structure

Shareholders' equity at 31 December 2009 amounted to €1,397 million for a balance sheet total of €3,683 million.

On 28 December 2009, TF1 sold its 9.9% stake in Canal+ France to Vivendi for €744 million.

Rigorous cash management throughout the year and asset disposals enabled the TF1 group to post a net cash surplus of €73 million at 31 December 2009, compared with net debt of €705 million at end-December 2008.

<sup>1</sup>e-commerce and distance selling federation

## Broadcasting – France

Sales from French channels fell by 10% in 2009 to €1,893 million.

Operating profit fell by €77 million to €88 million, giving an operating margin of 5%.

### TF1 channel

(Source: Médiamétrie Médiamat)

Structural changes to the television business occurred in 2009 with the ending of advertising on public service channels after 8.00pm, regulatory changes and the spread of digital terrestrial television (DTT). At end-December 2009, 88% of French households received 18 channels or more.

TF1 confirmed its leading position in 2009 with an audience share of 26.1% for the category "individuals aged four years and over" and of 29.8% for the category "women under 50".

Faithful to its mission as a family-oriented, general-interest channel, TF1 obtained 96 of the top 100 TV audience ratings in 2009.

TF1 continued to cover leading events in 2009, attracting 12.3 million viewers for the *Enfoirés* celebrity charity fundraiser, a record for the year, and 11.7 million for the Football World Cup qualifying match between France and Ireland.

## Advertising

The French advertising market for all forms of television (legacy channels, DTT channels, cable and satellite channels) grew by 5.8% in 2009 to €7 billion gross (source: TNS Media Intelligence).

The TF1 channel recorded a 1.7% increase in gross advertising revenue over the year and a market share of 43.2%. Net sales fell by 13% year-on-year to €1,429 million, a number of factors having hit advertising sales in 2009. They included:

- economic turbulence resulting in very low visibility, which meant that TF1 had to take exceptional measures to retain its biggest customers;
- greater competition from new entrants, especially in the DTT segment, resulting in a lower advertising spend on legacy channels;

- regulatory changes, especially an increase in capacity which for most of the year resulted in excess daytime advertising space in relation to demand;

- structural price adjustments in order to reposition advertising sales on the market in response to natural changes in audience behaviour in a new competitive context.

## Téléshopping

The traditional distance selling market contracted by 3.4% in 2009 (source: Fevad<sup>1</sup>) against a background of eco-

nomie recession, lower household consumption and a switch from traditional distance selling to e-commerce.

The Téléshopping group's contribution to consolidated sales in 2009 fell by 18% to €104 million. The channel was hit by the slowdown in consumption, resulting in a fall in programme, catalogue and internet sales.

The Téléshopping group reported an operating profit of €4 million in 2009, compared with €5 million in 2008. This includes a €2 million profit on the sale of the [www.surinvitation.com](http://www.surinvitation.com) website in February 2009.

MyTF1 extends the universe of programmes on TF1

The screenshot shows the MyTF1 website interface with a navigation bar at the top containing 'myTF1', 'REVOIR', 'VIDEOCLUB', 'SERIES', 'EMISSIONS', 'INFO', 'SPORT', and 'JOUER'. Below the navigation bar is a grid of program tiles:

- KOH LANTA**: 17 aventuriers perdus dans le Pacifique. À la fin il n'en restera qu'un... Le vendredi à 20h45.
- LA ROUE DE LA FORTUNE**: Ce soir sur TF1. 20:50 LES TOQUES.
- REVOIR**: la dernière émission en intégralité.
- LE MEILLEUR de Koh Lanta**: with a play button icon.
- LES CANDIDATS**: les épisodes à partir d'1€99 KOH-L avec TFI VISION.
- VIDEO CLUB**: les épisodes à partir d'1€99 KOH-L avec TFI VISION.

At the bottom of the interface are navigation controls: 'Quitter', 'Retour', 'Déplacer', and 'OK Accéder'.



## French theme channels

French theme channels generated sales of €194 million in 2009, an increase of 3% driven by subscription revenues and enhanced services such as high-definition and catch-up TV. Advertising revenue from theme channels amounted to €79 million; TMC, like other DTT channels in 2009, was a beneficiary of a shift in some advertising expenditure away from mainstream channels.

Operating profit for theme channels in 2009 rose sharply to €15 million, €12 million more than in 2008, due in particular to the effects of the reorganisation of the News division around LCI, rigorous cost controls at Discovery division channels Ushuaïa TV, Histoire and Odyssee and a good performance by TMC.

TMC took a 2.6% audience share<sup>1</sup> for the category "individuals aged four years and over" in 2009, compared with 2.1% a year earlier. TMC remained the leading DTT channel in 2009 and the seventh most watched channel in France.

Eurosport France celebrated its 20th anniversary in 2009. With an audience share of 1.2%<sup>2</sup> of viewers with access to the channel, it is recognised as the benchmark multimedia sporting platform. It had 7.5 million paying subscribers at 31 December 2009, a year-on-year increase of 3%.

### Groupe AB

Groupe AB contributed €15 million to TF1's net profit in 2009. On 10 June 2009, TF1 concluded an agreement with Claude Berda and Groupe AB for the acquisition of 100%

of NT1 and 40% of TMC held by Groupe AB. On 26 January 2010, the competition authorities authorised TF1 to take over the channels subject to undertakings as to future conduct. On 23 March 2010, the CSA (French broadcasting authority) issued a decision authorising the transaction, with additional commitments designed to guarantee pluralism and variety in programming (see page 102). The investment, which amounts to around €200 million, will be financed from the TF1 group's cash flow.

## TV-related activities

### TF1 Entreprises

TF1 Entreprises houses various activities linked to the TF1 channel, such as games, music, licences, performing arts and publishing.

### TF1 Games

The French games market (excluding jigsaw puzzles) held up well in 2009 despite the recession, growing by 2% over the year (source: NPD). In this buoyant environment, TF1 Games-Dujardin increased their market share by 1.9 points to 7% on aggregate at end-December 2009.

### TF1 Licences

Managing over 50 brands of very different types, TF1 Licences is one of France's leading brand licensing agencies. The business achieved a number



Law and Order on TMC

of notable successes in 2009 despite a difficult environment for promotional licences due to the slowdown of the advertising market.

### TF1 Musique

The music market continued to contract. Store sales fell by 3.4% and digital sales by 1.9% (source: Snep<sup>3</sup>) in a market that dropped 3.2% by value.

In these difficult circumstances, TF1 Musique achieved some notable successes thanks to partnerships with well-known artists. Music partnerships around live events like *Cleopatra*, *last queen of Egypt* and *Mozart Rock Opera* enabled TF1 Musique to withstand a difficult year.

### TF1 Édition

The publishing business of TF1 Entreprises performed well with "coffee-table" books like *Musée Invisible* and *Ushuaïa*.

Over the year as a whole, TF1 Entreprises reported a 9% rise in sales to €39 million and an operating loss of €2 million, compared with €0.4 million one year earlier, attributable to substantial spending on advertising that should bear fruit in 2010.

### Production

The Production division of TF1 Entreprises generated sales of €22 million in 2009, €9 million down on the



1000 Bornes, the flagship game of TF1 Games-Dujardin

<sup>1</sup>Source: Médiamétrie Médiamat <sup>2</sup>Source: Médiamétrie - MédiaCabSat, Wave 17. TV audience measurement among subscribers receiving channels via analogue or digital cable or satellite. <sup>3</sup>Syndicat National de l'Édition Phonographique





Mozart Rock Opera, a musical partnership with TF1 Entreprises

previous year, and an operating profit of €2 million, down €1 million.

#### TF1 Films Production

Cinema attendance in France was estimated at 200.8 million entries in 2009 (source: CNC<sup>1</sup>), 5.7% more than in 2008. The share of French films was estimated at 37%, compared with 45% in 2008, the record hit film *Bienvenue chez les Ch'tis* (Welcome to the Sticks) being largely responsible for the performance of French films in 2008.

A number of the 20 films released by the TF1 group subsidiary, TF1 Films Production, in 2009 were box office successes. Seven of these releases, including *LOL* and *Le Code a Changé* (Change of Plans), were among the 18 French films to take more than 1 million entries at the box office.

The sales figure of TF1 Films Production was affected by an unfavourable comparative linked to the successes of 2008, especially *Bienvenue chez les Ch'tis*.

#### TF1 Production

Since 1 January 2009, Alma, Glem, Quai Sud, Tap, TPP and Yagan have been housed within a single legal entity, TF1 Production. As well as bringing staff together and encouraging the development of synergies, the merger has also pooled administrative functions.

The decline in TF1 Production's sales was mainly due to a fall in Drama activity, the non-renewal of tours in 2009 and fewer short films dependent on the advertising market. Efforts to control production costs and the automation of certain processes helped to boost operating profitability.

#### e-TF1

A number of developments took place at e-TF1, the group's new media subsidiary, in 2009. The innovations helped TF1 to keep its place as France's leading TV media group on the web and the eighth biggest internet group (after Google, Facebook and others) with 17 million unique visitors on average a month at 31 December 2009<sup>2</sup>. A total of 1.5 billion videos were watched in the year as a whole.

In 2009, TF1 innovated in interactive television with the launch of *MyTF1*, a portal accessible from Bouygues Telecom's Bbox router. TF1 and Samsung Electronics France announced a partnership which from March 2010 should integrate new interactive services based on TF1 brands, distributed on television sets connected to the internet.

As a result, e-TF1's sales rose by 21% to €73 million in 2009. This increase was mainly due to steady growth in interactivity despite a relative decline in the internet advertising market. The division reported an operating loss of €3 million compared with €4 million in 2008. Higher operating costs were mainly due to variable interactivity costs and capital expenditure linked to the projects launched by e-TF1 in 2009.

#### Audiovisual rights

The Audiovisual rights division reported a 13% drop in sales over the year to €151 million, €23 million down on the previous year. The operating loss

of €23 million was €12 million more than in 2008.

TF1's audiovisual rights strategy in 2009 involved strengthening the group's position on the cinema and video markets through partnerships with UGC Images and Sony Pictures Home Entertainment. Another long-term aim of the partnerships is to improve the profitability of these activities.

#### Catalogue

The catalogue business was reorganised in 2009 following the partnership with UGC Images. TF1 International and UGC Images have concluded a joint investment agreement covering film production, cooperation in film distribution in cinemas and international rights marketing. The catalogue business generated sales of €58 million in 2009,

<sup>1</sup>Centre National du Cinéma et de l'Image Animée <sup>2</sup>Source: NNR Panel (benchmark tool for measuring the internet audience in France)

5% more than in 2008, despite unfavourable seasonal differences in film release schedules (12 films in 2009, compared with 25 in 2008). The catalogue business reported a €9 million loss in 2009, improving €4 million on 2008.

### TF1 Vidéo

TF1 Vidéo operated in a stable market that showed contrasting trends.

- In volume terms, the market grew by 9.7%.

- Growth by value amounted to 0.5% over the year, sustained by the success of the new Blu-Ray disc, a segment which increased 110% by value. The DVD market fell by 4% and the pressure on sales margins increased further in 2009 (source: CNC-GFK-SEVN<sup>1</sup>).

Media release schedules helped to support the new market, since a film can be released on DVD or Blu-Ray only four months after its cinema release.

The video on demand (VOD) market

increased from €53 million in 2008 to €90 million in 2009.

TF1 Vidéo reported a 22% drop in sales to €93 million due to fierce price pressures and an operating loss of €13 million in 2009, compared with operating profit of €2 million in 2008.

## Broadcasting – International

### Eurosport International

Eurosport International reported a 2% increase in sales to €319 million, growth in subscription revenue offsetting a decline in advertising revenue.

Operating profit at 31 December 2009 rose by 48% to €39 million due to a favourable comparative (there were fewer major sporting events in 2009), tight control of overheads and optimisation of schedules and versions in different languages.

Eurosport reached 118.1 million households at end-2009, including 7.1 million in France. Present in 59 countries and shown on all pay broadcasting media in Europe, it is available in 20 different languages.

The Eurosport group had 77.1 million paying subscribers at 31 December 2009, up 5% over one year, of which almost two thirds are new customers in Central and Eastern Europe. The Eurosport group passed a new milestone in its expansion in 2009 with the conclusion of new broadcasting partnerships with two Australian platforms.

### SPS

SPS is involved in online gaming and betting under the EurosportBET.com brand. SPS launched its first commercial operating platform in the United Kingdom on 1 June 2009, having obtained a licence. Sales at 31 December 2009, after seven months of operation, were not yet significant. The TF1 group's share of SPS's expenses amounted to €3 million in 2009.

TF1 acquired Serendipity's 50% stake in SPS in early 2010.

## Research and development

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

R&D spending in 2009 amounted to approximately €21 million, including creation and innovation costs for light entertainment, drama and films.

In 2009, TF1 continued to develop its Process News & Sports 2 software (PNS2), which will modernise the production of TV news bulletins and sports magazines.

Technological innovations in 2008 concerned interactive services for internet/TV/telephone boxes, including the launch of *MyTF1*, new web video advertising formats, smartphone apps, content protection, anti-piracy measures and cinema digitisation.

In late 2009, the TF1 group announced a three-year partnership with Samsung with the aim of launching new interactive multimedia applications for television sets connected to the internet, using Samsung's technological know-how and TF1's content skills. The new televisions will incorporate new interactive services linked to TF1's flagship brands and content.

The automated distribution of programmes by ADSL or mobile phone, as catch-up TV or video on demand, was another key R&D project.

TF1 continued to invest in the development of a very high-quality broadcasting system for the Discovery division which will offer automated management of screen formats (16/9, 4/3) and catch-up TV.

TF1 is also continuing to work on HD DTT (high-definition digital terrestrial television), personal mobile TV and preparations for the end of analogue broadcasting in 2011.



Emotion on Eurosport during the Beijing Olympic Games

<sup>1</sup>Digital video industry body





# TF1 SUSTAINABLE DEVELOPMENT



## Challenges

As a leading media operator, TF1 has to address a dual challenge: the company has a duty both to its audience, through the content it produces and broadcasts, and to its employees and stakeholders. The sustainable development policy implemented since 2006 has several key themes:

- responsible content and schedules, and a key role to play in raising public awareness of major issues;
- an ambitious social framework, involving employees in CSR policy;
- reducing the environmental footprint of activities.

## Organisation

Each entity draws up its own road map in order to place sustainable development at the heart of its business. The policy is overseen by a deputy CEO

of the TF1 group, with a full-time coordinator for sustainable development initiatives and reporting. All those involved, including communications departments and business unit coordinators, meet once a quarter to review the road maps. The agenda for board meetings now includes an item on CSR actions.

## Recognising non-financial performance

### Non-financial indicators

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

- DJSI Stoxx<sup>®</sup>,
- Aspi Eurozone,
- FTSE4Good Europe Index,
- Ethibel Europe.

## TF1, silver medal for diversity in television news (Media Tenor survey<sup>1</sup>)

Media Tenor measures the diversity of the news in 23 TV evening news bulletins in 11 countries. TF1 was runner-up in the general ranking of the 2009 survey and came top in four categories: the environment, reporting on companies, education and the place of women. It is the first time a French media operator has featured at the head of the rankings.

### Diversity rewarded

The first "Enterprise and Diversity" awards ceremony took place at the French National Assembly on 9 December 2009. TF1 was awarded the special jury prize for the actions of its corporate foundation; the prize was presented to Nonce Paolini, TF1's Chairman and CEO, by Bernard Accoyer, president of the National Assembly.

The operation, organised by Nora Barsali, a communication and diversity consultant, and Claude Suquet, founder and former chair of the polling institute CSA, "aims to promote practical action by firms in all areas of diversity". The operation is supported by ACSE, the national agency for social cohesion and equal opportunity. The prize was the TF1 corporate foundation's second distinction after the diversity trophy awarded by Maghreb Ressources Humaines (MRH) in February.

STAKEHOLDERS	PLAYER(S) IN TF1	EXAMPLES OF TYPES OF DIALOGUE
Regulators: CSA <sup>a</sup> and ARPP <sup>b</sup>	> Compliance department, corporate secretary, external communications, Broadcasting and TF1 Publicité divisions	> Participation in task forces, drafting of reviews, proposals
General public	> Viewer and internet feedback centre, news moderator, editorial department	> Personalised answers (e-mail, telephone, letter) > High school debates with editorial staff
Advertisers	> TF1 Publicité sales department, calling on in-house CSR <sup>c</sup> expertise	> Joint participation in workshops, publication of general conditions of sale, <a href="http://www.tf1pub.fr">www.tf1pub.fr</a> website
Employees and trade unions	> Management, HR and Labour relations managers	> Dialogue, negotiation of agreements with employee representatives, internal communications, annual appraisal
Producers	> Programme units and compliance department	> Compliance department in attendance at all shoots, Ecoprod communication campaign
Charities, associations and NGOs	> Broadcasting division, Solidarity Committee, Labour relations department (including disability task force)	> Free airtime donated through SNPTV (French TV advertising association), donations in kind, long-term contracts and partnerships
Suppliers and service providers	> Group purchasing department	> Questionnaires on CSR <sup>c</sup> policy, inclusion of sustainable development criteria in all specifications
Shareholders and financial community, non-financial rating agencies	> Financial communication, sustainable development coordination unit	> AGM, annual report, road shows for institutional investors, meetings and conference calls with analysts, regular telephone contacts, website

<sup>a</sup>French broadcasting authority

<sup>b</sup>French advertising regulator

<sup>c</sup>Corporate Social Responsibility

<sup>1</sup>Media Tenor is an independent German research institute that analyses media content and its influence on social change. The survey in question was carried out between July 2008 and July 2009.





## Content-related challenges

As a family channel, TF1 plays a role in strengthening the social fabric. It has a duty to provide programmes for all, to reflect the diversity of the audience, to act and promote action for solidarity, and to help raise viewers' awareness of social and environmental issues.

## Responsible content and scheduling

### Ethics

TF1 has made ethical commitments to the community that are set out in its agreement with the CSA, the French broadcasting authority. TF1 has set up an internal control system to ensure that it fulfils these commitments, including a compliance unit staffed by lawyers and attached directly to the Broadcasting division. The agreement can be consulted on the CSA website [www.csa.fr](http://www.csa.fr).

### Accessibility of programmes to the disabled

In all, 85% of programmes were subtitled in 2009 compared with 70% in 2008. TF1 has also taken account of the 1 million French people with

impaired vision by developing audio description, a technique that enables blind or sight-impaired people to experience a film through an appropriate voice description of the action and setting.

### Diversity committee

A Diversity committee was created in 2009, its membership drawn from the Broadcasting division and human resources and the corporate foundation. Its tasks include preparing an in-house communication campaign, an awareness-raising programme for journalists and staff in programme units and short programmes on diversity issues.

The aim of the initiative is to obtain the Diversity label<sup>2</sup> in 2010 in recognition of the quality and credibility of the measures taken.

## Raising public awareness

### Visibility for charities

TF1 Publicité and the TF1 channel offer charities both direct help and greater visibility for their work on air. The value of airtime, donations made during

game shows, free advertising slots for campaigns and direct gifts to charities amounted to €18.5 million in 2009.

### The ECO<sub>2</sub> Climat indicator and raising public awareness of environmental issues

In December 2009, on the occasion of the Copenhagen summit on climate change, the News division introduced ECO<sub>2</sub> Climat, an indicator of French carbon consumption. Featured in the evening news bulletin once a month, it is intended to encourage French people to reduce their greenhouse gas emissions. The indicator is the first of its type in Europe and increases the quality and coherence of TF1's information on sustainable development.

*Ushuaia Nature*, the channel's flagship environment programme presented by environment campaigner Nicolas Hulot, is shown four times a year on TF1.

### Ushuaia TV and sustainable development

Ushuaia TV, shown in high definition since 2008, is the only French TV channel devoted entirely to sustainable development. Its magazines, including the new in-house production *Bougez Vert*, feature local, corporate and associative initiatives in favour of the environment (website: [www.ushuaia.fr](http://www.ushuaia.fr)).

In autumn 2009, TF1 was the official partner of *Planète Mode d'Emploi*, a sustainable development fair for the general public that attracted over 38,000 visitors to the Parc des Expositions in Paris.

## Social challenges

TF1 is committed to maintaining a high-quality working environment by promoting the well-being, safety and professional fulfilment of its employees. It encourages their involvement in good causes.

### Integration of disabled workers

Each year, TF1 increases its efforts to accommodate and integrate disabled employees and to use more services provided by the sheltered sector. Following the conclusion of an agreement in 2008 relating to the integration and continued employment of disabled people, in 2009 the Disability task force organised an internal and external awareness-raising campaign. The agreement called for the group to have recruited 30 disabled employees

by 2010: in fact, it has already recruited 34. The TF1 group purchased goods and services worth €417,000 from the sheltered sector in 2009.

### Action in the community

The corporate foundation has continued its initiatives to encourage young people into employment, recruiting the second intake for its training and integration scheme in 2009, taking the total number of young people in the scheme to 17 (website: [www.fondationtf1.fr](http://www.fondationtf1.fr)).

Once a month, Nonce Paolini, Chairman and CEO of the TF1 group, and journalists like Laurence Ferrari and Harry Roselmack or other personalities from the channel, accompanied by members of the senior management team, visit a French city to meet representatives from the local community and local

## TESTIMONIAL

**Jean-Philippe Desmartin,**  
senior analyst, head of SRI<sup>1</sup> research, Oddo Securities

“The media are now aware of their impact on the social eco-system and are making rapid progress in the sphere of corporate social responsibility. TF1 was one of the first to take a structured and continuous approach. Our dialogue with the TF1 group combines financial communication with corporate social responsibility in an effective way. The exchanges between one of Europe's leading media operators and its stakeholders must help to improve reporting in the sector, which still does not have enough indicators.”

<sup>1</sup>Socially Responsible Investment

<sup>1</sup>Conseil Supérieur de l'Audiotvisuel <sup>2</sup>The Diversity label is awarded by the French standardisation body Afnor. Website: [www.afnor.org](http://www.afnor.org)

## TESTIMONIAL

### Dominique Candellier,

head of Communication and Sustainable Development,  
UDA (French Union of Advertisers)

|| So far 40 advertisers have signed up to the UDA's responsible communication charter. They are naturally attentive to what is going on in the media, and each year we ask media operators to present their sustainable development policies and practices. At TF1, we have noted the commitment shown in the Ecoprod initiative, a first in the sector. We also appreciate the choice of a partnership approach and will continue to encourage such initiatives and exchanges. ||

schools. The aim of the initiative is to promote and strengthen dialogue between the channel and its audience. Ten cities were visited in 2009 and some 600 people were invited to each event.

### Well-being in the workplace

TF1 has a proactive family policy, including bonuses for employees who get married or have a child, the reservation of nursery places, a home childcare allowance and reduced and flexible working hours for pregnant women from the sixth month of pregnancy. TF1 also does what it can to create a pleasant working environment, for example providing a gym for staff and services like a public transport ticket dispenser, a travel agency and a hairdresser.

The "stress observatory" set up by the occupational health service continues

*<sup>1</sup>Corporate Social Responsibility*

its work of detecting workplace stress and providing advice and counselling.

### Environmental challenges

The TF1 group takes practical steps to limit the direct environmental footprint of its activities and to raise awareness among employees and suppliers of the need to behave differently.

### The first energy-efficient studios

For their new studios, Eurosport and LCI have chosen all-LED lighting, cutting final on-set power consumption to under 7 kW, ten times less than a conventional studio. As the lights stay cold, virtually no air-conditioning is required. The new equipment marks a first in the broadcasting industry.

### After the carbon balance: the Ecoprod awareness-raising campaign

In April 2009, TF1 and five partners officially launched the Ecoprod campaign to raise awareness among producers of the environmental impact of their activities.

A dedicated website was set up, containing best practice guides. A carbon balance calculator adapted to the audiovisual sector will be available in 2010.

These services will be presented to industry operators at awareness-raising sessions. For further information, see [www.ecoprod.com](http://www.ecoprod.com).

### Responsible purchasing

The action plan implemented by the purchasing department includes greater use of operators in the sheltered sector, the inclusion of social and environmental criteria in specifications, rollout of the Bouygues group Supplier CSR<sup>1</sup> charter and assessment of suppliers according to their sustainable development commitments.

The approach also applies to the promotion of diversity: the purchasing department will assess the size, location and recruitment record of the firms it buys from and diversify its sources accordingly.



## OUTLOOK FOR 2010

In 2010, the TF1 group will continue to adapt its business model and develop new activities:

- > by integrating TMC and NT1 once the acquisition has been completed;
- > by increasing the group's presence in new media, paying particular attention to relations with viewers;
- > by continuing its partnership policy, especially with Française des Jeux, UGC, Sony and Samsung.

The TF1 group intends to maintain its leading position in news and entertainment in order to make the most of all forms of contact with its audience.

In the sustainable development sphere, carbon balance assessments will be extended to the whole of the TF1 group and commitments to diversity will be increased.

# SUSTAINABLE DEVELOPMENT: CHALLENGES AND KEY INDICATORS

	AIM	KEY FIGURES		ACTION IN 2009	PROGRESS <sup>a</sup>	2010 OBJECTIVES
		2008	2009			
FINANCIAL AND BUSINESS CHALLENGES	<b>Guarantee compliance</b> with the CSA <sup>b</sup> Charter and ARPP <sup>c</sup> recommendations <b>Reflect the diversity of the public</b> , raise viewers' awareness on social and environmental issues <b>Get closer to the audience</b>	<b>€16.5m</b> of advertising sales <sup>d</sup> offered to charities and associations	<b>€18.5m</b> of advertising sales <sup>d</sup> offered to charities and associations	> Showing of prime-time charity fundraising events, free airtime for charities and associations		> Continue to screen charity fundraisers and raise public awareness on sustainable development issues (eg, inclusion of the ECO <sub>2</sub> Climat indicator in the TV evening news bulletin once a month) > Continue public meetings > Second edition of the <i>Planète Mode d'Emploi</i> sustainable development fair
		<b>100%</b> compliance with programming and broadcasting quota obligations <b>70%</b> of programmes subtitled Over <b>450</b> items about the environment in news bulletins <b>147,000</b> calls, e-mails and letters from viewers treated within 48 hours	<b>100%</b> compliance with programming and broadcasting quota obligations <b>85%</b> of programmes subtitled Over <b>600</b> items about the environment in news bulletins <b>300,000</b> calls, e-mails and letters from viewers treated within 48 hours	> Preparation and screening of the ECO <sub>2</sub> Climat indicator in the TV evening news bulletin presented by Laurence Ferrari > First <i>Planète Mode d'Emploi</i> sustainable development fair for the general public > Development of interactivity on the TF1 News website > Public meetings around France with senior members of the News division > Establishment of a Diversity committee		
SOCIAL/HR CHALLENGES	<b>Favour</b> equal opportunity (gender equality, diversity, disability) <b>Maintain</b> a high-quality working environment <b>Support</b> staff throughout their career <b>Encourage</b> employee involvement in good causes	<b>49</b> disabled employees in the TF1 group <b>€222,000</b> in sales with the sheltered sector <b>289</b> requests for training granted under the <i>DIF</i> (individual right to training) scheme <b>500</b> parcels donated to 13 charities and associations at Christmas 2008	<b>34</b> disabled employees hired in 2009, 17 on permanent contracts or temporary contracts <b>€417,000</b> in sales with the sheltered sector <b>9</b> young people from disadvantaged neighbourhoods on the scheme run by the TF1 corporate foundation, making 17 in all since 2008. 56 interns taken in 2009.	> Conclusion of an agreement on the employment of older workers > Recruitment of the second intake for the corporate foundation training and integration scheme for young people > Employee mentoring of high-school students in disadvantaged neighbourhoods > Internal and external disability awareness campaign > Organisation of in-house events to support charities and associations ( <a href="http://www.jeveuxaider.com">www.jeveuxaider.com</a> )		> Continue to fulfil the commitments given in the agreements on older and disabled workers > Obtain the Diversity label > Recruit the third intake for the TF1 corporate foundation training and integration scheme
		<b>4%</b> less water consumption than in 2007 After the carbon balance for broadcasting activities in 2007, preparation of a groupwide carbon plan to reduce CO <sub>2</sub> emissions by <b>20%</b> by 2020	<b>16%</b> less water consumption than in 2008 <b>45</b> suppliers assessed on their CSR <sup>e</sup> performance by EcoVadis, an outside consultant	> Continuation of all actions to reduce energy, water and paper consumption > Official launch of the Ecoprod awareness-raising campaign <sup>f</sup> > Launch of the campaign to have suppliers' CSR <sup>e</sup> policies assessed by EcoVadis, an outside consultant		
ENVIRONMENTAL CHALLENGES	<b>Limit the TF1 group's direct environmental footprint</b> <b>Raise awareness</b> among staff and suppliers of the need to behave differently	<b>4%</b> less water consumption than in 2007 After the carbon balance for broadcasting activities in 2007, preparation of a groupwide carbon plan to reduce CO <sub>2</sub> emissions by <b>20%</b> by 2020	<b>16%</b> less water consumption than in 2008 <b>45</b> suppliers assessed on their CSR <sup>e</sup> performance by EcoVadis, an outside consultant	> Continuation of all actions to reduce energy, water and paper consumption > Official launch of the Ecoprod awareness-raising campaign <sup>f</sup> > Launch of the campaign to have suppliers' CSR <sup>e</sup> policies assessed by EcoVadis, an outside consultant		> In the framework of Ecoprod, develop a carbon calculator specially adapted for audiovisual production > Update and extend the TF1 group's carbon balance > Introduce a corporate travel plan

<sup>a</sup>Compared with 2009 objectives <sup>b</sup>French broadcasting authority <sup>c</sup>French advertising regulator <sup>d</sup>Value of advertising slots, cost of trailers, special programmes and donations made during game shows and programmes. Advertising slots donated to campaigns. Donations in kind handled by the Communication department <sup>e</sup>Corporate Social Responsibility <sup>f</sup>Campaign to raise awareness among producers of the impact of audiovisual activities, launched with five partners. See the website [www.ecoprod.com](http://www.ecoprod.com)

Measures launched in 2009
 Ongoing measures in 2009
 Mature measures (continuous improvement)



FAMILY	INDICATOR	SCOPE	UNIT	2007	2008	2009	REPORTING FRAMEWORK
Compliance	Ethics	France	Number	na <sup>a</sup>	1 caution	1 reprimand	Internal
	• news		Number	na <sup>a</sup>	0	0	
	• programmes		Number	na <sup>a</sup>	0	1 warning	Internal
	Surreptitious advertising		Number	na <sup>a</sup>	0	0	
	• news		Number	na <sup>a</sup>	0	0	Internal
	• programmes		Number	na <sup>a</sup>	1 warning	0	
	Child protection		Number	n/a <sup>b</sup>	n/a <sup>b</sup>	n/a <sup>b</sup>	Internal
	• news		Number	1	0	1 warning	
	• programmes		%	100	100	100	Internal
Remarks on guidance labels							
• news							
• programmes							
Compliance with production and broadcasting quotas							
Viewer feedback	Calls, e-mails and letters from viewers	France	Number	150,000	147,000	300,000	GRI PR 5
Society	Value of donations to charity	France	€m	20	16.50	18.50	GRI EC 1 - GRI SO 1
	Charities and associations given airtime		Number	70	75	80	GRI SO 1
	News items relating to climate change		Number	500	450	600	
Diversity	Young people from disadvantaged neighbourhoods on schemes run by the TF1 corporate foundation	TF1 group	Number	n/a <sup>b</sup>	8	9 (ie, 17 altogether)	Internal
	Young people from disadvantaged neighbourhoods completing an internship		Number	n/a <sup>b</sup>	20	56	
Gender equality	Staff on permanent contracts	TF1 group	%	47.45 (F) - 52.55 (M)	47.6 (F) - 52.4 (M)	47.2 (F) - 52.8 (M)	GRI LA 13 - NRE 111
	New hires		%		49 (F) - 51 (M)	44.8 (F) - 55.2 (M)	GRI LA 13
	Promotion		%		45.2 (F) - 54.8 (M)	49.8 (F) - 50.2 (M)	
	Training dispensed		%		48.1 (F) - 51.9 (M)	47.25 (F) - 52.75 (M)	GRI LA 10
	Female managerial staff		%	47.02	47.70	47.40	GRI LA 13
	Female senior executives		%	27.2	27.57	28.90	GRI LA 13 - NRE 316
Disabled people	Disabled people hired on permanent or temporary contracts	TF1 group	Number	3	9	16	GRI LA 13 - NRE 135
	Sales generated with the sheltered sector		€	174,787	221,794	417,000	NRE 135
Reduction of job insecurity	Full-time equivalent/casual employees	TF1 group	%	9.97	9.76	7.30	NRE 113
Labour relations	Meetings with social partners	TF1 group	Number	422	397	334	GRI HR 5 - GRI LA 3 GRI LA 4 - NRE 310 NRE 320
	Employees in permanent positions (works committee representative, employee representative, board of directors)		Number	126	126	121	NRE 318
	Collective bargaining agreements in the year		Number	8	25	27	NRE 321

■ Financial and business challenges ■ Social/HR challenges ■ Environmental challenges

<sup>a</sup>Not available <sup>b</sup>Not applicable

FAMILY	INDICATOR	SCOPE	UNIT	2007	2008	2009	REPORTING FRAMEWORK
Health and safety	Industrial accidents with time off work	TF1 group	Number	28	58	53	GRI LA 7 - NRE 322
	Frequency rate <sup>a</sup>		b	4.81 <sup>d</sup>	5.58	3.64	
	Severity rate <sup>a</sup>		c	0.17 <sup>d</sup>	0.28	0.09	
	Absenteeism rate		%	4.10	4.10	3.96	NRE 221
	Employees with health and safety training		Number	366	373	372	GRI LA 8 - NRE 322
Life quality	Employees having benefited from the 1% housing loan scheme during the year	TF1 group	Number	-	25	18	Internal
Family policy	Part-time employees	TF1 group	Number	234	232	225	
Employee benefits	Membership of the company savings scheme	TF1 group	%	90	83	81	
	Membership of the collective retirement savings scheme (Perco)		%	12.60	11.90	12.60	
	Average net amount of contributions per employee		€	2,251	2,036	944	
Integration	Interns under agreements with schools	TF1 group	Number		784	487	NRE 326
Training	Employees given training	TF1 group	Number	2,565	2,335	2,777	GRI LA 10 - NRE 326
			%	68	63	76,3	
	Proportion of payroll spent on training		%	3.14	3.25	3.78	
	Total hours of training under the training plan		Number	48,984	55,459	62,483	
	Hours of training per employee per year		Number	13 hrs	14 hrs 45 mins	17 hrs 10 mins	Internal
	DIF (individual right to training) requests granted	Number	364	289	1,039	Internal	
Action in the community	Employees mentoring high-school students from disadvantaged neighbourhoods	TF1 group	Number			60	Internal
Consumption	Electricity consumption in MWh	TF1 group	% change on previous year	-3.48	(29,791) +3.24%	(31,733) +6.5%	GRI EN 3- NRE 1
	Water consumption in cu metres		% change on previous year	-3.82	(61,658) -4.34%	(32,462) -16%	GRI EN 8 - NRE 1
	Paper consumption		Tonnes per year	97	114	87	GRI EN 1 - NRE 1
Waste, raw materials	Waste collected	TF1 group	Tonnes	1,600	1,216	1,280	GRI EN 11 - NRE 1
Suppliers	Suppliers assessed by an outside consultant	TF1 group	Number	n/a <sup>e</sup>	n/a <sup>e</sup>	45	Internal

■ Financial and business challenges ■ Social/HR challenges ■ Environmental challenges

<sup>a</sup>Indicator subject to possible correction since it has to be validated after publication by the relevant authorities <sup>b</sup>Number of industrial accidents involving time off work x 1,000,000 / number of hours worked <sup>c</sup>Number of days off work x 1,000 / number of hours worked <sup>d</sup>TF1 SA only <sup>e</sup>Not applicable

### Compliance indicators

- The figures take account of the comments made by the CSA (French broadcasting authority) at end-January 2010 for programmes in 2009. The comments may still be undergoing processing or awaiting a response from TF1. The final figures will be known when the CSA publishes its official report on TF1 in late 2010.
- The figures should be seen in relation to the number of items shown in TV news bulletins (14,000) and the number of programme hours (7,525).

**€5,368m** (+5%)  
2009 sales

**13.6%** (-2.5 pts)  
Operating margin

**€471m** (-12%)  
Net profit attributable to the Group

**9,018**  
Employees

**€5,370m (=)**  
2010 sales target



### A 4% rise in sales from network

Bouygues Telecom achieved an excellent sales performance throughout 2009, signing up 758,000 new mobile phone customers and 300,000 fixed-line customers, capturing 22% of net growth in the mobile phone market and 22% of net growth in the fixed-line market in the third quarter.

This success enabled Bouygues Telecom to pass the milestone of 10 million mobile phone customers (10,352,000), including over a million business customers. 76.6% of customers at the end of 2009 had call plans.

Average revenue per user (ARPU, calculated for a 12-month rolling period on the Arcep<sup>1</sup> base excluding machine-to-machine SIM cards) fell by only 2% to €487 per year in 2009, despite the recession and a 29% cut in voice call termination rates on 1 July 2009.

Sales from network rose by 4% to €4,863 million and total sales rose by 5% to €5,368 million.

Consolidated EBITDA amounted to €1,344 million, representing 27.6% of sales from network, down 2.3 points on 2008. The fall was due to higher sales-related expenditure linked to the sharp rise in net additions, costs generated by development of the fixed-line business, a €0.005 fall in the voice call termination rate differential and new taxes (UMTS licence fees and the audiovisual tax).

<sup>1</sup>French electronic communications and postal service regulator

### HIGHLIGHTS

- > **January:** launch of Eco Amplitude, the first eco-responsible offering on the French market for business customers.
- > **April:** marketing of the iPhone 3G call plan.
- > **May:** launch of ideo All-in-One, the first quadruple play package on the market (fixed and mobile phone, TV, internet).
- > **July:** cut in call termination rates between French mobile phone operators.
- > **October:** award of the 2009 Corporate Social Responsibility prize by AFRC, the French customer relations association.
- > **November:** launch of Neo.3, the third-generation unlimited call plan.
- > **December:** HQE<sup>®</sup> High Environmental Quality certification of the Bourges customer relations centre; inauguration of the HQE<sup>®</sup> Technical Centre in Meudon (Paris region).

In 2009, while continuing to expand on the mobile phone market, **Bouygues Telecom** made a successful entry into the fixed-line business. **Top of the mobile phone customer relations league table for the third year running, Bouygues Telecom passed the 10-million customer mark.**



Operating profit fell by 11% as a result of lower EBITDA and a rise in depreciation and amortisation expenses to €604 million following high levels of capital expenditure in previous years.

Net profit amounted to €471 million.

Capital expenditure in 2009 amounted to €683 million, €189 million down from the previous year's peak caused by extension of the mobile network and the acquisition of a fixed-line DSL network.

Free cash flow rose by 57% to €401 million due to lower capital expenditure and the continuing high level of EBITDA.

Bouygues Telecom ended the year with net debt of €295 million.

19.2% of net market growth.

Internet SIM cards (mainly USB modems) accounted for 3.5% of the total market in mainland France at end-2009 and 32.2% of net market growth.

MVNOs captured a larger share of the net increase in the SIM base than in 2008 (20% compared with 8% in 2008) and accounted for 5.7% of the SIM base.

Over the year as a whole, Bouygues Telecom accounted for 21% of net growth in contract customers. The proportion of contract customers in the customer mix increased by a further 1.4 points to 76.6%.

## Bouygues Telecom's businesses

### The mobile phone market

The French mobile phone market grew by 6% in terms of the number of SIM cards, boosted by a further 8.6% rise in the number of contract customers. All three operators lost prepaid customers to Mobile Virtual Network Operators (MVNOs).

Machine-to-machine (M-to-M) SIM cards represent a growing proportion of the contract SIM segment. They accounted for 2.6% of the total market in mainland France at end-2009 and



Passing the 10-million-customer milestone

### Sales € million



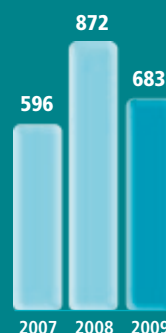
### Net profit € million



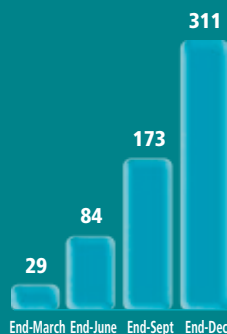
### Cash flow € million



### Net capital expenditure € million



### Bbox customers<sup>1</sup> in 2009, thousands



<sup>1</sup>Number of Bbox routers activated (in operation)

### Mobile customers thousands



## Condensed balance sheet at 31 December

ASSETS (€ million)	2008	2009
• Property, plant and equipment and intangible assets	3,376	3,478
• Goodwill	8	8
• Non-current financial assets and taxes	27	27
<b>NON-CURRENT ASSETS</b>	<b>3,411</b>	<b>3,513</b>
• Current assets	1,256	1,292
• Cash and equivalents	14	15
• Financial instruments <sup>1</sup>	-	-
<b>CURRENT ASSETS</b>	<b>1,270</b>	<b>1,307</b>
<b>TOTAL ASSETS</b>	<b>4,681</b>	<b>4,820</b>
LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	2008	2009
• Shareholders' equity attributable to the Group	2,396	2,371
• Minority interests	-	-
<b>SHAREHOLDERS' EQUITY</b>	<b>2,396</b>	<b>2,371</b>
• Non-current debt	105	294
• Non-current provisions	139	166
• Other non-current liabilities	-	-
<b>NON-CURRENT LIABILITIES</b>	<b>244</b>	<b>460</b>
• Current debt	7	15
• Current liabilities	2,025	1,973
• Overdrafts and short-term bank borrowings	9	-
• Financial instruments <sup>1</sup>	-	1
<b>CURRENT LIABILITIES</b>	<b>2,041</b>	<b>1,989</b>
<b>TOTAL LIABILITIES</b>	<b>4,681</b>	<b>4,820</b>
<b>Net debt</b>	<b>107</b>	<b>295</b>

<sup>1</sup>Hedging of financial liabilities at fair value

## Condensed income statement

(€ million)	2008	2009
<b>SALES</b>	<b>5,089</b>	<b>5,368</b>
• Net depreciation and amortisation expense	(585)	(604)
• Net charges to provisions and impairment losses	(24)	(24)
• Other income and expenses	(3,663)	(4,010)
<b>OPERATING PROFIT</b>	<b>817</b>	<b>730</b>
• Income from net surplus cash	(3)	(10)
• Other financial income and expenses	(1)	(3)
• Income tax expense	(279)	(246)
• Share of profits and losses of associates	-	-
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>	<b>534</b>	<b>471</b>
• Net profit from discontinued and held-for-sale operations	-	-
<b>NET PROFIT</b>	<b>534</b>	<b>471</b>
• Minority interests	-	-
<b>CONSOLIDATED NET PROFIT (attributable to the Group)</b>	<b>534</b>	<b>471</b>



The 3G+ network covered 80% of the French population by the end of 2009

## The fixed-line market

As Arcep figures at end-2009 are not available until mid-March 2010, data for the fixed-line market are given for a 12-month rolling period from September 2008 to September 2009.

Over the twelve-month period, the French ADSL market grew by 10% to 18 million customers.

Bouygues Telecom accounted for 22% of net market growth in the fixed-line segment in the third quarter of 2009 and had a total of 311,000 Bbox routers activated at year-end, demonstrating its capacity to offer a high-quality fixed-line service.

## Products and Services

### The Bbox

Bouygues Telecom is continuing to roll out its fixed-line strategy, with the following three new phases:

- 2 March 2009, launch of a new Bbox package including free calls to mobiles at certain times. The company also conducted its first Bbox media campaign;
- 25 May 2009, launch of *ideo*, the first quadruple play package on the market, offering fixed and mobile phone, internet and TV from €44.90 a month;
- summer 2010, scheduled launch of a package offering very high speed internet and high-definition television. Bouygues Telecom will have access to 3.3 million domestic

connections offering bandwidth of up to 100 Mb/second.

Since it was launched in October 2008, the Bbox package has been enhanced with the integration of MyTF1 and Canal Play. The number of available channels is constantly increasing and stood at 100 channels at end-December 2009.

### Consumer mobile phone services

Bouygues Telecom has enhanced its services to meet customers' changing needs:

- 20 April, launch of the first Universal Mobile capped call plan with 24/7 unlimited SMS and internet surfing;
- 25 May, overhaul of the range of Classic call plans costing less than €35 a month;
- 22 June, launch of new prepaid cards with 24/7 unlimited SMS;
- 16 November, enhancement of the Neo call plan range with Neo.3, offering unlimited calls not just in the evening but all night until 8.00am plus 24/7 unlimited SMS and MMS.

### Business products and services

The range of products and services for business customers was considerably enhanced:

- for professionals, with a specially adapted Bbox package and the launch of Neo Pro 24/24, a comprehensive, 24/7 unlimited call plan;

- for companies, with the Neo Entreprises 24/7 unlimited call plan.

### MVNOs

MVNO agreements, especially with KPN, and the M-to-M segment are continuing to expand rapidly.

### Handsets

Bouygues Telecom continued to enhance its range of handsets:

- it was able to start marketing the iPhone on 29 April after a Paris Appeal Court judgment confirmed the lifting of exclusive marketing arrangements for iPhones. 441,000 iPhones had been sold by end-December 2009;
- in April, Bouygues Telecom also introduced its first handset using the Android operating system.

### Network

Bouygues Telecom stepped up the rollout of its 3G+ network and covered 80% of the French population at end-December 2009, the obligation in its licence being to cover 75% of the population by the end of 2010.

With the new network, Bouygues Telecom is helping to expand the market for mobile internet access, guaranteeing comfort and ease of use for business users and consumers alike.

Bouygues Telecom's 3G+ network covers all major cities in France and most towns with more than 5,000 inhabitants.



Bouygues Telecom's fixed-line network comprises Digital Subscriber Line Access Multiplexers (DSLAM) integrated in 622 subscriber connection nodes and a comprehensive information system for consumers. Bouygues Telecom also has access to a further 1,250 subscriber connection nodes unbundled by SFR, giving it coverage of over 60% of the population.

### Customer relations

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





In July, Bouygues Telecom obtained *NF Service* certification for all its consumer customer relations activities (capped and uncapped call plans, pre-paid cards, professional call plans and Bbox). Bouygues Telecom is the only operator to have *NF Service* certification for both mobile and fixed-line services.

## Subsidiaries and affiliates

### Réseau Clubs Bouygues Telecom (RCBT)

There were 608 stores in the Clubs Bouygues Telecom network at end-2009, 244 of them in shopping centres.

Alongside the network of stores oper-

ated by partners, RCBT continued to expand its branch network, created in 2005, increasing the number of branches from 197 at end-2008 to 244 at end-2009.

RCBT reported a 15.7% increase in sales in 2009 to €489.4 million.

### Extenso Telecom

A wholesale distributor of telecommunications products and services, Extenso Telecom coordinates and supplies a network of 3,000 sales outlets.

In 2009, Extenso Telecom continued to develop Phonéo, an umbrella brand for 165 independent distributors.

Extenso Telecom reported sales of €238 million in 2009.



## Bouygues Telecom Initiatives

Bouygues Telecom Initiatives is a subsidiary created in December 2008 to support innovative new firms in the electronic communication services sector.

Five co-development agreements have been concluded, with Mobigard (lower energy consumption), Ville Fluide (car pooling), Twinlinx (contactless applications), Invities (services interconnection) and Recommerce Solutions (handset recycling).

The company also took stakes in three ventures in 2009: Eeple (online community website development and management), ActivGroup (optimisation of IP flows) and Mobigard (see above).

### Azeide

On 31 December 2009, Bouygues Telecom concluded a preliminary agreement for the acquisition of a 27% minority stake in Azeide Group, which provides business phone services in south western France.

## Regulatory environment

### Licences

#### Fourth UMTS licence

In a decision issued on 17 December 2009, Arcep<sup>1</sup> awarded the fourth UMTS licence to Free Mobile under the procedure launched by the government on 1 August 2009 for the allocation of

a 5 MHz carrier in the 2.1 GHz UMTS band.

### Renewal of Bouygues Telecom's GSM licence

On 25 November 2009, Arcep informed Bouygues Telecom that its authorisation to use 900 MHz and 1800 MHz frequencies would be renewed for 15 years from 9 December 2009. The authorisation means that 99% of the population will have 2G coverage by the end of 2010 (blind spots included) and enables the holder to reuse 900 and 1800 MHz frequencies for its 3G network. Now that a fourth UMTS licence has been allocated, Bouygues Telecom will have to hand back some of its 900 MHz frequencies.

## Legislation

### Digital divide

The principal measure contained in Act 2009-1572 of 17 December 2009 on fighting the digital divide is the establishment of master plans funded by a regional digital development fund. As well as confirming Arcep's powers to encourage the rollout of optical fibre, the Act also allows customers of Internet Service Providers (ISPs) to access their e-mail free of charge for six months after terminating their contract.

### Illegal downloading

Act 2009-669 of 28 October 2009 on the protection of literary and artistic



property on the internet creates a High Authority for the circulation of works and the protection of rights on the internet (Hadopi), tasked with combating the illegal downloading of cultural works. Penalties for repeated online piracy are now a matter for the criminal courts, which may order internet service providers to suspend the internet access of the persons concerned.

### Reform of the local business tax

The 2010 Finance Act of 30 December 2009 abolished the local business tax for all firms from 1 January 2010. Among the measures to make up the revenue shortfall, the government has introduced a tax on radio masts and local loop distribution frames. Mobile operators will have to pay up to €1,530 per mast per year. Fixed-line operators will have to pay €12 per line in operation.

<sup>1</sup>French electronic communications and postal service regulator





Maintaining the network

## Audiovisual

Act 2009-257 of 5 March 2009 on audiovisual communication and the new public television service provides for the abolition of advertising on public service TV channels. Among other measures to make up the revenue shortfall, the law introduces a 0.9% tax on the sales of electronic communications operators.

## Regulation

### Voice call termination rates

In July 2009, the *Conseil d'État* upheld the principles of the Arcep<sup>1</sup> decision in late 2008 concerning the level of voice call termination rates. In particular, the asymmetry between Bouygues Telecom and its competitors and the level of termination rates between 1 July 2009 and 30 June 2010 (€0.06 per minute for Bouygues Telecom, €0.045 per minute for Orange and SFR) were maintained.

In early 2010, Arcep set voice call termination rates from 1 July to 31 December 2010 at €0.034 per minute for Bouygues Telecom and €0.03 per minute for Orange and SFR.

### SMS termination rates

Negotiations between the mobile operators on SMS termination rates resulted in an agreement that introduced new charges from 1 February 2010: €0.0217 for Bouygues Telecom.

### International roaming

The European Commission adopted

a new regulation on roaming in May 2009. The Eurotariff, which came into effect on 1 July 2009, set a ceiling of €0.11 excl. VAT per SMS for the consumer. Wholesale charges between European operators may not exceed €0.26 per minute for voice and €1 per megabyte of data (then €0.22 and €0.80 respectively from 1 July 2010 and €0.18 and €0.5 from 1 July 2011).

### Value added services

In 2009, the government and Arcep continued to introduce measures to increase price transparency for value added services. Call time to freephone and local-rate premium numbers is now excluded from mobile phone call plans and a message announcing the price is transmitted at the start of every call to a premium number for which the premium charge is more than €0.15 per minute. This movement is likely to continue in 2010, the aim being to include revenue from mobile phone communications in call plans.

### Local loop access for ADSL services

Although it was possible to obtain a small reduction in unbundling charges in 2009 (€9 per line per month instead of €9.30), the charge continues to be higher than the real cost incurred by France Télécom. The Arcep review in early 2010 of the financial and operational terms for access to France Télécom's duct infrastructure should result in a better evaluation of the real cost of the infrastructure, which

represents 38% of the current cost of the local loop.

### 3G coverage

To make it easier to extend 3G coverage, the mobile operators, in accordance with the Arcep decision of 9 April 2009, are currently working on a plan for active 3G network sharing which will apply at least to blind spot base stations. A framework agreement between the operators was concluded in February 2010 and a pilot scheme will begin in 2010, with rollout taking place by the end of 2013.

### Optical fibre

At the end of December 2009, Arcep adopted a decision and a recommendation concerning the terms for deploying and accessing very high speed optical fibre electronic communications lines in very high-density areas. Arcep, which has overseen various experimental schemes, has opted for multiple fibre-to-the-home solutions in cities in order to encourage competition and ensure consumer choice.

### Revision of the regulatory framework for electronic communications

The final version of the telecommunications package was adopted at European level at the end of December 2009. The new regulations will have to be transposed into the domestic law of the 27 EU Member States by June 2011.

<sup>1</sup>French electronic communications and postal service regulator

The SIM card can generate pop-up windows to indicate itineraries



## Innovation

Innovation at Bouygues Telecom places the customer at the centre of its concerns, though it also incorporates a fundamental technological dimension in order to ensure the best possible preparation for the services of tomorrow.

Innovation is an inherent part of Bouygues Telecom's genetic make-up and guides the actions of employees throughout the company.

More than ever, innovative firms in the telecoms and internet sector share their skills and know-how with their suppliers and partners.

Bouygues Telecom takes part in the work of the Mov'eo (transport) and

Secure Electronic Transactions (contactless applications) competitiveness clusters.

In contactless applications, Bouygues Telecom has played an active role in the creation and research of AFSCM, the French mobile contactless applications association, under auspices of which an experimental payment scheme involving public transport and retailers will take place in Nice in 2010.

As a result of carrying out research and development in various spheres (mobile and fixed-line networks and services, IP and mobile television, contactless applications, machine-to-machine devices, etc.), Bouygues Telecom is able to contribute to the

work of standards bodies in its areas of activity.

Innovation at Bouygues Telecom is a company-wide affair, involving all functions and skills. Coordinated by the Innovation department, initiatives take the form of giving all units access to resources (suggestion box platform), methods (brainstorming sessions) and events (Innovation Forum, open days, etc.).

The aim is to optimise the creative abilities of all staff by highlighting innovation, encouraging the pooling of ideas and helping everyone to solve problems.

The Innovation Forum, one of the highlights of the year, showcases initiatives for innovative projects in the various departments that take part (network, IT, machine-to-machine devices, marketing). Prizes are awarded for innovation in technology, services and processes.

Projects intended to improve service quality include:

- an internet sensor: placed on the customer's internet circuit, it very accurately measures the quality of the TV signal and hence enables Bouygues Telecom to identify and repair malfunctions as quickly as possible when its network is the cause;
- a UMTS HSPA simulator: this device generates service requests similar to those of customers and estimates the quality of each service. It plays an essential part in determining the theoretical benefits of different

network developments, and hence in deciding the best strategy for Bouygues Telecom.

Innovation projects may also be useful to customers. The SIM card, seen as a new means of interactive and instantaneous exchange, can play out different customer itineraries on all handsets, whether recent or not, by generating pop-up windows.

Green technological innovations are also possible, such as devices that locally optimise the 3G network, improving data communication quality indoors where coverage is poor and speeds are low. Amplification is green and passive, since the device requires neither a micro-repeater nor a power supply.





## Organisation

Bouygues Telecom's sustainable development policy is coordinated by the Innovation Architecture Services department in synergy with support and operational units. A steering committee made up of senior executives meets quarterly to define guidelines and track indicators relating to the sustainable development challenges facing the company. An executive committee, comprising representatives from the firm's main lines of business, meets monthly and is responsible for operational coherence and quarterly reporting. Two-person teams from General Services and Human Resources coordinate action on the company's 11 main sites.



STAKEHOLDERS	PLAYER(S) IN BOUYGUES TELECOM	EXAMPLES OF TYPES OF DIALOGUE
Customers, consumer organisations (UFC-Que Choisir <sup>a</sup> , Adeic <sup>b</sup> , Familles de France, Familles Rurales, CLCV <sup>c</sup> , etc.), mediation body (AMCE <sup>d</sup> )	> Customer Service, Customer Relations, Consumer Affairs, Research, Legal Affairs departments	> Customer Service > Customer satisfaction surveys, studies, round tables > Meetings with consumer organisations
Employees and trade unions	> Management, Human Resources and Labour Relations managers	> Employee perception surveys > Annual assessments > Dialogue and negotiation of agreements with employee representatives > Intranet site including an environment and sustainable development section, sustainable development forum > Events, in-house magazine
Regulators and consultative bodies (Arcep <sup>e</sup> , ANFR <sup>f</sup> , CNC <sup>g</sup> , etc.), central government (ministries, DGCCRF <sup>h</sup> , EU <sup>i</sup> , etc.), European institutions	> Frequencies and Protection, Economic Affairs and Regulation, Consumer Affairs, Legal Affairs, Sustainable Development departments	> Responses to public consultations, questionnaires > Meetings, participation in working groups > Drafting of reviews, proposals
Industry organisations and associations, both French (FFT <sup>j</sup> , Afom <sup>k</sup> , Afutt <sup>l</sup> , Afors Telecom <sup>m</sup> , etc.) and international (GSMA <sup>n</sup> , Ecta <sup>o</sup> )	> Frequencies and Protection, Economic Affairs and Regulation, Consumer Affairs, Legal Affairs, Sustainable Development departments	> Discussions and working meetings with operators on non-competitive issues of mutual interest > Sectoral responses to public consultations
Local residents associations, national associations, associations with a special interest in radio masts	> Frequencies and Protection, Network External Relations departments	> Input to environmental forums, round tables, public meetings > Website devoted to the issue of radiofrequencies and health
Suppliers and service providers	> Purchasing department	> Executive committees > Third-party evaluations and audits > Supplier mirror surveys
Mayors and elected officials, prefects, land and building owners	> Network External Relations, Asset Management departments	> Public meetings > Consultation meetings > Annual gatherings of French mayors > Local residents meetings, exhibitions

<sup>a</sup>Union Fédérale des Consommateurs - Que Choisir <sup>b</sup>Association de Défense, d'Éducation et d'Information du Consommateur <sup>c</sup>Confédération de la Consommation, du Logement et du Cadre de Vie <sup>d</sup>Association de la Médiation des Communications Électroniques <sup>e</sup>French electronic communications and postal service regulator <sup>f</sup>Agence Nationale des Fréquences <sup>g</sup>Conseil National de la Consommation <sup>h</sup>Direction Générale de la Consommation, de la Concurrence et de la Répression des Fraudes <sup>i</sup>European Union <sup>j</sup>Fédération Française des Télécoms <sup>k</sup>French mobile phone operators association <sup>l</sup>Association Française des Utilisateurs de Télécommunications <sup>m</sup>Association Française des Opérateurs de Réseaux et de Services de Télécommunication <sup>n</sup>GSM Association <sup>o</sup>European Competitive Telecommunications Association

## Commitment to the environment

### Reducing the environmental footprint of our activities

#### Blending base station sites into the environment

In 2009, Bouygues Telecom continued to integrate all its new base station sites into the environment according to the 12 principles defined by Afom, the French association of mobile phone operators. 70% of base stations had been integrated by the end of 2009.

#### Sustainable building operation

The Bourges customer relations centre, which already has HQE<sup>®</sup> Construction certification, was one of the first buildings to obtain HQE<sup>®</sup> Operation certification, awarded by Certivéa in late 2009. High Environmental Quality certification rewards the company's commitment to the environment throughout the building's lifecycle, from construction (choice of environment-friendly materials) to operation (energy saving, user comfort, health and safety).

Two other buildings that already have HQE<sup>®</sup> Construction certification are also applying for HQE<sup>®</sup> Operation certification in 2010.

#### Electricity consumption

Following action taken in 2008, including the implementation of tracking software, sophisticated temperature control of buildings and optimised



lighting, electricity consumption in office buildings fell by 4% in 2009, enabling Bouygues Telecom to reduce its direct greenhouse gas emissions by 91 tonnes of CO<sub>2</sub> equivalent.

### Paper consumption

Five years after detailed invoices were made available on the internet, by September 2009 two million customers had used the system. 40% of uncapped call plan customers have opted for e-billing, which is not only faster (two days instead of seven for a printed invoice) but also offers a detailed statement of account free of charge.

In-house paper consumption fell by 28%, particularly as a result of the digitisation of many documents as part of the HQE® Operation certification initiative.



### Helping to reduce the environmental footprint of customers and other sectors

#### Controlling the environmental footprint of products

In 2009, Bouygues Telecom Entreprises confirmed its intention of introducing eco-responsible products and services and eco-design handsets for businesses. The Eco Amplitude package, the first of its kind on the French market, includes a universal solar charger, and a carbon offsetting contribution is paid to ÉcoAct, an authorised organisation, for each handset sold. The contribution has helped to fund programmes to reduce CO<sub>2</sub> emissions in developing countries.

Working together with suppliers helps to cut the electricity consumption of modems and decoders. For example, the latest generation of decoders will use eight times less electricity on standby.

#### Collecting and recycling handsets

Bouygues Telecom set up a system for collecting obsolete mobile phone employee locations in 2003, gradually extending it to all its distribution channels and employee locations. Since 2008, used handsets have been reconditioned by Ateliers du Bocage, an offshoot of the Emmaus charity, which provides jobs for people who otherwise have difficulty finding employment. The recycled handsets are then sold in Emmaus charity shops, enabling the

least well-off to have a mobile phone. Handsets that cannot be reconditioned are passed on to Éco-systèmes, an officially authorised organisation that collects and processes waste electrical and electronic equipment.

In 2010, Bouygues Telecom will propose a new service open to all to encourage the recycling of used mobile phones. The service will be promoted on the internet and in sales outlets.

#### Investing in innovative companies

In 2009, Bouygues Telecom Initiatives, which supports innovative new firms through an incubator and/or an investment fund, helped to finance three start-ups heavily involved in sustainable development.

- Ville Fluide is developing an automated car pooling system with the aim of reducing commutes by car;
- Mobigard makes a system that controls energy expenditure in the home;
- Recommerce Solutions has designed a system for recycling mobile phone handsets, used by Bouygues Telecom.

### Commitment to society and employees

#### Health and safety

One highlight of 2009 was the publication in September of a report and opinion from Afsset, the French envi-

### TESTIMONIAL

**Pierre-Étienne Roinat,**  
Chairman of Recommerce Solutions

Over ten million used mobile phone handsets are tucked away in our drawers. Users often don't know how to get rid of them and have little encouragement to do so. To solve this dual problem, Recommerce Solutions has teamed up with Bouygues Telecom, the first French operator to launch a handset collection site on the web, open to all. Easy and free, the method also includes the payment of a sum of money either to a charity or to the user. It is also in a good cause, since after collection the handsets are recycled at Ateliers du Bocage by people who are being helped back into work. Bouygues Telecom is a sincere and motivated partner, willing to shake up a recycling market that was short on bold and innovative ideas. And thanks to the co-development agreement we have concluded with the incubator unit, we can benefit from valuable support and responsive partners.

ronmental and occupational health and safety agency. Both documents concluded that there were no adverse health effects linked to radio waves, whatever their source (mobile phone, radio or TV transmitter, radio mast, WiFi box, etc.). Based on two years' research which involved sifting through over 3,500 studies, the report stated that there is no scientific reason to change the regulatory limits. This was confirmed by OPECST, the Parliamentary Office for the Evaluation of Scientific and Technological Choices. Under the precautionary principle, however, Bouygues Telecom is playing an active part in the work carried out by

the government, which involves reducing the power of masts in 16 municipalities, informing the public, elected officials and healthcare professionals, applying new consultation procedures for the installation of masts, funding research, overhauling the system for measuring exposure and conducting experiments. Initial results from this research are expected in 2010. At the same time, the company is continuing to provide information and ensure transparency both on its [www.sante.bouyguestelecom.fr](http://www.sante.bouyguestelecom.fr) website and by widely circulating a leaflet on mobile phones and health (3.3 million copies were distributed in 2009).

In-house, automatic defibrillators have been installed at each site. Members of the emergency services have shown staff how to use the equipment, vital in the event of cardio-respiratory arrest.

Over 2,000 staff training actions were undertaken in 2009, in areas such as first aid, operations in high places, fire prevention and road safety, backed up by information days.

### Supporting customers in their mobile phone use

#### Coverage of blind spots

Under the blind spots programme designed to reduce the digital divide, Bouygues Telecom had covered 2,876 municipalities by the end of 2009. During rollout, new locations without mobile phone coverage were identified. Thanks to savings generated by network optimisation, the company agreed to cover an additional 364 municipalities over and above its initial commitment, bringing the final programme up to over 3,300 for 2011.

Coverage of arterial roads continued and, by the end of 2009, Bouygues Telecom had already covered 20% of the 1,000 km scheduled for the end of 2010.

#### Protecting children from harmful content

Bouygues Telecom stepped up its communication to customers on parental control. Parental controls had been activated on over 115,000 mobile phones by the end of 2009, compared with 100,000 in 2008.

<sup>1</sup>Fund to promote the employment of disabled people

Bouygues Telecom is also working on a more sophisticated child protection resource adapted to smartphones.

#### Giving disabled people access to mobile telephony

The number of Bouygues Telecom stores accessible to disabled people increased by 20% in 2008 to 304. For sight-impaired customers, Bouygues Telecom added Mobile Magnifier character enlargement software to its range and provided over 300 copies of Mobile Speak talking screen-reader software. A service for the hearing-impaired will be introduced in early 2010.

#### Protecting consumers

Continuing its policy of providing information about and reducing call plan overruns, Bouygues Telecom developed capped mobile multimedia consumption and continued to help customers to identify the mobile phone package best suited to their usage. It was also the first operator in France to offer iPhone users a consumption tracking service, which enables them to see their consumption of all the services included in their plan (voice, data, SMSs) and is one of the top 50 Apple Store free apps in France.

#### Favouring equal opportunity

##### Diversity in the workforce

According to an in-house employee perception survey in 2009, 86% of Bouygues Telecom staff said that the company respected diversity in the workforce. People of 40 different nationalities work for the company, even though it operates only in France.

A new milestone was passed in 2009 with the introduction of anonymous CVs, on a trial basis but for all positions vacant. From now on, when candidates upload their CV, their identity and contact details are masked, ensuring that the selection process is based on objective criteria of skills, experience and qualifications.

##### Integrating disabled workers

The results of the first government-approved agreement for the period 2007-2009 were extremely positive: targets were easily exceeded, 178 disabled workers were employed and work worth nearly €1 million was subcontracted to the sheltered and adapted sectors. A number of workstations were adapted, using Tadeo Box for the hearing-impaired and Zoom Text for the sight-impaired, and assistance with transport was provided over the three-year period.

Some 280 employees were given training to raise their awareness of disability in working life. Partnerships were formed with associations including Arpejeh<sup>1</sup> and Tremplin to encourage

young people into training and make them more aware of the benefits of further education.

A new three-year agreement for 2010-2012 was concluded with the social partners so that these actions can be continued.

#### Skills development and career enhancement

Each year, Bouygues Telecom employees define their training needs with their line managers, whether to keep up with technological change in the business or to support a geographical or career move.

In all, 300 training modules are on offer, including job-specific training and cross-cutting skills like communication, personal efficiency, office IT, languages, etc. Modules for managers include management fundamentals and Bouygues group culture and values. 90% of employees received training in 2009, the cost of which represented 4.98% of the total payroll.

#### Responsible purchasing

A member of Pas@Pas, an association that promotes procurement from the sheltered sector, Bouygues Telecom alongside other large firms helped to develop a website acting as a procurement platform between corporate purchasing managers and the adapted sector. The website, which posts purchasers' calls for tender, is intended to help operators in the protected sector raise their profile.

### TESTIMONIAL

#### Alexis Bouzinac,

project manager, Customer Service Development, hearing-impaired

“ I joined Bouygues Telecom in August 2009 with a qualification from a top business school and five years' experience. I found a very open company, keen to move forward the idea of integrating people with disabilities. The fact that the average age is relatively low is doubtless a helping factor. My colleagues and discussion partners soon got used to the fact that I was hearing-impaired. I believe, especially with the Disability task force, that much is being done to get people to see disability as normal. I like the pace of life at Bouygues Telecom, its energy. Of course, like anyone who is hearing-impaired, it is not easy for me to follow in meetings where there are a lot of people, but technical solutions exist. Most importantly, I feel that I am judged on my skills alone. If the business world is to integrate disabled employees, there is work to be done upstream on training them. That is essential. ”

Under tender procedures for new establishments, CSR<sup>1</sup> assessments of 50 new suppliers were carried out using EcoVadis. The initiative was crowned by the Sustainable Purchasing Trophy 2009 awarded by CDAF, a French purchasing association, and a silver award from the trade magazine *Décision Achats*.

As part of its policy towards the sheltered sector, in 2009 Bouygues Telecom concluded a contract with ATF, a company that specialises in the recycling or destruction of waste office equipment and computer hardware. The initiative complements the work carried out since 2004 with Esope, a sheltered workshop that processes waste from base stations.

### Supporting good citizenship initiatives

In 2009, the Bouygues Telecom corporate foundation continued its work in its three selected areas:

- medical and social, with the Petits Princes association that makes the dreams of seriously ill children come true (12 dreams fulfilled in 2009);
- environmental, with the Nicolas Hulot Foundation to raise awareness of biodiversity and Surfrider Foundation Europe to clean up beaches and rivers (130 employees took part);
- cultural, with the second Bouygues Telecom Foundation – Métro New Talent prize for a first novel published by Calmann-Lévy.

The Foundation, true to its policy of sponsoring initiatives promoted by employees, provided a focus for 500 volunteers in 2009, involved either in one of its major projects or in the 18 local associations it supported during the year, whether they are members or not.

## Management system

### Quality-based management

Bouygues Telecom has had *NF Service* certification for the call plan operations of its customer service centres since 2006. In June 2009, certification was extended to all its consumer activities (uncapped call plan, capped call plan, prepaid cards, professional call plans and Bbox). Bouygues Telecom is currently the only operator to have *NF Service* certification for both its mobile phone service and its fixed-line services (internet, TV, telephone).

Other distinctions have rewarded the company's performance:

- first place in the TNS Sofres-BearingPoint customer relations league table (mobile phone sector) for the third year running for the quality of Clubs Bouygues Telecom stores, its customer advisers and its website (internet survey of 4,000 respondents in March and April 2009);
- 2009 CSR prize awarded by AFRC, the French customer relations association, for the commitment to staff

(training, equal opportunity, career development, etc.) and sustainable development policy of a company, organisation or authority with a customer relations centre.

### Dialogue with stakeholders (see table on p. 88)

#### Communication with customers

For the second year running, the Bbox Bouygues Telecom caravan on the 2009 Tour de France promoted sustainable development, distributing caps made of organically farmed cotton and goodies shipped by sea. CO<sub>2</sub> emissions from the caravan (team vehicles, overnight stays of riders and staff, guest transport, etc.) were 52% lower than in 2008. In addition, to offset its CO<sub>2</sub> emissions during the Tour de France, Bouygues Telecom supported a run-of-river hydropower plant scheme.

#### Dialogue with consumer bodies

Bouygues Telecom continued its partnership with consumer bodies, especially within the Conseil National de la Consommation (CNC) – French national consumer council – on the subject of mobile internet pricing. It also took part in working groups to prepare a consumer forum held on 26 October 2009, which led to recognition of the system of industry mediation developed by electronic communications firms. Since 2003, mediation has given consumers an additional option for resolving disputes quickly and without cost.

#### Dialogue with staff

In 2009, three years after the previous perception survey, staff were asked to give their opinions on 11 main themes, including career development, pay and benefits, ethics and values, etc. Results were better in almost all areas and confirmed strong loyalty to the company. In the survey, 95% of employees said they are proud to work for the firm and the same proportion thought that Bouygues Telecom was a socially responsible company.

In contrast, responses to the question on simplicity of processes and working methods showed a four-point deterioration, a result probably linked to the development of new fixed-line/ISP activities.

For the third year running, Bouygues Telecom was awarded the "Best Workplaces" label by the Great Place to Work<sup>®</sup> Institute, which assesses

satisfaction levels on the basis of a questionnaire sent to a random sample of employees. The company scored particularly well on "fair treatment whatever a person's disability" (97%) and "proud to belong" (89%). 88% of respondents said that "Overall, it's a good place to work".

#### Dialogue with employee representatives

In all, 252 meetings with employee and union representatives took place in 2009. The constructive and ongoing dialogue between management and employees was given practical expression in agreements in areas like the employment of older people, disability and jobs and skills planning that help the company in its development.

Some 79.2% of employees took part in workplace elections at Bouygues Telecom in 2009.

## OUTLOOK FOR 2010

**Bouygues Telecom will continue to be the challenger on the market in 2010, launching attractive new products and services at competitive prices and proposing a Very High Speed fixed-line service.**






**Bouygues Telecom will have to adapt to regulatory requirements, including cuts in voice and SMS termination rates. Despite these cuts, sales should remain stable at €5,370 million as a result of strong organic growth.**

**Bouygues Telecom aims to reduce its environmental footprint and that of its customers by implementing a 3R policy (reduce, reuse, recycle) with suppliers and encouraging customers to return old mobile handsets for recycling.**

<sup>1</sup>Corporate Social Responsibility





# SUSTAINABLE DEVELOPMENT: CHALLENGES AND KEY INDICATORS



	KEY FIGURES				
	2008	2009	ACTION IN 2009	PROGRESS <sup>a</sup>	2010 OBJECTIVES
<b>FINANCIAL AND BUSINESS CHALLENGES</b>	<b>Purchase responsibly</b>	€795,000 of sales with the sheltered and adapted sector	€996,000 of sales with the sheltered and adapted sector Sustainable Purchasing Trophy awarded by French purchasing association CDAF, silver award from trade magazine <i>Décision Achats</i>	<ul style="list-style-type: none"> <li>&gt; Rollout of EcoVadis assessments of 50 new suppliers as part of calls for tender for new administrative sites (total base = 150)</li> <li>&gt; Conclusion of a contract with ATF (adapted sector) for the processing of waste electrical and electronic equipment (IT and office hardware)</li> </ul>	 <ul style="list-style-type: none"> <li>&gt; Conduct EcoVadis assessments of another 100 suppliers</li> <li>&gt; Launch the online protected sector procurement platform under the auspices of the Pas@Pas association</li> </ul>
	<b>Support customers</b> in their mobile phone and Bbox use	201,000 customers given consumption analysis and optimisation advice <sup>b</sup> 100,000 parental controls activated	750,000 customers given consumption analysis and optimisation advice <sup>b</sup> 115,000 parental controls activated	<ul style="list-style-type: none"> <li>&gt; Raise awareness and convey messages to customers about eco-responsible behaviour, products and services</li> <li>&gt; Participation in government research on radiofrequencies and health</li> <li>&gt; Publication on the website of five factsheets about radiofrequencies and health prepared by Afom<sup>c</sup></li> <li>&gt; Introduction of parental controls for SMSs</li> </ul>	 <ul style="list-style-type: none"> <li>&gt; Step up awareness-raising and messages to customers about eco-responsible behaviour (hands-free kit, low-SAR<sup>f</sup> handsets, energy saving, handset recycling)</li> <li>&gt; Continue participation in government research and consultation on radiofrequencies and health</li> </ul>
	<b>Deliver high-quality service</b> to all customers, whatever their products, services or chosen contact channel	No. 1 in the TNS Sofres-BearingPoint mobile phone customer relations league table	No. 1 in the TNS Sofres-BearingPoint mobile phone customer relations league table for the third year running 1st operator to be awarded NF Service certification for customer service centres by Afnor for all consumer activities (mobile and fixed-line services) 100% of customer relations activities covered by Afnor NF Service certification	<ul style="list-style-type: none"> <li>&gt; Ensure the same service quality for Bbox and mobile phone customers</li> <li>&gt; Guarantee customers the same service quality whatever the contact channel (call centre, internet, stores)</li> </ul>	 <ul style="list-style-type: none"> <li>&gt; Maintain the service quality appreciated by customers for both mobile phone and Bbox services</li> <li>&gt; Develop and promote customer autonomy, in particular via the internet</li> </ul>
<b>SOCIAL/HR CHALLENGES</b>	<b>Monitor employee health and safety</b>	Workplace accident frequency and severity rates: 2.21 <sup>c</sup> and 0.062 <sup>d</sup> 2,000 health and safety training actions	Workplace accident frequency and severity <sup>i</sup> rates: 2.60 <sup>c</sup> and 0.069 <sup>d</sup> Over 2,000 health and safety training actions	<ul style="list-style-type: none"> <li>&gt; Continue to develop initiatives to promote well-being at work and raise employee awareness of first aid measures in connection with the installation of defibrillators at all sites</li> </ul>	 <ul style="list-style-type: none"> <li>&gt; Negotiate an agreement on stress</li> <li>&gt; Raise awareness of workstation ergonomics at the new Technical Centre and Mozart sites</li> </ul>
	<b>Develop employees' skills</b> and favour equal opportunity	150 disabled employees <sup>g</sup> 90% of employees given training <sup>g</sup> 33% of managerial staff are women <sup>g</sup>	2009 CSR prize awarded by AFRC (French customer relations association) 280 employees given training to raise their awareness of disability in working life 178 <sup>h</sup> disabled employees 90% of employees given training <sup>h</sup> 33% of managerial staff are women <sup>h</sup>	<ul style="list-style-type: none"> <li>&gt; Ensure disabled access to all company premises</li> <li>&gt; Participation in over 15 nationwide disability forums</li> <li>&gt; Internal campaigns to raise awareness of the integration of disabled people (film, training, etc.)</li> <li>&gt; Conclusion of a new disability agreement with the social partners for 2010-2012</li> <li>&gt; Introduction of anonymous CVs placed online in the Careers section of the website</li> <li>&gt; Conduct of a 2009 employee perception survey</li> </ul>	 <ul style="list-style-type: none"> <li>&gt; Step up action to keep disabled employees in work</li> <li>&gt; Obtain official approval of the agreement on the integration of disabled workers</li> <li>&gt; Train managers in the promotion of diversity through e-learning</li> <li>&gt; Train employees aged over 55 in mentoring skills</li> <li>&gt; Expand later career development interviews</li> <li>&gt; Help employees to find new positions within the company through training</li> </ul>

<sup>a</sup>Compared with 2009 objectives <sup>b</sup>Service launched in 2007 at customer service, in February 2009 in Clubs Bouygues Telecom stores and in May 2009 on the internet <sup>c</sup>Number of industrial accidents involving time off work x 1,000,000 / number of hours worked <sup>d</sup>Number of days off work x 1,000 / number of hours worked <sup>e</sup>French mobile phone operators association <sup>f</sup>Specific Absorption Rate, a measurement of the level of radiofrequencies emitted by a mobile phone handset <sup>g</sup>Bouygues Telecom SA <sup>h</sup>Bouygues SA and its subsidiaries <sup>i</sup>This indicator is subject to change upon approval by the relevant authorities after publication

## SOCIAL/HR CHALLENGES

AIM	KEY FIGURES		ACTION IN 2009	PROGRESS <sup>a</sup>	2010 OBJECTIVES
	2008	2009			
Give as many people as possible access to Bouygues Telecom services	<b>2,792</b> municipalities covered in the blind-spot coverage programme <b>254</b> Clubs Bouygues Telecom stores with disabled access out of a total of 341 <sup>b</sup> <b>350</b> talking screen-readers provided to sight-impaired users	<b>2,876</b> municipalities covered in the blind-spot coverage programme at end-2009 <b>200 km</b> of arterial roads covered by Bouygues Telecom <b>304</b> Clubs Bouygues Telecom stores with disabled access out of a total of 388 <b>326</b> talking screen-readers provided to sight-impaired users	<ul style="list-style-type: none"> <li>&gt; Completion of the initial blind-spot coverage programme and extension to a further 364 municipalities</li> <li>&gt; Continuation of the coverage of arterial roads</li> <li>&gt; Continuation of work to make Clubs Bouygues Telecom stores more easily accessible to people with reduced mobility</li> <li>&gt; Enhancement of the range of handsets for disabled users</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Continue to extend the coverage of blind spots and finalise the programme to cover arterial roads (target: over 3,300 municipalities)</li> <li>&gt; Introduce active sharing between mobile operators of access to the 3G radio network from blind spot base stations</li> <li>&gt; Organise the second "Rencontres du Handicap" event</li> <li>&gt; Establish a service centre for putting hearing-impaired customers in contact with customer advisers</li> </ul>
Support good citizenship initiatives	<b>€1,000,000</b> spent on sponsorship <b>420</b> volunteer employees for Bouygues Telecom Foundation initiatives	<b>€1,000,000</b> spent on sponsorship (including €130,000 for local associations) <b>508</b> volunteer employees for Bouygues Telecom Foundation initiatives	<ul style="list-style-type: none"> <li>&gt; Support for the Nicolas Hulot Foundation biodiversity programme</li> <li>&gt; Organisation of eight operations to clean up beaches, lakes and rivers, with 150 employees volunteering</li> <li>&gt; Publication of the novel that won the second New Talent prize for a first novel</li> <li>&gt; Fulfilment of 12 seriously ill children's dreams for the Petits Princes association</li> <li>&gt; Funding of 18 local associations sponsored by employees</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Keep employees and customers informed about the Nicolas Hulot Foundation's "Evolution Chapter 2" programme</li> <li>&gt; Encourage customers to take part in operations to clean up beaches and rivers and to support good causes</li> <li>&gt; Continue all initiatives carried out in 2009</li> </ul>

## ENVIRONMENTAL CHALLENGES

Reduce the environmental footprint of the activity	<b>100%</b> of base station sites evaluated according to the 12 integration rules defined by France's three mobile phone operators <b>6%</b> reduction in office energy consumption <b>73%</b> of sites integrated into the environment	<b>100%</b> of base station sites evaluated according to the 12 integration rules defined by France's three mobile phone operators <i>HQE</i> <sup>®</sup> Operation certification of the Bourges customer relations centre <b>4%</b> reduction in office energy consumption <b>70%</b> of sites integrated into the environment <b>41%</b> of purchasing orders placed electronically	<ul style="list-style-type: none"> <li>&gt; Launch of the "Integration into the landscape and sustainable development" competition for network staff</li> <li>&gt; Training of operational staff in lifecycle analysis and development of the first applications with suppliers</li> <li>&gt; Introduction of CO<sub>2</sub> tracking indicators</li> <li>&gt; Optimisation of occupation of data centre equipment rooms in order to make air-conditioning more efficient</li> <li>&gt; Work on the <i>HQE</i><sup>®</sup> Data Centre framework reference and on bringing sites into compliance with the <i>HQE</i><sup>®</sup> Operation framework reference</li> <li>&gt; Delivery of a first green data centre at Montigny-le-Bretonneux</li> <li>&gt; Continuation of work on electronic purchasing orders and communication media</li> <li>&gt; Optimisation of communication media formats to reduce paper consumption (POS guide)</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Introduce criteria on CO<sub>2</sub> emissions into all equipment tender specifications</li> <li>&gt; Roll out a 3R policy (reduce, reuse, recycle) in-house and with suppliers</li> <li>&gt; Launch an energy saving plan</li> <li>&gt; Encourage car pooling</li> <li>&gt; Reduce the number of servers and applications and the surface area of data centres</li> <li>&gt; Optimise the power consumption of data centres (pooling of rooms and site infrastructure equipment)</li> <li>&gt; Sign up to the UDA (advertisers' association) responsible communication charter</li> </ul>
Help to reduce customers' environmental impact	<b>23%</b> of consumers with call plans on e-billing <b>184,000</b> used handsets collected <b>962</b> tonnes of CO <sub>2</sub> equivalent emitted on the 2008 Tour de France (cycling team)	<b>40%</b> of consumers with call plans on e-billing <b>13,400</b> used handsets collected <b>459</b> tonnes of CO <sub>2</sub> equivalent emitted on the 2009 Tour de France (cycling team)	<ul style="list-style-type: none"> <li>&gt; Launch of eco-responsible packages and marketing of eco-design handsets for business customers</li> <li>&gt; Collection and recycling of handsets, combining social action with an environmental objective</li> <li>&gt; Eco-design of the 2009 Tour de France caravan with offsetting contributions for residual CO<sub>2</sub> emissions</li> <li>&gt; Continuation of support for innovative companies and promotion of eco-responsible initiatives in the framework of Bouygues Telecom Initiatives (see page 89)</li> <li>&gt; Development of telephone applications for long-term machine-to-machine devices, to reduce environmental footprints in the building and transport sectors</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Launch a new internet and Club store service to take back used handsets and encourage recycling</li> <li>&gt; Launch a subscription renewal package without a new handset</li> <li>&gt; Introduce green product labelling</li> <li>&gt; Introduce a pilot car pooling scheme at the Meudon Technical Centre</li> </ul>

 Measures introduced in 2009  Ongoing measures in 2009  Mature measures (continuous improvement)

<sup>a</sup>Compared with 2009 objectives <sup>b</sup>Agents and branches

## DETAILED NON-FINANCIAL INDICATORS AT 31 DECEMBER

FAMILY	INDICATOR	SCOPE	UNIT	2007	2008	2009	REPORTING FRAMEWORK
Health	Mobile phone and health leaflets distributed	France	Number	n/a <sup>f</sup>	2,587,648 (from April 2008)	4,960,005	GRI PR1
	Radiofrequencies and health:						
	• answers to letters • answers to e-mails			429 286	215 324	120 63	
	Electromagnetic field measurements requested by stakeholders			429	437	900	
Employee benefits	Average gross amount of employee profit-sharing	France	€	1,264 (received in 2007 in respect of 2006)	2,843 (received in 2008 in respect of 2007)	2,624 (received in 2009 in respect of 2009)	Internal
	Membership of company savings scheme	Bouygues Telecom SA (excl. subsidiaries)	%	67	66	63.2 <sup>a</sup>	
Women	Women in managerial positions	France	%	33	33	33	GRI LA 13
Disabled people	Disabled employees	France	Number	121	150	178	GRI LA 13
	Disabled people hired			26	43	31	
	Sales with the sheltered and adapted sector	France	€ '000	618	795	996	
Absenteeism	Hours off work/working hours (excl. maternity leave)	France	%	3.6	3.6	3.9	GRI LA 7
Accidents	Frequency rate	France	b	1.66	2.21 <sup>d</sup>	2.60 <sup>e</sup>	GRI LA 7
	Severity rate (o/w number of deaths, subcontractors included)		c	0.040	0.062 <sup>d</sup>	0.069 <sup>e</sup>	
	Workplace accidents		Number	39 o/w 20 with time off	41 o/w 28 with time off	55 o/w 41 <sup>a</sup> with time off	
	Accidents on the way to and from work		Number	59 o/w 34 with time off	58 o/w 40 with time off	101 o/w 62 <sup>a</sup> with time off	
Training	Hours dispensed	France	Number	184,481	247,529	278,783	GRI LA 10
	Employees given training		%	92	90	90	
Solidarity	Expenditure	France	€	950,000	1,000,000	1,000,000	Internal

■ Financial and business challenges ■ Social/HR challenges ■ Environmental challenges

<sup>a</sup>Scope: Bouygues Telecom SA and its French subsidiaries <sup>b</sup>Number of industrial accidents involving time off work x 1,000,000 / number of hours worked <sup>c</sup>Number of days off work x 1,000 / number of hours worked <sup>d</sup>Based on decisions communicated by social security organisations as at 25 February 2009 <sup>e</sup>Based on decisions communicated by social security organisations as at 2 February 2010 <sup>f</sup>Not applicable



FAMILY	INDICATOR	SCOPE	UNIT	2007	2008	2009	REPORTING FRAMEWORK
Health	Action plan	France	n/a <sup>a</sup>	<ul style="list-style-type: none"> <li>&gt; Involvement in prevention programmes (healthy living, smoking, etc.), as part of national initiatives</li> <li>&gt; Prevention plan against the risk of a flu pandemic</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Involvement in healthy eating awareness programmes</li> <li>&gt; Involvement in programmes of regional events relating to relaxation, wellness, addiction prevention and healthy living</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Involvement in awareness programmes for first aid (eg, how to use a defibrillator) and occupational risks (eg, road safety, fire, etc.) and flu vaccination campaigns</li> <li>&gt; Involvement in programmes of regional events relating to relaxation, wellness, addiction prevention and healthy living</li> </ul>	LA 8
Customer relations	Awards received in recognition of social, ethical and environmental achievements	France	n/a <sup>a</sup>	<ul style="list-style-type: none"> <li>&gt; Top of the 2007 TNS Sofres-BearingPoint customer relations league table (mobile phone sector)</li> <li>&gt; Second in <i>JDN Management's</i> ranking of the top ten most pleasant high-tech companies to work in</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Top of the 2008 TNS Sofres-BearingPoint customer relations league table (mobile phone sector)</li> <li>&gt; Top in the Score - BVA and AAC customer relations survey (telephone and ISP sector)</li> <li>&gt; Renewal of customer service centre quality certification awarded by Afnor Certification in 2006</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Top of the 2009 TNS Sofres-BearingPoint customer relations league table (mobile phone sector)</li> <li>&gt; Extension of <i>NF Service</i> certification for customer service centres awarded by Afnor Certification to all consumer activities (mobile and fixed-line services). First operator to obtain such certification</li> <li>&gt; Sustainable Purchasing Trophy awarded by French purchasing organisation CDAF, silver award from the trade magazine <i>Décision Achats</i></li> <li>&gt; Second place in the ranking of best companies to work in organised by the Great Place to Work<sup>®</sup> Institute</li> <li>&gt; 2009 CSR prize awarded by AFRC, the French customer relations association</li> </ul>	Internal
Base stations	Base stations for which integration to the environment has been assessed	France	Aggregate number	10,797	13,399 (100% of the installed base) 73% are "integrated"	13,975 (100% of the installed base) 100% are "integrated"	GRI EN 14
Recycling	Recycled handsets:	France	Number	118,345	173,640	9,218	GRI EN 15
	<ul style="list-style-type: none"> <li>• collected in stores</li> <li>• business customers</li> <li>• internet</li> <li>• employees</li> <li>• through after-sales</li> </ul>			1,860	4,021	3,628	
Consumption	Recycled network equipment:	France	Tonnes	13	1	3	GRI EN 11
	<ul style="list-style-type: none"> <li>• batteries</li> <li>• excl. batteries</li> </ul>			138	280	415	
Consumption	Electricity consumption per occupied workstation in offices	France	MWh	3.87	3.51	3.38	GRI EN 3
	Paper consumption per occupied workstation		Number of reams	5.77	5.89	3.91	GRI EN 1

<sup>a</sup>Not applicable

## Commentaries on trends

### Afom mobile phone and health leaflets

The variation in the number of leaflets distributed depends on the number of new customers (the leaflet is included in the SIM box), the number of handset renewals (the leaflet is included in the handset box) and demand for supplies of the leaflet from stores.

### Membership of the company savings scheme

The fall in 2009 is due to a change of scope.

### Recycled handsets

Removal of the financial incentive in 2009 caused a fall in the number of handsets collected in stores.

### Electricity consumption per occupied workstation

HQE<sup>®</sup> Operation certification was implemented in 2009 and lighting and air-conditioning were optimised.

### Paper consumption per occupied workstation

Paper consumption fell in 2009 because employees were encouraged to print on both sides of the paper.



# BOUYGUES SA

**€69m** (-14%)  
2009 sales

**€27m** (ns)  
Operating loss

**€1,017m** (+15%)  
Net profit

**182**  
Employees

As the parent company of an industrial group, **Bouygues SA** focuses entirely on the development of the Group's businesses. It is the place where decisions are taken that determine the Group's activities and the allocation of its financial resources.



## Internal control

In 2009, Bouygues SA in liaison with its business lines continued a major project to analyse and optimise internal control throughout the Bouygues group, drawing on the recommendations and the reference framework issued by the AMF. 2009 was the first year in which the internal control assessment was rolled out in the Group's businesses. Each business area has also drawn up its first risk map using the methods recommended by the Group. A fuller account of the project, begun in 2007, is given in the Chairman's report on internal control (see *Legal and financial information* section).

## Management

Bouygues SA pays particular attention to Group management, taking steps to encourage exchanges between support structures and businesses, motivate staff and develop team spirit within the Group. The main actions in this sphere in 2009 are described under *Sustainable development, research and innovation, human resources* in *The Group* section of this document.

## Services rendered to subsidiaries

As well as being responsible for the overall management of the Group, Bouygues SA provides a range of general and expert services to Group

businesses in areas such as finance, communications, sustainable development, sponsorship, new technologies, insurance, legal affairs, human resources, etc. For that purpose, Bouygues SA concludes annual agreements with its businesses under which it invoices them for services rendered.

## Acquisition of Alstom shares – Cooperation with Alstom

Taking advantage of market opportunities, Bouygues acquired shares in Alstom in order to maintain its stake at around 30%. Bouygues' interest in Alstom stood at 29.80% at 31 December 2009.

In 2006, Bouygues acquired a 50% stake in Alstom Hydro, an Alstom subsidiary that supplies hydro power equipment, for €150 million.

The agreements concluded at the time gave Bouygues the option, in November 2009, of exchanging its shares in Alstom Hydro Holding for shares in Alstom or payment in cash.

On 25 November 2009, Bouygues notified its decision to exercise the option in exchange for 4,400,000 Alstom shares. The new shares were issued on 12 March 2010, taking Bouygues' stake in Alstom to approximately 30.8%.

## Employee savings

It is Bouygues' belief that Group employees should be closely associated with the success of their companies, in which they play a key role. That is why it implements a proactive employee share ownership policy.

In this context, in June 2009 Bouygues' Board of Directors decided to undertake a new capital increase reserved for employees. The leveraged scheme, called *Bouygues Partage 2*, ended on 30 November 2009. A great success, it attracted over 55,000 employees, 72.5% of those eligible. Detailed information about the scheme may be found in the Board of Directors' and Auditors' supplementary reports in the *Combined Annual General Meeting* section of this document.

Group employees were the second-largest shareholder group at 31 December 2009, holding 18.3% of the capital and 23.2% of the voting rights through a number of mutual funds. With over 60,000 employee shareholders, Bouygues is the CAC 40 company with the highest level of employee share ownership.

Two employee shareholder representatives have had seats on Bouygues' Board of Directors since 1995.

## Financial flows

In 2009, Bouygues SA received dividends totalling €1,149 million from its

subsidiaries as follows:

• Bouygues Construction	€207m
• Bouygues Immobilier	€74m
• Colas	€276m
• TF1	€43m
• Bouygues Telecom	€446m
• Alstom	€96m
• Other	€7m

In 2009, Bouygues SA invoiced its main subsidiaries the following amounts under service agreements:

• Bouygues Construction	€13m
• Bouygues Immobilier	€3.5m
• Colas	€16.2m
• TF1	€3.3m
• Bouygues Telecom	€7.4m

There are no significant flows of funds between Group subsidiaries. Cash management is centralised within financial subsidiaries wholly owned by Bouygues SA. This arrangement ensures optimum management of financial expenses, since the surplus cash generated by certain companies can be used in addition to or in place of confirmed lines of credit granted by credit institutions to other subsidiaries.

When investing surplus cash, Bouygues has always avoided speculative instruments like securitisation vehicles, hedge funds, etc.

## Research and development, human resources

See *Sustainable development, research and innovation, human resources* in *The Group* section of this document.

## Other activities

### Finagestion

When Bouygues sold Saur in 2004, Finagestion was the holding company that took over Saur's water and power interests in Ivory Coast and Senegal.

In 2009, Bouygues sold 35.7% then 4% of the capital of Finagestion to ECP FII Finagestion SARL, a subsidiary of Emerging Capital Partners (ECP) and a shareholder of Finagestion since July 2008, and 9.5% to employees of Finagestion subsidiaries CIE and Sodeci. Bouygues owned 21.5% of Finagestion at 31 December 2009 compared with 70.7% at 1 January 2009.

Finagestion, which contributed €280 million to Bouygues' consolidated sales in 2008, is now consolidated by the equity method.

### Serendipity Investment

Alongside Artémis, Bouygues has had a 50% stake in Serendipity Investment, an investment fund, since 2008. Serendipity Investment's portfolio at 31 December 2009 comprised the fol-

lowing equity interests:

- 30.6% of F4 (online video games);
- 35% of Légende (film production);
- 25.6% of Michel & Augustin (agri-food);
- 50% of Geny Infos (horse-racing

information);

- 50% of SPS (online games and betting);
- 11.1% of Wonderbox (gift packs).

The stake in SPS was sold to TF1 in early 2010.



Interior garden of the HQE®-certified head office building



## TWO HIGH-GROWTH BUSINESSES

Good operational performance in a difficult economic environment

Figures for the first half of FY2009/10<sup>1</sup>

**€9,683m** (+8%)

Sales

**8.6%** (+0.8 pts)

Operating margin

**€562m** (+7%)

Net profit attributable to the Group

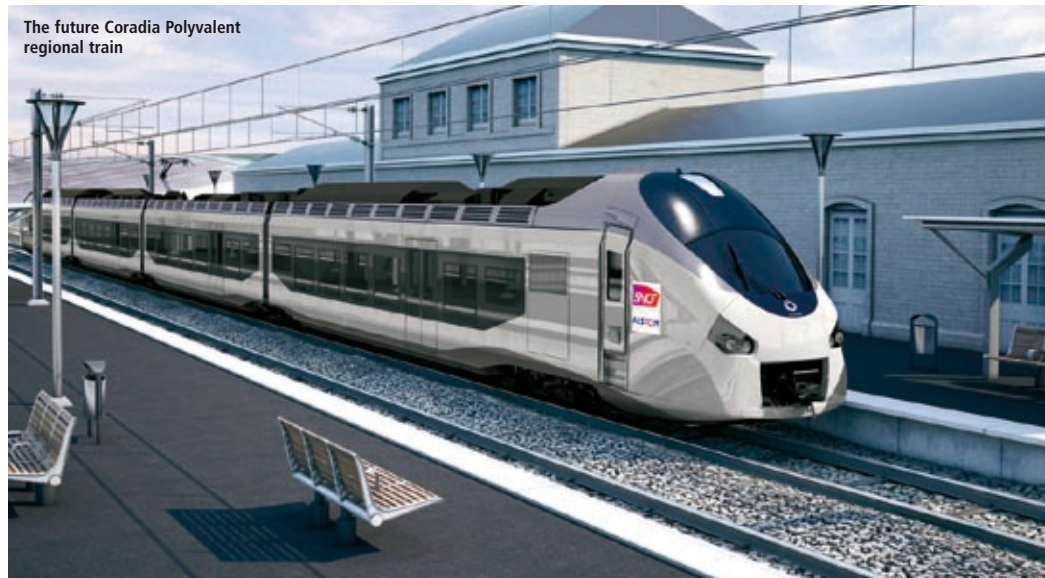
**€7,134m** (-54%)

Orders received

**79,500** approx.

Employees

<sup>1</sup>First half ended 30 September 2009



### HIGHLIGHTS

#### Major contracts in 2009

- > **February:** 20 X'Trapolis suburban trains for the city of Melbourne; boilers for a coal-fired power plant in the Netherlands.
- > **April:** construction of the biggest combined-cycle power plant in the UK: 60 double-decker trainsets for RATP's RER Line A.
- > **October:** SNCF awards

Alstom the contract for new-generation single-deck *TER* regional trains; hydroelectric plant in Switzerland.

- > **November:** innovative boiler and steam turbine unit at Mannheim in Germany.
- > **December:** construction of a high efficiency steam power plant in Slovenia.

#### Major contracts in 2010

- > **January:** conclusion by Alstom and Schneider Electric of the agreement to acquire Areva T&D.

Operating in over 70 countries, **Alstom's 79,500 employees** apply their skills and expertise in two high-growth businesses, **Power and Transport**. **Bouygues owned 29.80% of Alstom at 31 December 2009**. The two groups are developing their industrial synergies while allowing themselves to work independently on each project.

### Bouygues as an Alstom shareholder

In June 2006, Bouygues acquired the French government's stake in Alstom, representing 21.03% of the capital, at a cost of €2 billion. Since then Bouygues has gradually increased its stake in Alstom, which stood at 29.80%<sup>1</sup> at 31 December 2009 and was raised to 30.8% on 12 March 2010. The three-year commitment to keep the Alstom shares bought from the government expired in June 2009. The interest in Alstom is consolidated by the equity method.

### Non-exclusive cooperation between Bouygues and Alstom

On 26 April 2006, Alstom and Bouygues concluded a non-exclusive commercial and operational cooperation agreement. By sharing best practice in project management and pooling their commercial resources, the two groups plan to jointly develop integrated projects worldwide as they arise, drawing on Bouygues' expertise in civil engineering as well as Alstom's know-how in systems, equipment and services for power generation and rail transport. However, the cooperation agreement does not contain any exclusivity clause. The two groups will continue to work with the partners that are best suited to each project in the interest of their clients.

<sup>1</sup>Excluding Alstom Hydro

## Alstom Hydro Holding

As part of the process of establishing cooperation between the two groups, in April 2006 Bouygues also invested €150 million in a 50% stake in Alstom Hydro Holding, an Alstom subsidiary that supplies hydropower equipment.

The agreements gave Bouygues the option, in November 2009, of exchanging its shares in Alstom Hydro Holding for shares in Alstom or payment in cash.

On 25 November 2009, Bouygues notified its decision to exchange its 50% interest in Alstom Hydro Holding for 4,400,000 Alstom shares. The new shares were issued on 12 March 2010

after all the necessary approvals had been obtained. On completion of the transaction, Bouygues' stake in Alstom amounted to approximately 30.8%.

## Overview of Alstom

Alstom is an international group. In FY2008/09, the group generated 52% of its sales in Europe, 13% in Asia-Pacific, 22% in North and South America and 13% in Africa and the Middle East. Its financial year ends on 31 March. In FY2008/09, it reported an 11% rise in sales to €18.7 billion.

Alstom has approximately 215,000 shareholders.

## Power generation

Alstom develops and markets a wide range of systems, equipment and services for the power generation sector and industrial markets.

Alstom is the world's leading provider of turnkey power plants, power generation services and air quality control systems. Covering all energy sources (coal, gas, oil, nuclear, hydro, wind), it offers the most advanced solutions available for coal- and gas-fired plants.

A leader in clean power (technologies to reduce CO<sub>2</sub>, NOx, sulphur and dust emissions), Alstom supplies, integrates and maintains all components necessary to deliver clean power solutions, from turbines and boilers to air quality control and energy recovery systems. It is also developing CO<sub>2</sub> capture processes that are expected to be market-ready in the medium term.

Alstom is a leading supplier of conventional islands for nuclear power plants and a key player in renewable energy, with solid positions in the hydro and, more recently, wind power segments.

In addition, Alstom has extensive experience in retrofitting, upgrading, refurbishing and modernising existing power plant equipment. It has supplied major equipment for 25% of the world's operating power plants.

In March 2009, Alstom announced that it was merging all its power generation activities hitherto managed as two sectors, Power Systems (turnkey



Arabelle steam turbine at the Belfort plant

plants, new equipment and retrofit) and Power Services (after-sales, from service to renovation and spare parts), to form a single entity, Alstom Power. The creation of a single Power sector is intended to improve the Group's commercial performance and optimise its engineering and production resources.

## Rail transport

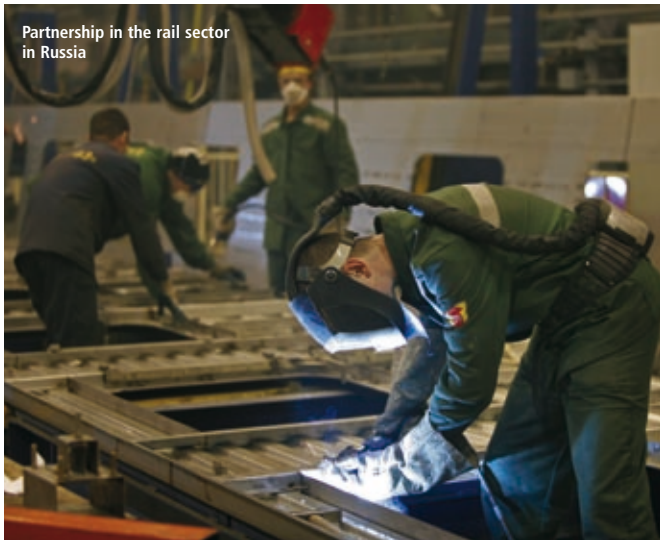
Alstom is one of the world's leading providers of rail transport equipment and services. Alstom covers the entire rail transport market, from very high speed to light urban transport, including metro and tramway systems, suburban and regional trains and locomotives. In addition to rolling stock, Alstom also supplies infrastructure, signalling equipment, maintenance and

turnkey rail systems. It is the world's leading maker of high-speed and very high-speed trains and the second largest provider of urban light railway systems: Alstom makes a quarter of the world's subway cars and a third of its tramways.

## Alstom's business activity in 2009

In the financial year ended 31 March 2009, orders taken by Alstom increased by 5% to €24.6 billion, bringing the order book to €45.7 billion (up 16%), representing 29 months' sales.

In the first nine months of FY2009/10, Alstom booked orders worth €11.4 billion. Sales, at €14.4 billion, were 6% higher than in the same period of



Partnership in the rail sector in Russia





Barra Grande hydropower plant in Brazil

the previous financial year. The order book at 31 December 2009 stood at €44 billion, representing approximately 27 months' sales.

### Power generation

The Power Sector took orders worth €7.4 billion in the first nine months of FY2009/10, 48% down on the exceptional level recorded in the first nine months of FY2008/09, which included a number of very large-scale projects.

Sales rose by 7% to €10.1 billion, driven by the high level of orders taken in previous periods.

A number of major contracts were concluded in 2009:

- Retrofit of the Koeberg power station in South Africa (€125 million).
- Boilers for a coal-based power plant in the Netherlands (€590 million).
- Modernisation of the Belchatów power plant in Poland (€160 million).
- Construction of the UK's largest combined cycle power plant (€1 billion).
- Cutting-edge technology for the Nant de Drance hydropower station in Switzerland (€125 million).
- Boiler for a coal-fired power plant in India (€150 million).
- Equipment for a new hydropower station in Switzerland (€180 million).
- Innovative steam turbine and boiler technology for a power plant at Mannheim in Germany (€450 million).
- Instrumentation and control system for the world's largest coal-fired power plant in South Africa (€100 million).
- Construction of a high-efficiency steam power plant in Slovenia (€900 million).
- 52 Citadis trams for the Brest and Dijon conurbations (€110 million).
- Track works and 16 Citadis trams for Brasilia in Brazil (€140 million).
- 100 new-generation TER regional trains for SNCF (€900 million).

### Rail transport

Orders worth €4 billion were taken in the first nine months of FY2009/10, 47% lower than the exceptional level recorded in the first nine months of FY2008/09.

Sales in the first nine months of FY2009/10 amounted to €4.3 billion, up 5% year-on-year. Deliveries in the third quarter were 7% higher than in the third quarter of FY2008/09.

A number of major projects were concluded.

- An additional 20 X'Trapolis suburban trains for the city of Melbourne in Australia (€190 million).
- Track works for the Singapore metro's Downtown Line (€120 million).
- 60 double-decker trainsets for the Paris RER Line A (€620 million).
- 83 regional trains for the urban transport network at Stuttgart in Germany (€110 million).
- 48 Metropolis cars and modernisation of the signalling system of the Brasilia metro system in Brazil (€100 million).

### Acquisitions - Partnerships - Investments

On 31 March 2009, Alstom and Transmashholding (TMH), Russia's leading maker of rolling stock, concluded a strategic partnership agreement covering technological, industrial and financial matters. Under the terms of the agreement, announced in a letter of intent in October 2008, Alstom Transport will help to modernise TMH's plant and equipment and develop a new generation of rolling stock for the Russian market. Alstom will also acquire 25% plus one share of the capital of TMH's parent company.

On 27 May 2009, Alstom and E.ON Benelux concluded an agreement to provide a steam turbine for a power plant at Rotterdam in the Netherlands. The new unit, which will be able to co-fire biomass, has also been designed for subsequent retrofitting with carbon capture technology.

On 6 October 2009, Alstom concluded two cooperation agreements concerning the production of turnout motors and the supply of a tramway system for Astana, the capital of Kazakhstan.



Alstom will supply Brasilia with Latin America's first modern tramway



On 15 October 2009, Alstom and TransAlta, Canada's leading power generator, announced the creation of a partnership to construct a large-scale carbon dioxide (CO<sub>2</sub>) capture demonstration facility at a coal-fired power plant. With over €500 million in funding provided by the Canadian and Alberta governments, the project marks a major step towards the capture of greenhouse gas emissions.

On 21 December 2009, Alstom concluded a preliminary agreement with the government of the state of Bahia (Brazil) concerning the installation of an industrial wind turbine assembly facility. It will be Alstom's first wind turbine assembly plant in Brazil.

### Areva T&D

On 30 November 2009, Areva

announced its decision to enter into exclusive negotiations with Alstom and Schneider Electric for the disposal of the activities of its power transmission and distribution subsidiary, Areva T&D. On 20 January 2010, Alstom and Schneider Electric concluded an agreement with Areva concerning the acquisition of Areva T&D. The transaction needs to be authorised by the relevant regulators.

### FY2008/09 results

Alstom met its targets in FY2008/09. The operating margin improved from 7.7% to 8.2%, giving an operating profit of €1,536 million, up 19%. Progressive completion of an expanding order book generated record sales of €18.7 billion, an 11% increase on the previous year.

Net profit attributable to the group amounted to €1,109 million, compared with €852 million in FY2007/08.

### First-half FY2009/10 results

Alstom's order intake in the first half of FY2009/10 continued to be hit by the global recession. In contrast, the group achieved a sound operating performance, confirming its capacity to control overall project execution.

Half-year sales amounted to €9.7 billion, 8% higher than in first-half FY2008/09, and the operating margin rose from 7.8% to 8.6%. Net profit attributable to the group rose 7% to €562 million. Alstom generated free cash flow of €77 million, affected by the drop in orders.

### The Alstom share

The Alstom share price stood at €49.06 at the close on 31 December 2009.

### OUTLOOK

**Alstom remains in robust financial health. The group has confirmed that it expects its overall operating margin in FY2009/10 to be around 9%, with an operating margin of 10-11% in the Power sector and of 7-8% in the Transport sector.**

# HIGHLIGHTS SINCE 1 JANUARY 2010

Future neighbourhood in Issy-les-Moulineaux combining sustainable development and new technologies



## Bouygues Construction

The two biggest contracts by value booked by Bouygues Construction since the start of 2010 are a Public-Private Partnership (PPP) contract with the French roads administration for 63 road works and maintenance centres around France (€149 million for construction and €176 million for operation and maintenance) and the Barwa Financial District project in Qatar, one of the biggest business districts in the Persian Gulf (orders worth €474 million have been booked to date).

Bouygues Construction has also signed two PPPs that have not yet been booked, for a training and research unit for the University of Versailles – Saint-Quentin-en-Yvelines and for Vincennes Zoo.

## Bouygues Immobilier

On 26 January 2010, Bouygues Immobilier concluded the acquisition of Urbiparc, a commercial property specialist. Based in Grenoble, Urbiparc has developed major business park projects all over France as well as turnkey projects for leading industrial groups. The acquisition strengthens Bouygues Immobilier's position on the business parks segment.

With other property firms, Bouygues

Immobilier is developing a new neighbourhood combining sustainable development with new technologies at Issy-les-Moulineaux, near Paris. The company will build 819 housing units, including 490 for first-time buyers, for €235 million.

## TF1

On 11 June 2009, the TF1 group and Groupe AB concluded an agreement under which TF1 would buy 100% of NT1 and 40% of TMC held by Groupe AB. The French competition authority approved the transaction on 26 January 2010 provided that the TF1 group complied with certain undertakings as to its future conduct.

The undertakings are published on the competition authority's website<sup>1</sup>.

The undertakings relating to broadcasting rights acquisition markets and audience issues are intended to make it easier for competing channels to acquire rights and limit the possibilities for programme repeats to two free-to-air channels at most.

TF1 has undertaken not to promote the programmes shown on the acquired channels in any way on TF1.

The undertakings relating to advertising are intended to maintain a separation between offers of advertising airtime on TF1 on the one hand and on TMC and NT1 on the other hand. In particular, TF1 undertakes not to seek any type of coupling, subordination, advantage

or compensation between advertising airtime on TF1 and advertising airtime on TMC and NT1. TF1 also undertakes to ensure that advertising airtime on TMC and NT1 is marketed independently by a company other than the one that markets advertising on TF1.

The undertakings are given for a five-year period and may be reviewed at TF1's request or on a decision of the competition authority, if there is any substantive change to the legal or material circumstances on which the authorisation decision was based.

On 23 March 2010, the CSA (French broadcasting authority) gave its consent to the transaction, TF1 having given undertakings guaranteeing pluralism and diversity in its programme schedules (see CSA press release of 25 March 2010). The undertakings relate to the showing of new programmes, compliance with quotas for French and European programmes at peak times, better circulation of rights and the accessibility of programmes to the hearing-impaired.

These undertakings do not affect the economic rationale of the transaction.

Having received the CSA's consent, TF1 can finalise the acquisitions, which should take place during the next few weeks.

In late January 2010, TF1 and Endemol France renewed until 2012 their partnership relating to flow programming (game shows, reality TV, entertainment and major events), documentaries

<sup>1</sup><http://www.autoritedelaconurrence.fr/pdf/engag/10DCC11engagementsversionpublication.pdf>





Alstom metro trainsets in Amsterdam

and drama, under which TF1 acquires exclusive free-to-air and pay-to-view new media rights to the broadcast programmes from Endemol France and can thus exploit the content on the internet, mobile phones and emerging digital media. The new agreement secures TF1's access to the world's leading catalogue of formats.

On 15 February 2010, TF1, France Télévisions and the Canal+ group concluded an agreement for the exploitation of broadcasting rights to the 2010 Football World Cup. Under the terms of the agreement the TF1 group, exclusive holder of the rights, will sub-license live broadcast rights to 37 of the 64 matches in the competition to France Télévisions and the Canal+ group.

TF1 has signed a three-year partnership with Française des Jeux under which it can offer secure and responsible online gaming. The agreement also

provides for sponsorship of short programmes shown on TF1 in connection with current sporting events and the Football World Cup. At the same time, Eurosport has acquired 100% of SPS, a company which has begun to develop online gaming and betting, with a first platform in the United Kingdom.

### Bouygues Telecom

In Decision 2009-16, Arcep, the French electronic communications regulator, published the terms for deploying optical fibre networks in high-density areas (148 municipalities in France).

Current regulations encourage competition through infrastructure, a system which favours operators that already have a substantial base of fixed-line customers. Bouygues Telecom is pressing for a more effective and more competitive rollout process. Without

waiting for the outcome, it has reached an agreement with Numericable under which it will be able to launch a very high-speed service in the second half of 2010.

### Alstom

Since the start of the year, Alstom has won substantial orders in the Rail transport sector, including an order worth €65 million from German rail operator HLB for 23 Coradia Lint regional trains, an order worth €200 million from the city of Amsterdam (Netherlands) for 23 metro trainsets plus an option for additional trainsets, an order worth

€50 million for an automatic train control system for Santiago metro (Chile) and an order worth €90 million from Austrian rail operator ÖBB to equip 449 trainsets with its ERTMS-based train control solution.

In the Power sector, Alstom has won a €90-million contract in South Africa for the control system for the Kusile power plant.

On 1 March 2010, Alstom announced its intention of acquiring a 25% stake in Transmashholding (TMH), Russia's leading train builder, under certain conditions and within a maximum of six months.

### Bouygues

On 12 February 2010, Bouygues launched an eight-year €500-million bond issue with the aim of taking advantage of low interest rates to partly prefinance the redemption of a bond issue maturing in February 2011. The market warmly welcomed the transaction.

Bouygues will pay a 4% coupon, the lowest interest rate on Bouygues' seven current bonds in issue.



PPP project for the University of Versailles - Saint-Quentin-en-Yvelines





Tristan Dessert, journalist-reporter from TF1's Washington DC bureau

# RISKS

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# RISKS

**Bouygues and its business areas are aware that they are operating in a degraded economic and financial environment. The Group is making every effort to anticipate risks by monitoring the economic crisis that emerged as a result of the 2008 financial crisis.**



Each business area has been instructed to remain vigilant in the prevention of counterparty risk by rigorous analysis of the risk relating to customers, sub-contractors, suppliers, partners, retailers (for Bouygues Telecom), advertisers (for TF1) and banks. Particular areas for attention include contractual payment terms; regular checks on the solvency of partners, suppliers and subcontractors; and assessment of alternative solutions.

The Group, and especially Bouygues Telecom, is also monitoring trends in household consumption, though no significant change has been identified to date.

## Business-specific risks

### Bouygues Construction

#### Operational risk in the design phase

One of the key features of the construction and civil works industry is that projects are usually unique. Another is the highly diversified customer base.

Even before the execution phase begins, Bouygues Construction may be exposed to risks arising from mis-estimation of project design and/or construction costs, failure to adequately address the customer's objectives or the local environment, or incomplete contractual analysis.

Bouygues Construction devotes substantial and experienced human resources at the design stage in order to reduce these risks and involves its in-house legal and finance teams in all stages of the commercial process, from analysis of calls for tenders to contractualisation of the Group's commitments.

#### Operational risk in the execution phase

Geological, climate and archaeological risks are inherent in the construction business. During the construction phase, Bouygues Construction may also be exposed to risks arising partly from construction defects with potential repercussions for the cost of the project, the quality of workmanship or the time to completion, and partly from business failure on the part of counterparties such as customers, partners or subcontractors.

The quality and professionalism of the teams responsible for contract execution, along with the sharing of experience and internal control systems, help to mitigate these risks.

Various means are used to reduce exposure to counterparty risk, including the vetting of partners, rigorous management of contracts, and risk-sharing.

Particular attention is paid to large-scale projects: Bouygues Construction applies a highly selective approach, so that they do not account for a disproportionately large share of recurring business.

Long-term contracts such as Public-Private Partnerships (PPPs) in which Bouygues Construction provides full-service design-build-maintenance solutions are subject to a detailed, in-depth risk assessment, with enhanced approval and control procedures.

#### Country risk

Bouygues Construction generates 44% of its sales outside France, and 15% of its sales in the European Union.

This substantial international presence generates various risks. These include political risks relating to governmental actions or policies, such as embargoes or the seizure of assets or bank accounts; social risks, such as strike action or civil disturbances; and economic and financial risks arising from currency devaluation, currency shortages or payment default.

However, Bouygues Construction mitigates these risks in a number of ways, including the proactive management of working capital needs. In addition, flexible organisational structures make it possible, in exceptional circumstances, to withdraw resources from countries where political risks arise while keeping losses to a minimum.

Bouygues Construction does not currently have any significant operations in countries that are experiencing serious civil or military unrest, and – like the other companies in the Bouygues group – has a policy of not doing business in countries that are subject to United Nations embargoes or where corruption cannot be avoided.





ed. In the countries where Bouygues Construction does have operations, its policy is to be politically neutral and to restrict itself to its business activities.

A Bouygues Construction subsidiary has operated in Turkmenistan on this basis for around a dozen years. As far as the Group is aware, neither the French government nor the European Union nor any major international public organisation has imposed an embargo on or issued any reservations about doing business in Turkmenistan.

### Recession-related risk

Despite the nature and diversity of its activities, Bouygues Construction may – in the event of a serious economic crisis – face specific problems relating to delays in or abandonment of con-

struction projects, difficulties in obtaining payment for projects currently in progress, or the contraction in some markets as customers find it harder to raise the necessary funding.

Bouygues Construction therefore analyses counterparty risk closely, in particular the solvency of customers and their ability to raise the necessary funding.

The size of Bouygues Construction's order intake (15 months' sales) helps cushion the impact of economic recession, giving reasonably good visibility over the short term.

In addition, Bouygues Construction encourages staff mobility between business lines and regions and the development of synergies between its

various entities, and hence is always well placed to anticipate, react and adapt to changes in the economic environment.

### Compliance risk

Bouygues Construction operates a decentralised organisational model that fits well with the quantity and size of its projects, and allows for a high degree of responsiveness in commercial dealings with customers. While this model is effective from a commercial standpoint and inherent in the nature of the construction industry, it does make it more difficult to prevent anti-competitive practices, despite numerous staff awareness and training programmes.

This risk has a potentially significant financial impact given the methods used by the competition authorities to calculate fines, and the possibility now open to project owners to claim compensation for losses incurred as a result of practices penalised by the authorities.

Bouygues Construction has responded by reinforcing its policy on the prevention of anti-competitive practices, and will where necessary take disciplinary action against employees whose actions may have led to penalties being imposed by the competition authorities.

Finally, as part of the Group-wide Ethics project, most managers will follow a new specific training module on issues related to non-compliance with competition rules.

## Bouygues Immobilier

### Property development risk

Bouygues Immobilier is a property developer. This involves specifying and arranging the construction of property complexes for customers, having first ascertained the administrative, commercial and financial feasibility of the project and acquired the site. Bouygues Immobilier specifies the project, but does not assume responsibility for either the design (for which an architect is retained) or the project management (which is usually contracted out to a third-party project manager). Once the necessary building permits have been obtained and the land has been acquired, Bouygues Immobilier delegates the construction work to building companies under the direction of the project manager. The company also uses the services of technical inspection firms to ensure that building regulations are being complied with. Although Bouygues Immobilier does not assume responsibility for design or construction, it may nonetheless be held liable in its capacity as project owner in the event of an accident or claim.

### Commitment committees and acquisition of land – Commencement of works

Bouygues Immobilier's business hinges on its ability to secure building land that meets the location and price criteria required by its customers (once the period for appeal against the necessary administrative permits has expired).

The resulting land bank is regularly monitored to ensure that it is in line with market demand in each region.

There are strict procedures governing decisions to purchase land. Any legal document intended to secure land (or a building) and that binds the company (even with a get-out clause) requires prior approval from a Commitment Committee. Membership of these committees is determined on the basis of internal procedural rules, which may be adjusted at any time to improve risk control. The terms of the transaction, and the decisions taken by the committee, are recorded in minutes that are distributed to all the participants. Until such time as the land is acquired by notarised deed, all approvals granted at committee level and all commitments are reviewed on a monthly basis.

Similarly, the decision to issue the order to commence work on a project is governed by strict procedures; in particular, a specified level of sales take-up is required.

### Industrial and environmental risks

Bouygues Immobilier has tightened up its risk prevention policy, and systematically retains the services of environmental consultancy firms once it becomes interested in acquiring a plot of land. If the consultants' report raises question marks, the firm is then asked to perform a more detailed analysis and to prepare a full site rehabilitation programme with an optimal profile in



terms of technical, economic and environmental factors. Specialist consultancy firms are retained to carry out soil investigation work designed to prevent geotechnical risk. Where demolition is required, Bouygues Immobilier ensures that regulations on asbestos removal and decontamination are complied with.

### Environmental regulations derived from the Grenelle Environment Round Table

Bouygues Immobilier is paying close attention to all the regulatory developments arising from the Grenelle Environment Round Table process in France. These developments will have a significant impact on the company's projects in both the design and construction phases.

### Legal, regulatory and administrative permits

Bouygues Immobilier is exposed to the risk of appeal against the admin-

istrative authorisations (building permits) needed to carry out its property projects. The company protects against this risk by making sure that when it signs a promise to buy land, the purchase is contingent upon the deadline for appeals having expired.

### Business failure of contractors

Bouygues Immobilier is exposed to risks arising from the business failure of contractors working on its projects. Such failures can lead to late deliveries and to cost overruns, which can harm the company's reputation and profits. The company pays particularly close attention to the financial health of contractors selected in the tendering process.

### Tax regulations

New administrative or tax measures may alter the profile of the property market, and hence impact Bouygues Immobilier's business (such as amend-

ment, abolition or restriction of tax breaks on buy-to-let new-build housing). The company limits the impact of this risk on its business by maintaining a balanced spread of products and customer profiles.

### Counterparty risk

Bouygues Immobilier protects against counterparty risk by instituting a vendor's *lien* or by obtaining bank guarantees for payment of the balance of the purchase price. The company closely monitors the quality of major service-sector tenants and operators of serviced accommodation.

### Economic environment

The property market is directly influenced by economic conditions, primarily the long-term interest rate (buyer loans), the unemployment rate, and the growth rate. Bouygues Immobilier is exposed to the resulting fluctuations in the property market, but its diversified product mix and geographical coverage make it better placed to cope with such fluctuations. The company is engaged in a major process of adapting its reporting tools to allow for greater responsiveness and tighter control over operations and margins.

### Country risk

Through its subsidiaries, Bouygues Immobilier is involved in property development activities in other European countries (Poland, Spain, Belgium and Portugal). Activities outside France account for a small proportion of total sales (8%). The countries where

Bouygues Immobilier operates have been affected to varying degrees by the economic and property crisis, and the company has adapted its strategy by scaling back its operations in the worst-affected countries.

### Colas

The decentralised structure of the Colas group is key to managing the risks to which its businesses are exposed. Individual subsidiaries and profit centres handle, manage and monitor their own risks. However, central co-ordination and leadership – based on the use of reporting tools – serves to improve the risk identification and analysis process, collate feedback that can be passed back to the subsidiaries, and develop risk prevention policies and initiatives.

### Legal risks

The business activities of Colas involve the decentralised awarding and execution of large numbers of contracts. Apart from the laws and regulations applicable to contracts in general (such as competition law and criminal law), most public-sector contracts are subject to specific regulations, whether at national or international level. Because of the large number of contracts and its decentralised structure, Colas is exposed to legal compliance risk, despite substantial preventive measures (information, training, code of practice etc.) and strong disciplinary procedures.

### Industrial and environmental risks

In France, plants used to produce emulsions, bituminous membranes, quarries and asphalt plants are subject to regulations governing classified industrial installations. Quarries are also subject to specific regulations, and quarry operating licences incorporate site rehabilitation obligations. Similar principles apply in other countries where Colas has facilities of this type. Provisions are recognised in the financial statements to cover these obligations; these provisions are reviewed periodically, and adjusted where necessary. Colas applies a systematic environmental certification policy, mainly via ISO 14001 (57% of materials production revenues were certified in France and abroad in 2009, 8% more than at end-2008). Follow-up audits and certification audits, drawing on both external bodies and in-house resources, are used to establish the necessary documentation and measure progress. A worldwide checklist system was rolled out a year ago, and already covers 65% of Colas production sites.

Production sites may accidentally generate pollution incidents due to leaks in pipework or storage facilities. Installations are designed and maintained so as to minimise the risk of such incidents (eg storage tanks). Given the large number of relatively small sites, and the risk management policies applied, any such incident is liable to be limited in scope and immaterial at the level of the Colas group.



The production processes at these industrial facilities generate CO<sub>2</sub> emissions, but the facilities are not subject to quotas. They are however subject to regular emission control inspections by external bodies, and to internal checks.

The risk of occurrence of industrial accidents, and the potential consequences of such accidents, are regarded as immaterial given the size of the units involved. Fire hazards are addressed by action plans and recommendations prepared at site level, and are covered by appropriate insurance policies.

### **Credit and counterparty risk – Country risk**

The roadbuilding, waterproofing, safety/signalling and construction materials businesses have an extremely diversified customer base, including large numbers of private-sector customers and local authorities, so counterparty risk is low. In the rail sector, a very high proportion of business is with infrastructure companies or bodies under State control. Private-sector customers are subject to upfront credit analysis, backed up wherever possible with credit insurance, in order to mitigate counterparty risk. Colas has responded to the financial crisis by tightening the procedures applied prior to the signature and start-up of construction contracts.

Colas generates 92% of its sales in Europe or North America (United States and Canada). Exposure to country risk is therefore low. So is the risk of payment default, given that between 60%

and 80% of sales are generated from the public sector (national, regional or local government), with a large number of low-value contracts.

Operations in high-risk countries with poor ratings from international agencies or credit insurance bodies (such as Coface) usually involve contracts funded by multilateral development agencies such as the European Development Fund or the World Bank. At end-2009, the most significant levels of overdue receivables were those recorded by some subsidiaries in Central Europe, but these represent amounts due from governmental bodies on contracts backed by loans from European development funds. Consequently, there is a risk that these receivables will generate unforeseen interest charges that will have to be recovered from the customers, but at this stage there seems little risk that they will not ultimately be paid.

### **Operational risks**

Colas has detailed procedures in place for the transport of heavy plant and industrial machinery: reminders of the regulations applicable to the carriage of exceptional loads by road, use of standard load calculation software by all subsidiaries, preparation of a transport action plan by each subsidiary, instructions and procedures for securing heavy plant in transit, procedures for the contractualisation of transport and plant hire). Stringent fire prevention procedures are in place, especially in the waterproofing business, and preventive measures are also applied to

excavation work where there is a risk of fracturing underground supply networks carrying dangerous substances (such as gas mains).

As regards accidents in the workplace and on work-related journeys, Colas has for many years followed a highly pro-active prevention and training policy. This policy has led to significant and lasting reductions in the frequency of workplace accidents and road accidents, and continues to do so.

Technical risks are limited by the relatively small size of the company's contracts, and there is no apparent obsolescence risk in terms of patents or processes. Colas has developed a research and development policy that allows for the constant refreshment and upgrading of the company's technical know-how.

### **Commodities risk**

Colas is sensitive to the regularity of supplies of key commodities, and to fluctuations in their cost. The main commodities involved are petroleum-based products in the roadbuilding business (bitumen, vehicle fuel, heating fuel, oils), together with other commodities such as steel and aluminium in the security, signalling, waterproofing and rail businesses.

The biggest risk relates to bitumen and other petroleum-based products.

### **Supply chain risk**

Delays or stockouts in the supply chain may lead to direct and indirect cost overruns in the roadbuilding and

waterproofing businesses. This is not a systemic risk, except in the case of conflict and a total breakdown in petroleum supplies. This type of risk may affect a company, or more likely a region, over a variable period of time. Some years ago, Colas took steps to address this risk by setting up a group-level Bitumen unit, supported by similar units in some of the major regions where the company operates (North America), to improve supply chain capacity through bulk purchase agreements and imports. Over the years, Colas has also developed a bulk storage capacity policy in France, Europe, the French overseas departments, in the Indian Ocean, and – on a larger scale – in North America. Storage capacities are substantial relative to bitumen consumption in each region. The policy of building up storage capacity is ongoing, with new capacity being added as opportunities arise to buy existing facilities or create new ones.

### **Price fluctuation risk**

There have been significant fluctuations in bitumen prices over the last two years. A number of factors serve to limit the risk arising from these fluctuations, including the number and average value of contracts, and the fact that many of the contracts (in France and in other countries) include revision or indexation clauses. Staff involved in contract negotiations are made aware of this issue, so that it can be factored into the process. In some regions, it is possible to enter into supply contracts that fix prices at a guaranteed level

for a specified period. For large-scale contracts, hedging strategies may be implemented on a case by case basis when orders are placed, though such strategies are little used at present. In some of the Colas group's activities, such as sales of manufactured goods, rises in prices of bitumen and other petroleum-based products are passed on to customers to the extent that market conditions allow.

There is also an indirect risk that rises in the prices charged for works or services might lead to a reduction in the volume of orders.







## TF1

### Risk of losing key programmes

Thanks to the expertise of its artistic teams and its privileged, long-standing links with French and foreign producers, TF1 has always produced superior programming. The expertise of its broadcasting teams in programming and communication enable TF1 to place particular emphasis on these events. These factors enable TF1 to reduce considerably the risk of losing key programmes, which could result in smaller audiences and – in the field of pay television – strained relations with the distributors of channels in a market which is increasingly limited to a handful of players.

### Risk of non-reimbursement of advances paid

TF1 enters into long-term contractual commitments for major events, such as the Football World Cup, that involve advance payment for broadcasting rights. This exposes TF1 to the risk that advances paid will not be reimbursed if the event is totally or partially cancelled because of *force majeure*. TF1 negotiates clauses governing the reimbursement of advances, and considers hedging this risk whenever possible.

### Risks related to the economic crisis

In 2009, TF1 was – like the rest of the global economy – affected by the economic crisis. The TF1 group is pursuing its efforts to increase the proportion

of variable costs and adapt its business model so that it will be able to react even more swiftly in the event of another downturn.

### Industrial risks

#### TF1 programme broadcasting – Risk of interruption in signal transmission and execution risk

TF1's programmes are currently broadcast to French homes via analogue signals from traditional transmitters, via digital terrestrial transmitters, by cable, by satellite, and by ADSL.

TDF (Télédiffusion de France) is by far the leading national operator in television signal transmission, and at present there is no real alternative offering comparable to the network and technical resources of TDF.

TF1 is therefore dependent on TDF for the transmission of its signal, and if the TDF network breaks down, cannot call on other terrestrial transmission methods offering a full, quick and economically acceptable coverage.

Multi-platform radio wave transmission (analogue, DTT Standard Definition, DTT High Definition) will gradually reduce the impact of potential failures, since these networks are not interconnected and use separate teams.

Broadcasting sites are largely secure as a result of duplicate broadcasting transmitters. However, incidents can occur in the antenna system (antenna, wave guides and frequency multiplexers), while the electricity supply is the

responsibility of EDF (Électricité de France) and hence may not be covered by protective measures taken by TDF.

Breaks in transmission of the TF1 signal have occurred for technical reasons (defective transmitters/electricity supply). The penalties provided for in the contract are in no way commensurate with TF1's potential operating losses during these incidents (including loss of audience, impact on TF1's image, advertisers requesting reductions, loss of merchandising rights, etc.).

In addition, vandalism may affect transmission of the signal, and in 2009 led to some shutdowns at minor sites.

The loss that TF1 could suffer if a transmitter fails is proportional to the number of television viewers served by the defective transmitter. This is why TF1 has negotiated a very rapid response from TDF in the event of a failure in digital transmission in the Paris region (10 million viewers), and has also insisted on enhanced back-up solutions. In view of the fact that analogue transmission is being phased out and will be wholly switched off at the end of 2011, equivalent measures for analogue transmission are called for only in the case of the Eiffel Tower transmitter, the most strategic for TF1's analogue broadcasting.

Eurosport has infrastructures in the United Kingdom that secure the transmission of its programmes.

### Risk management policy

The "Réagir" Committee created in 2003 continues to work on monitor-

ing and mitigating the major risks associated with the TF1 group's key processes. It also keeps updated and regularly tests rapid recovery plans that are triggered following an unusual event that results in an interruption in signal transmission or loss of access to the TF1 building. In 2006, the risk management function strengthened its resources and structures.

A secure external backup site is operational for programme transmission, the production of televised news programmes (TF1 and LCI), and the development of advertising spots for the TF1 channel. The company's vital functions are included in the security plan through a disaster recovery process. Procedures are tested from time to time, and the system adapted if necessary.

The external backup system underwent a technical modification in 2005 and 2006 involving the installation of a new backup central control room at a second external site, with the launching of the Digital Final Central Control Room. All of the backup resources were united at a single site at the end of the first quarter of 2008.

### Competition risks

#### Risks associated with growth in digital terrestrial television and the internet

(source: Médiamétrie)

The TF1 group operates in a constantly changing competitive environment. This change has been accelerated by the arrival of digital terrestrial televi-



sion (DTT) and by trends in entertainment consumption due to the emergence of web-based media.

TF1 has built up *tf1.fr* to be France's leading TV media website.

Launched in March 2005, DTT marked the end of a French television environment characterised by the presence of just six players, each with an analogue licence for free-to-air terrestrial TV.

With the arrival of DTT, new channels appeared and the number of offerings increased exponentially. The transformation was swift: in January 2007, only 40% of French households had access to multi-channel offerings, but by end-2009 this percentage had risen to 88% (or an average of 83% over 2009 as a whole).

These changes have inevitably resulted in a drop in TF1's audience share. DTT channels took a combined audience share of 15.2% in 2009, compared with just 5.8% in 2007. However, the TF1 channel has proved resilient: it is still the only French TV channel to attract more than 9 million viewers, and accounted for 96 of the top 100 TV audience ratings in 2009.

As leisure time spent on entertainment – including TV – continues to rise, TF1 is making every effort to retain its position as the No.1 French channel, using the pulling power of its programmes to limit the effect of changes in the industry. TF1 is also aiming to become a major player in DTT via its interests in TMC and NT1.

### Digital switchover risk

A further competitive risk for TF1 arises from the reassignment of frequencies to new players, with licences surrendered by some pay-TV DTT channels being put out to competitive tender and some of the bandwidth resulting from the digital dividend being reallocated to broadcasting.

### Regulatory risk

#### Broadcasting licence and enforcement powers of the CSA

TF1 is an audiovisual communications service that requires a licence. The company's initial licence to use frequencies for a period of 10 years from 4 April 1987 (Act of 30 September

1986) expired in 1997. Based on Decision 96-614 of 17 September 1996, the channel received an initial five-year renewal of this licence effective 16 April 1997, with no requirement for competitive tender.

The TF1 channel's broadcasting licence was automatically renewed for the period 2002-2007 by a decision of the CSA (French broadcasting authority) on 20 November 2001. Under Article 82 of the amended Act of 30 September 1986, this licence was automatically extended to 2012 in return for the simulcasting of the digital terrestrial free-to-air channel. The CSA, in a decision of 10 June 2003, modified the TF1 licence and contract terms to include provisions about the transfer of the channel's programming to DTT.

A law of 5 March 2007 modernising future audiovisual and television broadcasting introduced two automatic five-year extensions of TF1's licence. The first compensated for the early switch-off of the channel's analogue signal on 30 November 2011, and was subject to TF1 joining the economic interest grouping set up to implement the analogue switch-off. The second was in return for the channel's commitment to provide DTT coverage to 95% of the French population.

The TF1 group is subject to a variety of commitments covering general obligations to broadcast and invest in production, either through its schedule of conditions or as a result of regulations applicable to its activity. A change to the regulations could raise the current



constraints imposed on TF1, with a possible negative impact on the company's profitability.

If TF1 fails to meet its contractual obligations, the CSA can, after giving formal notice and depending on the severity of the offence, impose one of the penalties set forth in Article 42-1 of the Act of 30 September 1986. These include a fine; a temporary ban (of no more than one month) on producing, broadcasting or distributing the service, or a category of programme, or part of a programme; or reducing the term of the licence to use frequencies by up to one year.

### **Challenge to the ban on advertising on France Télévisions**

Article 53 of the Act of 30 September 1986 establishes the principle of a complete end to advertising on France Télévisions, the public service broadcaster, in 2012. However, there is currently some uncertainty as to whether a total ban will be implemented. Firstly, the law provides for an assessment of the economic impact of a partial ban on advertising on France Télévisions before proceeding with a total ban. Secondly, various members of parliament and politicians are questioning the benefits of a total ban. Conversely,

some politicians and civil servants have raised the possibility of increasing the tax on broadcast advertising in the event of a total ban on advertising on France Télévisions channels.

The change in the scope of public-service broadcasting, with the outsourcing of France Télévisions advertising airtime sales to the private sector, may also constitute a risk for TF1.

### **Counterparty risk**

TF1 Publicité sells advertising airtime on the media that it handles (TV channels, radio stations, TF1 websites, and other content producers' websites) to

advertisers. The procedures, controls and legal precautions applied by TF1 Publicité have enabled the risk of non-payment advertisers to be kept to less than 0.15% of total annual billings inclusive of taxes.

## **Bouygues Telecom**

### **Fourth entrant**

To acquire significant market share fast, the holder of France's fourth mobile phone operator licence may opt for a low-cost business model. The competition might respond by accentuating handset subsidies.

In a market where competition is already fierce, Bouygues Telecom management has anticipated this development by launching the "Oser" programme, which has two objectives: to achieve greater flexibility in production by optimising costs, and to continue expanding the customer base. Bouygues Telecom also intends to maintain the high level of customer satisfaction it currently enjoys via attractive packages like "Neo" (still the benchmark offering in France) and "Neo Pro", the first unlimited 24/7 package on the French market.

The 2008 acquisition of a fixed-line broadband network enabled Bouygues Telecom to become rapidly established in this market via the successful launch of the Bbox router. The ideo package is the first in France to offer quadruple-play capability (internet access, TV, fixed-line and mobile telephony bundled into a single package).

### **Adverse regulatory and tax developments**

The introduction of new taxes and levies on telephony, and new constraints imposed by European or domestic regulations, have a negative effect on the profitability of Bouygues Telecom. The company is constantly on the lookout for such developments, in order to anticipate and mitigate their impact.

### **Business failure of a contracting partner or counterparty**

Many companies have been weakened by the economic crisis. Business failure by a supplier of critical goods or services, a corporate customer representing significant revenues, or a commercial partner of Bouygues Telecom could generate additional costs, a loss of opportunity, or a substantial loss of revenues.

Wherever possible, Bouygues Telecom uses double sourcing, regarded as best practice. An action plan has been implemented to monitor the financial health of contracting partners and to spot potential business failures before the loss becomes irrecoverable for Bouygues Telecom.

### **Prolonged downtime at production sites**

Bouygues Telecom's business is heavily reliant on computer and telecoms network production facilities. Computer rooms are secure, with access control, fire protection, air-conditioning, humidity control, duplicate power sup-







plies and standby generators. Regular tests and maintenance are carried out on these security measures.

In the event of prolonged downtime at a computer or network site, a business continuity plan will be activated to ensure that critical activities can resume in a time-frame consistent with customer needs. Spot checks are performed on the back-up system switchover process on a regular basis, and whenever a major upgrade occurs. In addition, an annual crisis simulation is run, involving computer and network resources.

### Erosion of value chain due to innovation in a related market

Some of the growth in the market is driven by innovation in telephone services. Many players are involved in

the provision of a service, and some may erode the value of the Bouygues Telecom customer base. Bouygues Telecom addresses this issue by constantly monitoring innovations, and by becoming directly or indirectly involved in the development of products with high added-value potential for its customers.

### Radio waves and public health

Bouygues Telecom has a dedicated Radio Waves and Protection unit which monitors and studies scientific knowledge about radio waves and their effect on public health. The work of this unit is rigorous, involving the constant assessment of information from a variety of sources (the internet, publications, subscriptions to monitoring bodies, personal contacts, attendance at scientific conferences, etc.).

Bouygues Telecom also has a Radio Waves Regulatory Committee at executive management level, and a scientific board which prepares a review of scientific analyses two or three times a year.

For many years, Bouygues Telecom has been providing guidance to customers, such as: use the earpiece kit provided in every pack, use your mobile in places where you get good reception, restrict the use of mobiles by children, etc.

As part of the work of the Grenelle Round Table on radio waves, an operational committee has been set up to model and potentially conduct experiments on a lowering of thresholds. This committee, on which Bouygues Telecom is represented, is due to report its findings in April 2010.

An expert report prepared by a specialist committee set up by Afsset (the French environmental and occupational health and safety agency) has provided clear answers on all the technical and scientific issues, confirming the conclusion already reached by OPECST (the Parliamentary Office for the Evaluation of Scientific and Technological Choices) that mobile phone masts are harmless. It confirms that public exposure to the electromagnetic fields generated by radio waves emitted by base stations does not create an identified health risk for local residents. However, Afsset has commented on the need to reduce the exposure of the French population to radio waves.

## Market risks

In addition to the information provided below, readers should refer to the tables provided in the following notes to the consolidated financial statements, in the *Financial Statements* section:

- **Note 4.4** Cash and equivalents
- **Note 8.1** Interest-bearing debt by maturity
- **Note 8.2** Confirmed credit facilities and drawdowns
- **Note 8.3** Liquidity at 31 December 2009
- **Note 8.4** Split of current and non-current debt by interest rate type
- **Note 8.5** Interest rate risk
- **Note 8.6** Split of current and non-current debt by currency
- **Note 17.1** Interest rate hedges
- **Note 17.2** Currency risk hedges

## Management of interest rate risk and currency risk

Some Bouygues group entities use hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates. The Group's policy on the use of financial instruments is described below.

## Risks to which the Group is exposed

### Currency risk

In general, the Bouygues group has little exposure to currency risk in routine commercial transactions, given that its international operations (primarily Bouygues Construction and Colas) do not involve exports. Where possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most projects executed outside France, on which local-currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. Exposure to currency risk is therefore limited to contract margins, and to any design work carried out in France. The Bouygues group also pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

### Interest rate risk

The Group's financial expenses have low sensitivity to interest rate risk. The bulk of debt is in the form of fixed-rate bond issues (see Note 8.4 to the consolidated financial statements, in the *Financial statements* section), and a range of hedging instruments is used to convert variable-rate debt into fixed-rate debt.

Consolidated financial expenses would be only marginally affected by fluctuations in euro interest rates, or by a divergence in interest rate trends

between the euro and other major currencies.

On average over the year, the amount of variable-rate debt in the balance sheet is less than the amount of surplus cash invested at variable rates.

### Principles applied to all hedging instruments

The only instruments used for hedging purposes are forward currency purchases and sales, currency swaps and purchases of currency options for currency risk hedging purposes; and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes.

These instruments:

- are used solely for hedging purposes;
- are contracted solely with high-quality French and foreign banks;
- carry no liquidity risk in the event of a downturn.

Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of hedging instruments, the selection of counterparties with whom they are contracted, and more generally the management of exposure to currency risk and interest rate risk.

### Hedging rules

#### Currency risk

(see Note 17.2 to the consolidated financial statements, in the *Financial Statements* section)



Group policy is to hedge systematically all residual currency exposure relating to commercial transactions. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the contract award has been confirmed; if the hedged item ceases to exist (for example, if the service is not provided or the contract is cancelled), the hedge is closed out immediately.

In the interests of efficiency, the currency positions of some Group entities may be managed centrally, which in some cases may result in the offset of matching positions.

Currency derivatives are used solely for hedging purposes.

#### Interest rate risk

(see Note 17.1 to the consolidated financial statements, in the *Financial Statements* section)

Group policy is for each sub-group to hedge some or all of its financial assets and liabilities, where these are foreseeable and recurring.

The aim is to control future interest expense by fixing the cost of debt using swaps and future rate agreements, or by limiting it through the use of caps, over a period equivalent to that of the financial liabilities to be hedged.

As with currency risk, the interest rate positions of some Group entities may, in the interests of efficiency, be managed centrally and partially offset

### Accounting methods

In general, the financial instruments used by the Group qualify for hedge accounting, which means that the hedging relationship is documented in accordance with the requirements of IAS 39. Two types of accounting treatment are used:

- Fair value hedges: changes in the fair value of the hedging instrument

and changes in the fair value of the hedged item are recognised symmetrically in the income statement.

- Cash flow hedges: changes in the fair value of the hedging instrument are recognised in the income statement for the ineffective portion of the hedging relationship, and in shareholders' equity (until the hedge is closed out) for the effective portion.

### Market value of hedging instruments

At 31 December 2009, the market value (net present value) of the hedging instruments portfolio was -€14.2 million. This amount mainly comprises the net present value of interest rate swaps contracted to hedge the Group's debt (fair value hedges and cash flow hedges), and the net present value of forwards and futures contracted to hedge currency risk arising on commercial transactions.

The split of this market value by type of hedge is as follows:

- fair value hedges of components of net debt: -€5.7 million
- cash flow hedges: -€8.5 million

In the event of a +1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€6.5 million; in the event of a -1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€22 million.

In the event of a uniform 1% depreciation in the euro against all other currencies, the hedging instruments portfolio would have a market value of -€19.3 million.

These calculations were prepared by the Bouygues group, or obtained from the banks with whom the instruments were contracted.

### Exposure to equity risk

The Bouygues group has no significant exposure to downside price risk on the equity instruments it holds.

### Liquidity risk

As at 31 December 2009, available cash stood at €4,456 million (including €1 million of financial instruments contracted to hedge net debt). The Bouygues group also had €5,116 million of undrawn confirmed medium-term credit facilities as at the same date. Consequently, the Group is not exposed to liquidity risk.

The credit facilities contracted by Bouygues SA and its subsidiaries con-

tain no financial covenants or trigger event clauses.

The bond issues maturing in 2013, 2015, 2016 and 2026 all contain a change of control clause relating to Bouygues SA. Bouygues bond issues are rated A- (long term) by Standard & Poor's.

## Claims and litigation

Bouygues group companies are involved in a variety of litigation and claims in the normal course of their business. In particular, subsidiaries of Bouygues Construction and Colas are involved in competition law litigation and claims. Risks are assessed on the basis of past experience and analysis by the Group's in-house legal

departments and external counsel. To the company's knowledge, there is at present no exceptional event, litigation or claim liable to substantially affect the activities, assets and liabilities, results or financial position of the Group as a whole. Litigation and claims are subject to regular review, especially when new facts arise. The amounts provided in the financial statements appear to be adequate in light of these assessments. The Bouygues group uses all legal means to defend its legitimate interests.

### Bouygues Construction

#### **TGV Nord – Compensation claim**

The civil compensation claim brought more than ten years ago by SNCF (the

French national rail operator) against around 20 construction companies alleging anti-competitive practices in connection with the award of construction contracts for the TGV Nord and TGV Rhône-Alpes high-speed rail lines has been resolved by an out-of-court settlement between SNCF and the construction companies.

This agreement, signed in October 2009, extinguished the compensation claims made by SNCF and resulted in the reciprocal withdrawal of proceedings and actions in respect of the appeals lodged against the judgment delivered by the Paris Administrative Court on 27 March 2009.

#### **Île-de-France regional authority contracts**

In 2008, the Île-de-France regional authority filed a compensation claim in respect of losses it believes it incurred as a result of anti-competitive practices in connection with the award of contracts to renovate secondary school buildings in the region. An application for an interim payment of €75 million, representing one half of the loss claimed by the authority, was rejected by the urgent applications judge on 15 January 2009. On 11 February 2010, the regional authority filed an action with the Paris court of first instance against 11 individuals and 14 companies (including Bouygues SA, Bouygues Bâtiment Ile-de-France and Brézillon) claiming compensation of more than double the amount originally claimed before the urgent applications judge.

#### **Finland – Olkiluoto nuclear power plant**

Bouygues Travaux Publics has a contract to build the nuclear reactor at the OL3 power plant in Finland. This contract was signed with Areva NP in March 2005. Following problems with the interpretation of the fee-charging arrangements for this contract, the parties reached an out-of-court settlement on 10 September 2009.

#### **Arbitration – Uganda**

In April 2005, Bouygues Travaux Publics initiated arbitration proceedings relating to the terms on which a contract to build a road from Bugiri to Jinja (Uganda) had been terminated. An arbitration panel ruling issued on 9 July 2008 confirmed that the decision by Bouygues Travaux Publics to terminate the contract had been lawful. Following this ruling, out-of-court discussions between the parties led to Bouygues Travaux Publics being compensated by the Ugandan government for losses incurred as a result of the termination of the contract.

#### **South Africa – Gautrain rail link project**

Bouygues Travaux Publics is working with a local partner on a large-scale project to build a rail link between Johannesburg and Pretoria in the Gauteng province of South Africa.

Difficulties have arisen in executing this project, due largely to delays in making land available along some sections of the line. Bouygues Travaux Publics has

responded to these difficulties by asking the arbitration panel stipulated in the contract to rule on the terms of and responsibility for these delays. For its part, Gauteng Province has asked the arbitration panel to rule on a number of issues relating to the conformity of the execution of the project with the contractual terms.

In parallel with the settlement of these disputes, the parties are conducting out-of-court negotiations to determine the terms under which a minimum rail service could be provided in time for the start of the Football World Cup in June 2010.

#### **Flamanville – EPR nuclear power plant**

Bouygues Travaux Publics has a contract, signed with EDF in October 2006, to build a European Pressurised Reactor (EPR) at the Flamanville nuclear power plant in France. In light of technical difficulties encountered in concrete reinforcement and in the completion of the design phase, Bouygues Travaux Publics and EDF signed a major amendment to the contract on 3 July 2009 defining the terms on which Bouygues Travaux Publics will deploy additional resources.

### Bouygues Immobilier

Bouygues Immobilier is not currently involved in any significant litigation or claims, with the exception of litigation relating to decontamination works in connection with the Grand Sillon residential project in Saint-Malo, France.







## Colas

### Significant litigation and claims at 31 December 2009

- Notification of complaints by the French Competition Authority about the practices of SES, a road signage company sold prior to the complaint, on the grounds of a lack of autonomy *vis-à-vis* its parent company Aximum.
- Claim for civil damages by the Hungarian contracting authority against a Hungarian subsidiary,

based on various rulings by the Hungarian competition authorities.

- Reassessment notice from Urssaf (the French social security authority) in respect of relief from social security charges under the Law of 21 August 2007 promoting work, employment and purchasing power and under the Fillon plan for the years 2006 to 2008, claiming payment in full on the grounds of failure to file information electronically as required (according to Urssaf) under the Social Security Code.

## TF1

### Litigation relating to intellectual property (copyright and similar rights)

After a lawsuit was brought against TF1 in 2007 by the SPPF<sup>1</sup>, a non-commercial partnership of record producers, TF1 was sued by a second such partnership, the SCPP<sup>2</sup>, in June 2008. These organisations dispute TF1's right to use recordings under the legal licence instituted in French law in 1985, and have demanded compen-

sation for the loss they claim to have incurred in the period 1997 to 2005 (€33 million for SPPF and €57 million for SCPP). In connection with these suits, TF1 has asked the SPRE<sup>3</sup> (the body which collects performing rights fees in France) to reimburse the sums paid to it during this period under the legal licence and has brought third-party proceedings with audiovisual producers. Negotiations with all the players in the sector started in 2007, continued in 2008, and were completed in 2009. The agreements signed as a result of these negotiations are intended both to settle past disputes on terms consistent with the provisions carried in the financial statements, and to agree on new arrangements for the future. The agreements cover all use of commercial music made in TF1 programmes (with the exception of music used in advertisements, films, audiovisual works and videos, which from the outset were not involved in the negotiations). The agreements also cover music used on the other TF1 group channels.

The TF1 group was affected by the pirating of content for which it held the rights. Legal action was taken in 2008 to put a halt to these acts and demand damages from platforms such as Dailymotion and YouTube. The corresponding proceedings have been transferred to the Paris court of first instance, which is the only court with jurisdiction over copyright violations.

The TF1 group also took legal action against the website Wizzgo, which offered an online video copying service.

In November 2008, that service was held to be illegal by the Paris court of first instance. Wizzgo appealed that decision, before being placed in liquidation in January 2009. The companies of the TF1 group registered their debts with the liquidator in April 2009.

TF1 International, which in September 2009 became TF1 Droits Audiovisuels, is involved in litigation with the US producer On My Own. TF1 Droits Audiovisuels complained that the version of the film *Miracle at Santa Anna* that was delivered to it did not satisfy the provisions of the deal memo signed with the producer in October 2007. The company therefore applied to the Paris commercial court to cancel the deal memo for non-compliant delivery by On My Own and sought €3 million in damages. For their part, On My Own and Spike Lee (the film-maker) sued TF1 Droits Audiovisuels in the Paris court of first instance for non-performance of the deal memo; they demanded payment of the €7.3 million provided for in the memo, plus damages. All the proceedings have now been referred to the court of first instance, which will deliver its ruling by end-2010 at the earliest.

### Litigation relating to reality TV shows

TF1 Production, TF1's audiovisual production subsidiary, is subject to numerous proceedings relating to the *Île de la Tentation* reality TV show, claiming not only that participants' contracts should be reclassified as contracts of employment but also that the partici-

<sup>1</sup>Société des Producteurs de Phonogrammes en France <sup>2</sup>Société Civile des Producteurs Phonographiques <sup>3</sup>Société Civile pour la Perception de la Rémunération Équitable de la Communication au Public des Phonogrammes du Commerce

pants be granted "performing artist" status. The French courts delivered divergent rulings on such proceedings during 2008.

In a ruling of 3 June 2009, the *Cour de Cassation* (the French supreme court) held that there had indeed been a contract of employment. However, it objected to the Appeal Court's ruling that this amounted to "concealed employment", on the grounds that the intention to conceal had not been proven. The case has been referred back to the Paris Appeal Court for a retrial, with judgment expected by the end of 2010.

Other proceedings are in progress before the Boulogne-Billancourt employment tribunal. These also target other shows, such as *Koh Lanta*, the rights to which were acquired by TF1 from third-party producers. Some claimants have cited the TF1 channel (buyer of the broadcasting rights) as a possible "co-employer" alongside the producer.

In rulings delivered on 15 September 2009, the tribunal extended the solution adopted for the *Île de la Tentation* cases to *Koh Lanta*, while also ordering one of the claimants – who had been declared the winner of the show – to repay the prize money.

A number of contestants, dissatisfied with the sums obtained at first instance, have appealed against the judgments in their cases; the Versailles Appeal Court will rule on these appeals in the coming months.

In light of the latest judgments, the financial impact of these cases remains relatively limited. However, current case law in this field may lead broadcasters to review the terms on which reality TV shows are made, which could have an impact on the cost of this type of programme.

### Litigation relating to competition law

On 12 January 2009, TF1 received a notification of complaint from the French Competition Authority relating to practices in the pay television sector. A complaint was upheld against TF1 SA for anti-competitive practices regarding the exclusive distribution of some of its theme pay channels.

On 8 April 2009, TF1 filed a brief contesting the charge, arguing that the agreements at issue had been referred

to the Ministry of the Economy and Finance and authorised with regard to merger control, and that in any case they were necessary to the economic balance of the channels and satisfied the conditions for exemption. The Competition Authority is due to deliver its ruling during the first half of 2010. If the authority rules against TF1, there is a risk that TF1 will be fined or will lose some or all of its exclusive rights to the channels in question.

### Bouygues Telecom

#### Competition law

- On 30 November 2005, Bouygues Telecom was fined €58 million by the Competition Council in connection with the mobile phone operator collusion case. Bouygues Telecom appealed to the Paris Appeal Court,

which on 12 December 2006 upheld the Competition Council ruling. Bouygues Telecom lodged an appeal with the *Cour de Cassation* on 9 January 2007. In a ruling dated 29 June 2007, the *Cour de Cassation* upheld the fine imposed on the three operators for collusion but overturned the fine for exchange of information between 1997 and 2003 (fine imposed on Bouygues Telecom: €16 million), sending the case back on this point to the Paris Appeal Court which, in a ruling of 11 March 2009, upheld the fine for exchange of information. Bouygues Telecom has lodged a further appeal against this ruling with the *Cour de Cassation*; a decision is expected during 2010.

Bouygues Telecom has also brought a case in the European Court of Human Rights alleging breach of the right to a fair trial contained in the European Convention on Human Rights; this case is ongoing.

- Bouygues and Bouygues Telecom have brought proceedings before the court of first instance of the European Communities challenging the State aid provided when France Télécom was recapitalised in 2002. A decision in this case is expected during the first half of 2010.
- Bouygues Telecom has also filed a complaint with the Competition Authority about the practices of Orange, which dominates the French mobile telephony market, in terms of business offerings. This complaint is still being investigated.
- Following Apple's refusal to appoint Bouygues Telecom as an official iPhone distributor, Bouygues Telecom lodged a complaint with the Competition Council against Apple and Orange France challenging the exclusivity of the arrangement. In a ruling dated 17 December 2008, Bouygues Telecom obtained an interim suspension of the exclusivity granted to Orange France pending a decision on the merits. Apple and Orange France appealed against the Competition Council's ruling, but it was upheld by the Paris Appeal Court on 4 February 2009. This decision was appealed to the *Cour de Cassation* which, in a ruling of 16 February 2010, objected to the Paris Appeal Court ruling on the basis that inadequate grounds had been given. In parallel, Apple and Orange France gave undertakings to the Competition Authority not to renew the exclusivity for a three-year period. On 12 January 2010, the authority accepted these undertakings, thereby bringing an end to the litigation. Consequently, the February 2010 *Cour de Cassation* ruling had no bearing on the case.
- Bouygues Telecom lodged a complaint with the Competition Council alleging abuse by Orange France and SFR of their joint dominant position in unlimited on-net offers. The Competition Authority delivered its ruling on 15 May 2009, referring the case back for more detailed investigation of the discriminatory pricing complaint. Orange France has appealed against this ruling.



- The Competition Authority has decided to investigate the competition issues raised by cross-selling practices allegedly used by SFR and Bouygues Telecom to use their mobile subscriber base to win new broadband customers. Bouygues Telecom will be heard during 2010.
- On 19 January 2010, Bouygues Telecom lodged a complaint with the Competition Authority alleging abuse by Orange France and France Télécom of their dominant position as regards the distribution of the Orange Sport channel, available exclusively to subscribers of Orange France. Bouygues Telecom also alleged anti-competitive collusion between France Télécom/ Orange France and the National Football League.
- Bouygues Telecom will also start proceedings challenging the State subsidy given in connection with the granting of the fourth 3G licence.

### Regulatory matters

- In February, Orange France and SFR applied to the *Conseil d'État* to have the Arcep<sup>1</sup> decision of 2 December 2008 overturned. This decision set call termination rates for the period from 1 July 2009 to 31 December 2010. Orange France and SFR are challenging the termination rates set for Bouygues Telecom, which are higher than their termination rates. On 24 July 2009, the *Conseil d'État* partially overturned the decision and decided to reduce the rate differential, but only from 1 July 2010.



- In connection with the granting of the fourth 3G licence, Bouygues Telecom made two applications to the *Conseil d'État* aimed at overturning firstly the order of 29 July 2009 confirming the Arcep decision of 16 July 2009 setting the terms for the granting of the fourth 3G licence, and secondly the decree of 29 July 2009 setting the licence fee of the fourth operator at €240 million, mainly on the grounds of unfair competition.
- Bouygues Telecom has also made an application to the *Conseil d'État* seeking to overturn the Arcep decision of 12 January 2010 authorising Free Mobile to use bandwidth to establish and operate a third-generation public-access mobile network.

### Consumer protection – Customers

Following the ruling in the mobile phone operator collusion case, over 3,500 compensation claims were filed against Bouygues Telecom by customers and the UFC-Que Choisir consumer organisation. In December 2007, the Paris commercial court accepted Bouygues Telecom's arguments and declared the proceedings null and void. UFC-Que Choisir lodged an appeal, which was rejected by the Paris Appeal Court on 22 January 2010. An appeal by UFC-Que Choisir to the *Cour de Cassation* cannot be ruled out.

Bouygues Telecom and Apple have been taken to court by a customer whose iPhone screen suddenly cracked for no apparent reason (no impact

or external pressure). The customer applied to the urgent applications judge in the Cannes commercial court for the appointment of a court expert, and this application was allowed by the judge on 3 December 2009. Bouygues Telecom believes that conduct of the case should reside with Apple (the manufacturer), as only Apple is in a position to defend the technical specifications of its product. Apple has decided to lodge an appeal against the decision, and the proceedings are ongoing in parallel with the expert analysis that was due to begin in mid-February 2010.

### Contracts

Following the instigation of bankruptcy proceedings against the equipment manufacturer Nortel, an agreement was signed on 25 November 2009 with a view to the sale of the entire worldwide assets of Nortel's GSM and GSM-R activities. In this connection, Bouygues Telecom has registered its debt and claimed the inventories that belong to it. In addition, Bouygues Telecom is facing direct claims for payment from subcontractors of Nortel whose invoices were not paid by Nortel. The proceedings are ongoing.

### Mobile phone base stations

A criminal complaint has been filed by residents living close to a Bouygues Telecom base station on the grounds that their daughters have allegedly developed heart problems due to the proximity of the antennae. The allegation is based on the administration of

noxious substances. The basic criminal complaint was non-suited. It cannot be ruled out that the plaintiffs will bring a combined civil and criminal complaint before the senior investigating judge.

As regards civil liability, the Nanterre court of first instance has ordered Bouygues Telecom to dismantle a base station on the grounds of nuisance to adjacent properties. Bouygues Telecom lodged a fixed-date appeal against this ruling in the Versailles Appeal Court. On 4 February 2009, the Versailles Appeal Court upheld the ruling of the Nanterre court of first instance.

However, the Lyon court of first instance, in a ruling of 15 September 2009, non-suited an application made by parents to have a base station located next to a school dismantled. The vast majority of courts to which such matters were referred in 2009 did not apply the precedent set by the Versailles Appeal Court.

### Patents

An American company has brought an action against Bouygues Telecom and all telecoms operators worldwide alleging infringement of a patent for an application used for international SMS messaging. The American court rejected the claim on grounds of lack of personal jurisdiction. However, a discovery procedure has been opened against American mobile operators, at the conclusion of which the plaintiff may lodge a further appeal against the judgment delivered in favour of Bouygues Telecom.

<sup>1</sup>French electronic communications and postal service regulator



## Bouygues SA

Bouygues SA is in dispute with the French tax authorities following the capital increase reserved for employees under the *Bouygues Partage* employee share ownership plan. The dispute relates to the tax deductibility of the difference between the value of the shares on the date of the capital increase and the subscription price of the shares.

## Insurance – Risk coverage

In terms of insurance, Bouygues and its business areas focus on optimising and ensuring the continuing validity of their insurance policies; the aim is to protect against exceptionally large or numerous potential claims at a cost that does not impair competitiveness. This long-term approach to insurance cover calls for partnerships with high-quality, financially sound insurers. To preserve these partnerships and prevent information being used to the detriment of the Group and its shareholders, especially in legal disputes, the amount of premiums and the terms of cover are kept strictly confidential, especially in liability insurance.

The diversity of the activities in which the Bouygues group is involved calls for a wide range of policies designed for each specific situation. Because the risks to which the five core businesses are exposed are not comparable, each business contracts its own insurance

cover. Premiums vary considerably. Overall, premiums paid by the Group to general insurance companies represent approximately 0.3% of sales, though this percentage has to be seen in the context of the diversity of the Group's activities.

In addition to insurance required by law (such as ten-year building guarantees in France and third-party motor cover), the main policies are as described below:

- **Property insurance:** Cover is generally equal to the value of the assets insured. However for the largest concentrations of value, cover is limited to the cost of repairing damage incurred in a disaster scenario, defined in consultation with the insurers on the basis of expert valuations carried out by external consultants.

When damage to insured assets is liable to lead to business interruption, insurance is taken out to cover the financial consequences, such as operating losses and/or additional costs. The amount of cover reflects the expected downtime at the damaged site based on the disaster scenario, and the disaster recovery plans in place.

- **Contractor's insurance:** Cover is generally equal to market value. Exceptionally, cover for some geographically dispersed projects may be limited to the cost of repairing damage incurred in a disaster scenario. The scenario used depends on the type of project (eg motorway, viaduct

or tunnel) and its geographical location, so as to build in the risk of damage arising from natural disasters (such as earthquakes or hurricanes). In some cases, the amount of cover may be limited by the total capacity available in the world insurance market, for example in the case of earthquake damage or acts of terrorism.

- **Liability insurance:** These policies provide cover against loss or injury to third parties for which Group companies may be liable. Because Group companies vary greatly in size and in the nature of their operations, cover is tailored to the risks incurred, but is generally in excess of €5 million per claim.

Deductibles on these policies are set so as to optimise the overall cost to the Group, based on the likelihood of claims and the premium reductions that can be obtained from insurers by increasing the deductible. On this basis, some risks are insured with no deductible, while others are subject to a higher deductible, of up to €1.5 million in some cases.

Some policies written by traditional blue-chip insurance companies are partly reinsured by the Bouygues group's captive reinsurance subsidiary. The subsidiary is managed by a specialist company, which determines the amount of provisions required to comply with insurance and reinsurance regulations (designed to ensure that companies have adequate provisions to meet their obligations).

There are no significant insurable risks that have not been insured. Deductibles under insurance policies contracted by the Group are borne by the subsidiary covered by the policy.

The Group and its subsidiaries operate a prevent and protect policy, including

the development of new measures to further reduce the probability of occurrence and financial effect of accidents and claims. This policy also improves the Group's position when negotiating premiums and terms with its insurers.





Jérémy Guerrin, an adjuster and finisher with Sacer PNE (Colas), at the Beauvais airport runway repairs site

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# INFORMATION ON DIRECTORS AND NON-VOTING DIRECTORS AS AT 31 DECEMBER 2009

## Chairman and CEO



### Martin Bouygues

32 avenue Hoche, 75008 Paris, France

Date of birth: 03/05/1952

Date of first appointment: 21/01/1982

Expiry date of current term of office: 2012

Number of shares in the company: 238,661 (65,436,677 via SCDM)

#### Expertise/experience

Martin Bouygues joined the Bouygues group in 1974 as a works supervisor. In 1978, he established Maison Bouygues, specialising in the sale of catalogue homes. In 1987, Martin Bouygues was appointed Vice-Chairman of Bouygues' Board of Directors, on which he has served since 1982. On 5 September 1989, Martin Bouygues took over from Francis Bouygues as Chairman and CEO of Bouygues. At Martin Bouygues' instigation, the Group pursued its development in construction as well as in media (TF1) and launched Bouygues Telecom in 1996. In 2006, Bouygues acquired a stake in Alstom and is thus in a position to expand into new high-growth business lines in transport and power.

#### Principal positions outside Bouygues SA

Chairman of SCDM

#### Other positions and functions in the Group

In France: Director of TF1<sup>1</sup>

#### Other positions and functions outside the Group

In France: Member of the supervisory board of Paris-Orléans<sup>1</sup>; standing representative of SCDM and Chairman of Actiby, SCDM Participations, SCDM Invest-1 and SCDM Invest-3

Outside France: Director of Sodeci<sup>1</sup> (Ivory Coast) and CIE<sup>1</sup> (Ivory Coast)

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

2009 - Standing representative of SCDM; Chairman of Investaq Énergie

2007 - Director of HSBC France

<sup>1</sup>Listed company

## Deputy CEO



### Olivier Bouygues

32 avenue Hoche, 75008 Paris, France

Date of birth: 14/09/1950

Date of first appointment: 05/06/1984

Expiry date of current term of office: 2010 (2012 as Deputy CEO)

Number of shares in the company: 163,997 (65,436,677 via SCDM)

Standing representative of SCDM and director

#### 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 post 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 was appointed Deputy CEO of Bouygues.

#### Principal positions outside Bouygues SA

CEO of SCDM

#### Other positions and functions in the Group

In France: Director of TF1<sup>1</sup>, Colas<sup>1</sup>, Bouygues Telecom, Bouygues Construction and Eurosport

#### Other positions and functions outside the Group

In France: Director of Alstom<sup>1</sup> and Finagestion; Chairman of Sagri-E and Sagri-F; standing representative of SCDM and Chairman of SCDM Énergie, SCDM Investur and SCDM Investcan; non-partner manager of Sir and Sib; member of the Executive Committee of Cefina

Outside France: Chairman and CEO and director of Seci (Ivory Coast); director of Sodeci<sup>1</sup> (Ivory Coast), CIE<sup>1</sup> (Ivory Coast) and Sénégalaise des Eaux (Senegal)

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

2006 - Director of Novasaur

<sup>1</sup>Listed company

## Directors



### Pierre Barberis

7 Pili Street, South Forbes Park  
Makati 1200 Metro Manila, Philippines

Date of birth: 29/05/1942  
Date of first appointment: 24/06/1997  
Expiry date of current term of office: 2012  
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 he became director of information technology and organisation in 1974. From 1979, he held senior management positions successively at Trigano SA, Crédit du Nord and Axa group. He was CEO and Deputy Chairman and CEO of Axa from 1987 to 1991. He then became Chairman of VEV and ran several software companies. From May 2002 to November 2006, Pierre Barberis was Deputy CEO of Oberthur Card Systems.

#### Other positions and functions outside the Group

**In France:** Director of Oberthur Technologies<sup>1</sup>; manager of Amrom

**Outside France:** Chairman of the Board of Wyde Corp. (United States)

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

**2008** - Adviser 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

<sup>1</sup>Listed company



### Patricia Barbizet

12 rue François 1<sup>er</sup>, 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 her personal capacity)  
Expiry date of current term of office: 2011  
Number of shares in the company: 500

**Member of the Accounts Committee and the 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, was Chairman of the supervisory board of PPR from December 2001 to May 2005 and has been Vice-Chairman of the Board of Directors of PPR since May 2005.

#### Principal positions outside Bouygues SA

CEO and director of Artémis

Vice-Chairman of the Board of Directors of PPR<sup>1</sup>

#### Other positions and functions in the Group

**In France:** Director of TF1<sup>1</sup>

#### Other positions and functions outside the Group

**In France:** CEO (non-proxy) and member of the supervisory board of Financière Pinault; director of Fnac SA, Fonds stratégique d'investissement, Société Nouvelle du Théâtre Marigny, Air France-KLM<sup>1</sup> and Total<sup>1</sup>; member of the supervisory board of Yves Saint Laurent; member of the Management Board of SC du Vignoble de Château Latour; standing representative of Artémis on the Boards of Sebdo Le Point and Agefi

**Outside France:** CEO and director of Palazzo Grassi (Italy); Chairman and Board member of Christies International plc<sup>1</sup> (United Kingdom); member of the supervisory board of Gucci Group NV<sup>1</sup> (Netherlands); non-executive director of Tawa plc<sup>1</sup> (United Kingdom)

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

**2009** - Director of Piasa

**2008** - Chairman of Piasa

**2007** - Chairman and CEO of Piasa

**2006** - Director of Afipa (Switzerland)

**2005** - Chairman of the Board of Directors of Société Nouvelle du Théâtre Marigny; Chairman of the supervisory board of PPR<sup>1</sup>

<sup>1</sup>Listed company



## François Bertière

**3 boulevard Gallieni, 92130 Issy-les-Moulineaux, France**

Date of birth: 17/09/1950

Date of first appointment: 27/04/2006

Expiry date of current term of office: 2012

Number of shares in the company: 24,614

### 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: Director of Colas



## Mrs Francis Bouygues

**50 rue Fabert, 75007 Paris, France**

Date of birth: 21/06/1924

Date of first appointment: 19/10/1993

Expiry date of current term of office: 2012

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 date of current term of office: 2012

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

Deputy CEO of BNP Paribas<sup>1</sup>

### Other positions and functions outside the Group

**In France:** Chairman of Compagnie d'Investissement de Paris and Financière BNP Paribas; director of Alstom<sup>1</sup>, Nexans<sup>1</sup>, Société Foncière, Financière et de Participations<sup>1</sup> and Verner Investissements; member of the supervisory board of Lagardère SCA<sup>1</sup>; non-voting director of Exane, Safran<sup>1</sup> and Scor<sup>1</sup>

**Outside France:** Chairman of BNP Paribas SA (Switzerland); Vice-Chairman of Fortis Bank SA/NV<sup>1</sup> (Belgium), director of Erbé SA (Belgium), Groupe Bruxelles Lambert SA (Belgium), Scor Holding (Switzerland) AG<sup>1</sup> (Switzerland), Scor Global Life Rückversicherung Schweiz AG (Switzerland) and Scor Switzerland AG (Switzerland)

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

**2009** - Director of BNP Paribas Zao (Russia)

**2008** - Director of Banca Nazionale del Lavoro (Italy)

**2007** - Chairman of BNP Paribas United Kingdom Holdings Ltd (United Kingdom)

**2006** - Chairman of BNP Paribas Emergis SAS; non-voting director of Scor Global Life (formerly Scor Vie)

**2005** - Member of the supervisory board of Sagem<sup>1</sup>; director of Capstar Partners SAS; director of BNP Paribas SA (Switzerland)

<sup>1</sup>Listed company





## Charles de Croisset

**Peterborough Court, 133 Fleet Street, London ECA4 2BB  
United Kingdom**

Date of birth: 28/09/1943

Date of first appointment: 09/09/2003

Expiry date of current term of office: 2010

Number of shares in the company: 5,000



## Lucien Douroux

**20 rue de la Baume, 75008 Paris, France**

Date of birth: 16/08/1933

Date of first appointment: 30/03/1999

Expiry date of current term of office: 2010

Number of shares in the company: 500

**Chairman of the Ethics and Sponsorship Committee**

### 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 a Treasury Auditor in 1968. He was head of the private office of the Industry Minister in 1979, before joining Crédit Commercial de France (CCF) in 1980 as executive secretary. He became Executive Vice-President of CCF in 1983, and then CEO and director in 1987. He was appointed head of the private office of the Finance Minister (1987-1988). In 1993, he was appointed Chairman and CEO of CCF, and in 2000, CEO and director of HSBC Holdings plc and director of HSBC Bank plc. In March 2004, Charles de Croisset became Vice-Chairman Europe of Goldman Sachs, then international advisor to Goldman Sachs International in 2006.

### Principal positions outside Bouygues SA

International advisor to Goldman Sachs International

### Other positions and functions outside the Group

**In France:** Chairman of the Fondation du Patrimoine; director of Renault<sup>1</sup> and LVMH<sup>1</sup>; member of the supervisory board of Euler Hermes<sup>1</sup>; non-voting director of Galeries Lafayette

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

**2009** - Director of Thales<sup>1</sup>

<sup>1</sup>Listed company

### Expertise/experience

Lucien Douroux graduated from the Conservatoire National des Arts et Métiers (CNAM). He was appointed CEO of Caisse Régionale du Crédit Agricole de Paris et d'Île-de-France in 1976. He was CEO of Caisse Nationale du Crédit Agricole from 1993 to 1999 and Chairman of the supervisory board of Crédit Agricole Indosuez from 1999 to 2001.

### Principal positions outside Bouygues SA

Director of Banque de Gestion Privée Indosuez

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

**2006** - Director of Euris; Chairman of Banque de Gestion Privée Indosuez

**2005** - Director of Suez<sup>1</sup>

<sup>1</sup>Listed company



## Yves Gabriel

**1 avenue Eugène Freyssinet, 78280 Guyancourt, France**

Date of birth: 19/03/1950

Date of first appointment: 10/09/2002

Expiry date of current term of office: 2010

Number of shares in the company: 116,788

### 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-President and director of Sefi



## Jean-Michel Gras

**1 quai du Point du Jour, 92656 Boulogne-Billancourt cedex, France**

Date of birth: 20/10/1970

Date of first appointment: 28/04/2005

Expiry date of current term of office: 2010

**Director representing employee shareholders**

**Member of the Ethics and Sponsorship Committee**

### Expertise/experience

Jean-Michel Gras joined Bouygues Telecom in 1996 as a purchasing quality engineer. He then carried out network information systems project management assignments before becoming head of computer purchasing. At the beginning of 2006, he was appointed manager of Bouygues Telecom's network, telecoms and services purchasing. He joined TF1 as head of purchasing on 6 November 2007.

### Principal positions outside Bouygues SA

Head of purchasing at TF1<sup>1</sup>

<sup>1</sup>Listed company



## Thierry Jourdain

**1 avenue Eugène Freyssinet, 78280 Guyancourt, France**

Date of birth: 08/06/1963

Date of first appointment: 16/12/2003

Expiry date of current term of office: 2010

**Director representing employee shareholders**

**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



## Patrick Kron

**3 avenue Malraux, 92300 Levallois-Perret, France**

Date of birth: 26/09/1953

Date of first appointment: 06/12/2006

Expiry date of current term of office: 2010

Number of shares in the company: 500



## 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 date of current term of office: 2011

Number of shares in the company: 2,010

### 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 Alstom<sup>1</sup>

### Other positions and functions outside the Group

**In France:** Chairman of Alstom Resources Management; director of "Les Arts Florissants" vocal group

**Outside France:** Director of Alstom United Kingdom Holdings Ltd (United Kingdom)

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

**2007** - Director of Alstom Ltd (United Kingdom)

**2006** - Director of Imerys<sup>1</sup>; member of the supervisory board of Vivendi Universal<sup>1</sup>

**2005** - Member of the supervisory board of Imerys<sup>1</sup>

<sup>1</sup>Listed company

### Expertise/experience

Hervé Le Bouc holds a degree in engineering from École Spéciale des Travaux Publics (ESTP). He joined the Bouygues group in 1977 and began his career at Screg Île-de-France (now a Colas subsidiary) as a site engineer, subsequently working as an area supervisor and then a regional manager until 1989. In 1985, he was appointed Director reporting to Chairman and Chief Executive Officer. In 1989, he was named director in charge of commercial development of Bouygues Offshore for Europe, French overseas departments and territories (Dom-Tom) and Australia, and subsequently South East Asia and Mexico. He became COO of Bouygues Offshore in 1994, then CEO in 1996 and Chairman and CEO in 1999. From November 2001 to September 2002, he served concurrently as COO of Bouygues Construction, Chairman of the Board of Bouygues Offshore and Chairman of the Board of ETDE. From September 2002 to February 2005, Hervé Le Bouc was CEO of Saur, then Chairman and CEO from February 2005 to April 2007. In February 2007, Hervé Le Bouc became a director of Colas and was named Deputy CEO in August of the same year. On 30 October 2007, he was appointed Chairman and CEO of Colas.

### Principal positions outside Bouygues SA

Chairman and CEO of Colas<sup>1</sup>

### Other positions and functions in the Group

**In France:** Chairman and CEO of Colasie; standing representative of Colas on the boards of Société Parisienne d'Études d'Informatique et de Gestion, Colas Midi Méditerranée, Aximum and Échangeur International; standing representative of Spare on the boards of Sacer Atlantique; standing representative of IPF on the boards of Screg Est and Spac

**Outside France:** Vice-Chairman of the supervisory board of La Route Marocaine (Morocco); director of Isco Industry (Korean Republic), Hindustan Colas Limited (India), Tasco (Thailand) and Colas Inc. (United States); member of the supervisory board of La Société Maghrébienne d'Entreprises et de Travaux (Morocco); standing representative of Colas on the supervisory boards of Colas Émulsions (Morocco) and Grands Travaux Routiers (Morocco)

### Other positions and functions outside the Group

**In France:** standing representative of Colas on the board of Cofiroute

### 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

<sup>1</sup>Listed company





## Helman le Pas de Sécheval

**2 avenue de Limoges, BP 8527, 79044 Niort cedex 9, France**

Date of birth: 21/01/1966

Date of first appointment: 24/04/2008

Expiry date 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. From November 2001 to December 2009, Helman le Pas de Sécheval was Chief Financial Officer of Groupama Group, with responsibility for the group's financing, investing, reinsurance and accounting divisions and oversight of the group's financial subsidiaries: Groupama Banque, Banque Finama (which merged with Groupama Banque on 1 October 2009), Groupama Asset Management, Groupama Immobilier, Groupama Private Equity and GIE Groupama Systèmes d'Information. He was appointed Managing Director of Groupama Centre-Atlantique on 1 January 2010.

### Principal positions outside Bouygues SA

Managing Director of Groupama Centre-Atlantique

### Other positions and functions outside the Group

**In France:** Vice-Chairman and Director of Groupama Banque; standing representative of Groupama SA on the boards of Silic<sup>1</sup> and GIE Groupama Systèmes d'Information; standing representative of Groupama SA and co-manager of SCA d'Agassac and SCI d'Agassac

**Outside France:** director of Groupama Assicurazioni S.p.A. (Italy)

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

**2009** - Chairman of Groupama Asset Management, Groupama Private Equity, Groupama Immobilier and Compagnie Foncière Parisienne; standing representative of Groupama SA on the supervisory board of Lagardère SCA<sup>1</sup>; non-voting director of Gimar Finance & Compagnie; director of Groupama Vita S.p.A. (Italy) and Nuova Tirrena S.p.A. (Italy)

**2008** - Director of Groupama International

**2007** - Standing representative of Gan Assurances Vie on the board of Locindus<sup>1</sup>; director of Scor and Scor Vie

<sup>1</sup>Listed company



## Nonce Paolini

**1 quai du Point du Jour, 92656 Boulogne-Billancourt cedex, France**

Date of birth: 01/04/1949

Date of first appointment: 24/04/2008

Expiry date 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 Senior Vice-President of Bouygues Telecom to head up sales and marketing, customer relations and human resources. Nonce Paolini became Deputy CEO in April 2004 and a director in April 2005. Nonce Paolini has been CEO of TF1 since 22 May 2007, and Chairman and CEO since 31 July 2008.

### Principal positions outside Bouygues SA

Chairman and CEO of TF1<sup>1</sup>

### 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 and manager of La Chaîne Info; standing representative of TF1 on the boards of Extension TV, TF1 - Acquisitions de Droits and TF6 Gestion; member of the Board of Directors of Groupe AB

**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

<sup>1</sup>Listed company



## Jean Peyrelevade

**73 rue d'Anjou, 75008 Paris, France**

Date of birth: 24/10/1939

Date of first appointment: 25/01/1994

Expiry date of current term of office: 2010

Number of shares in the company: 3,750

**Chairman of the Selection Committee**



## 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 his personal capacity)

Expiry date 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

Jean Peyrelevade is a graduate of École Polytechnique and Institut d'Études Politiques de Paris (IEP), and is a senior civil aviation engineer. He was deputy head of the private office of the Prime Minister in 1981, and in 1983 became Chairman of Compagnie Financière de Suez and, at the same time, of Banque Indosuez. He was appointed Chairman and CEO of Banque Stern, then in 1988 became Chairman of UAP, before becoming Chairman of Crédit Lyonnais in 1993 for ten years. He is currently a merchant banker at Banca Leonardo group.

### Principal positions outside Bouygues SA

Vice-Chairman of Leonardo France

### Other positions and functions outside the Group

**In France:** Chairman of Leonardo Midcap Cf; director of DNCA Finance

**Outside France:** director of Bonnard and Gardel (Switzerland); member of the supervisory board of KLM (Netherlands)

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

**2009** - Member of the supervisory board of CMA-CGM; director of Société Monégasque d'Électricité et de Gaz (Monaco)

**2008** - Director of Suez<sup>1</sup>

**2005** - Member of the supervisory board of the Express-Expansion group; co-manager of Quadrature (Toulouse & Associés)

<sup>1</sup>Listed company

### Expertise/experience

François-Henri Pinault is a graduate of École des Hautes Études Commerciales (HEC). He has spent his whole career within the PPR group. He was CEO of France Bois Industries from 1989 to 1990 and was appointed Chairman and CEO of Pinault Distribution in 1991. In 1993, he became Chairman of CFAO. He was appointed Chairman and CEO of Fnac in 1997, then executive vice-president of the PPR group and subsequently head of Internet activities and Chairman of the supervisory board of PPR-Interactive from 2000 to 2001. Since 1998, François-Henri Pinault has been a director, and since 2003 Chairman of the Board of Directors of Artémis. In 2005, he became Chairman of the executive board and then Chairman and CEO of PPR.

### Principal positions outside Bouygues SA

Chairman and CEO of PPR<sup>1</sup>

### Other positions and functions outside the Group

**In France:** Managing partner of Financière Pinault; Chairman of the Board of Directors of Artémis; Vice-Chairman of the supervisory board of Boucheron Holding; director of Sapardis, Fnac SA, Soft Computing and Tennessee; member of the supervisory board of Yves Saint Laurent SAS; member of the Management Board of SC du Vignoble de Château Latour

**Outside France:** Chairman of the supervisory board of Gucci Group NV<sup>1</sup> (Netherlands) and Puma<sup>1</sup> (Germany); Board member of Christies International Plc<sup>1</sup> (United Kingdom); Vice-Chairman of the Board of Directors of Sowind Group (Switzerland)

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

**2009** - Chairman and CEO and director of Redcats

**2007** - Director of Simetra Obligations

**2005** - Vice-Chairman and member of the supervisory board of PPR<sup>1</sup>; member of the executive board of PPR<sup>1</sup>; Chairman and CEO of Simetra Obligations; director of Palazzo Grassi and Afipa

<sup>1</sup>Listed company

## SCDM

**32 avenue Hoche, 75008 Paris, France**

Date of first appointment: 22/10/1991

Expiry date of current term of office: 2010

Number of shares in the company: 65,436,677

### 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-3 and SCDM Investcan

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

**2009** - Chairman of Investaq Énergie

## Non-voting director



## Alain Pouyat

**32 avenue Hoche, 75008 Paris, France**

Date of birth: 28/02/1944

Date of first appointment: 26/04/2007

Expiry date of current term of office: 2010

Number of shares in the company: 29,368

### Expertise/experience

Alain Pouyat joined Bouygues in 1970 as an IT engineer. He was appointed IT Manager in 1981, then Group IT Director in 1986. He has been Executive Vice-President, Information Systems and New Technologies since 1988.

### Other positions and functions in the Group

**In France:** Director of Bouygues Telecom, TF1<sup>1</sup>, ETDE, C2S and Société Parisienne d'Études d'Informatique et de Gestion

<sup>1</sup>Listed company



# INFORMATION ON AUDITORS

## 1 • Statutory auditors

- Mazars (formerly Mazars & Guérard), 61 rue Henri Regnault, 92400 Courbevoie (France), appointed as statutory auditors at the Annual General Meeting on 10 June 1998, and reappointed for a further six-year term at 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 at the Annual General Meeting on 24 April 2003 and reappointed for a further six-year term at the Annual General Meeting on 23 April 2009.

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 29 April 2010, shareholders were asked to reappoint Mazars for a term of six years, expiring at the end of the Annual General Meeting called to approve the 2015 financial statements.

## 2 • Alternate auditors

- Thierry Colin (Mazars group), appointed as alternate auditor at the Annual General Meeting on 25 May 2000, and reappointed for a further six-year term at the Annual General Meeting on 22 April 2004.
- Auditex (Ernst & Young group), appointed as alternate auditor for the first time at the Annual General Meeting on 23 April 2009, for a six-year term.

At the Annual General Meeting of 29 April 2010, shareholders were asked to appoint Philippe Castagnac as alternate auditor to replace Thierry Colin for a six-year term, expiring at the end of the

Annual General Meeting called to approve the 2015 financial statements.

Philippe Castagnac is Chairman and Chief Executive Officer of Mazars in France.

## 3 • 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 networks 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

### Procedures followed in preparing this report

This report has been prepared taking into consideration recommendations issued by the AMF, Afep and Medef, practices adopted by other issuers and various internal documents (by-laws, rules of procedures and minutes of the Board of Directors and its committees, internal control principles and procedures, etc.). The writers have consulted various bodies and senior managers of the company (Chairman of the Board of Directors, Chairman of the Accounts Committee, senior management and the management of the Legal, Finance and HR departments), business line Corporate Secretaries and the statutory auditors. They have gathered information about the directors from the directors themselves.

The *Internal control and risk management procedures* section of the report has been prepared with input from the Group's businesses, drawing on information collected from key players in the internal control process.

The draft report was submitted to the Chairman of the Board of Directors before being sent to the directors for review. The Accounts Committee has reviewed the section on internal control and risk management procedures. This report was discussed and approved by the Board of Directors at its meeting of 2 March 2010. The Chairman of the Board of Directors signed the report on that date.

### 1 • Corporate governance code

For many years, Bouygues has referred to the Afep and Medef recommendations on corporate governance. Pursuant to Article L. 225-37, paragraph 7 of the Commercial Code, at its meeting of 3 March 2009 the Board of Directors decided that in corporate

governance matters it would voluntarily 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) (hereinafter referred to as "the Afep/Medef code").

The Afep/Medef code may be downloaded at: <http://www.code-afep-medef.com>. It is also included as an appendix to the rules of procedure of the Board of Directors, which may be downloaded from the Bouygues website at <http://www.bouygues.com>.

Some of the provisions in this document have been set aside, for the following reasons:

- According to the Afep/Medef code, independent directors must represent at least half of all Board members in widely held companies with no controlling shareholder, and at least two thirds of all Board members in companies with a controlling shareholder, a concept not defined in the Afep/Medef code. As at 31 December 2009, seven of the eighteen directors were independent, representing a proportion of 39%. This percentage is justified not only by the fact that, on the one hand, there is a main shareholder with 27.17% of voting rights and, on the other hand, there are directors representing significant shareholders (employee shareholders), but also by the fact that, in line with Bouygues tradition, there are directors holding executive management positions within the Group. Consequently, the Board's composition reflects the company's specific characteristics and is considered as representing a good balance.
- The Bouygues Board has decided not to observe the recommendation in the Afep/Medef code according to which two thirds of the members of the Accounts Committee should be independent. Two of the four directors on the Bouygues Accounts Committee are independent: this results from the Board's decision to appoint Thierry Jourdain as the fourth member of the Committee in 2007 after employee share-

holders expressed a wish to be represented. While he cannot be classed as an independent director as defined in the Afep/Medef report, Thierry Jourdain acts in the interests of employee shareholders and has considerable independence in performing his duties within the Board and the Committee. Moreover, in the event of a tied vote, the Chairman of the Accounts Committee, who is independent as defined in the Afep/Medef report, holds the casting vote.

- 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. At this stage, the vast majority of directors consider it preferable to favour the collective assessment of the Board.
- The Board considers that the fact of having been a director for more than 12 years should not automatically entail the loss of independent director status; on expiry of the term of office during which this 12-year term is reached, the Board considers whether or not this status should be retained taking into account the specific circumstances of the director in question, as stipulated in Article 8.3 of the Afep/Medef code.

### 2 • Membership of the Board of Directors

The by-laws stipulate that the Board of Directors should include between three and eighteen directors appointed by an annual general meeting, and a maximum of two directors representing employee shareholders, elected by an annual general meeting at the proposal of the Supervisory Boards of employee investment funds.

The rules of procedure of the Board of Directors lay down certain rules on Board membership. They specify that the number of directors or standing

representatives of legal entities coming from external companies in which a corporate officer or salaried director of Bouygues holds an executive position must be limited to two.

It also specifies that at least one third of directors must be independent within the meaning of the Afep/Medef code.

In accordance with the Afep/Medef code, the by-laws have stipulated since 2005 that the maximum director's term of office is three years, it being understood that those directors already in office at the time of the Annual General Meeting on 28 April 2005 continued for their full six-year term. In 2010, this transitional provision will cease to have any effect and it will be proposed that the Annual General Meeting amend the by-laws accordingly.

Reappointments are staggered across three consecutive years.

The by-laws stipulate that an annual general meeting may appoint one or more non-voting directors for a three-year term. Non-voting directors attend Board meetings on a consultative basis. They are tasked with ensuring that the by-laws are strictly observed. They review the inventories and annual financial statements and present their observations, where they consider it appropriate, at annual general meetings.

The Board currently comprises eighteen directors and one non-voting director:

- sixteen directors appointed by the annual general meeting: Pierre Barberis, Patricia Barbizet, François Bertièrre, Mrs Francis Bouygues, Martin Bouygues, Georges Chodron de Courcel, Charles de Croisset, Lucien Douroux, Yves Gabriel, Patrick Kron, Hervé Le Bouc, Nonce Paolini, Helman le Pas de Sécheval, Jean Peyrelevade, François-Henri Pinault and SCDM (represented by Olivier Bouygues);

- two directors elected by the Annual General Meeting from among the members of the Supervisory Boards of the employee savings schemes (profit-sharing and the employee savings schemes), representing employee shareholders: Jean-Michel Gras and Thierry Jourdain;
- one non-voting director: Alain Pouyat.

Mrs Francis Bouygues, Martin Bouygues, Pierre Barberis, François Bertière and Georges Chodron de Courcel were reappointed as directors for a further three-year term at the Annual General Meeting on 23 April 2009. Philippe Montagner's term of office as a non-voting director expired at the end of that same meeting.

Martin Bouygues is Chairman of the Board of Directors and Chief Executive Officer. Olivier Bouygues is Deputy Chief Executive Officer, and has the same powers as the Chief Executive Officer. At the end of the Annual General Meeting held on 23 April 2009, the Board of Directors reappointed Martin Bouygues as Chairman and Chief Executive Officer for the period of his term of office as a director, ie until the end of the Annual General Meeting called to approve the 2011 financial statements. The Board also decided to reappoint Olivier Bouygues as Deputy Chief Executive Officer throughout Martin Bouygues' term of office as Chairman and Chief Executive Officer. Should Martin Bouygues cease to be Chief Executive Officer, Olivier Bouygues' duties would cease on the date on which a new Chief Executive Officer was appointed, unless the Board decided they should cease immediately or, conversely, that they should continue at the proposal of the new Chief Executive Officer.

The Board has formed four committees to assist it in its work: the Accounts Committee, the Remuneration Committee, the Selection Committee and the Ethics and Sponsorship Committee. The roles, membership and work of these committees are detailed below.

At the Combined Annual General Meeting convened for 29 April 2010, it will be proposed that Lucien Douroux, Yves Gabriel, Patrick Kron, Jean Peyrelevede and François-Henri Pinault be reappointed as directors and that Alain Pouyat be reappointed as a non-voting director. It will also be proposed that Colette Lewiner be appointed as a director and that two directors be elected to represent employee shareholders (Michèle Vilain and Sandra Nombret).

Colette Lewiner is 65 years old. A graduate of the École Normale Supérieure, she also holds the prestigious rank of "agrégée" teacher in physics, as well as a PhD in science. She spent a large part of her career with EDF, where she was the first woman to be appointed a director within the group, with responsibility for development and marketing strategy. She went on to lead Cogema's engineering subsidiary SGN. In 1998, she joined Cap Gemini, where she now heads the Energy, Utilities and Chemicals sector. She is an Officer of the Legion of Honour and a Commander of the National Order of Merit. She is a director of Nexans and La Poste.

Michèle Vilain is 49 years old. After joining Bouygues Immobilier in 1989, she held various positions within the IT and Office Automation division, including responsibility for customer services. She is currently a department head with Bouygues Immobilier, where she is responsible for customer mediation with the Residential Property France division.

Sandra Nombret is 36 years old. She has a *DESS* postgraduate diploma in foreign trade law. After joining the Bouygues group in 1997, she is currently a department head with Bouygues Bâtiment International, where she is Senior Legal Officer for the Middle East, Africa and Cyprus. She is also overseeing the hospital project in Vancouver, having successfully completed the legal structuring of this operation as a PPP.

Name	Age <sup>a</sup>	Committee membership					Start of first term	End of current term	Year on board <sup>a</sup>	Professional experience
		Independent Director	Accounts	Remuneration	Selection	Ethics and Sponsorship				
Martin Bouygues Chairman and CEO	57						1982	2012	27	Industry
Olivier Bouygues Deputy CEO Standing representative of SCDM	59						1997 <sup>b</sup>	2010	25	Industry
SCDM							1991	2010	18	-
Pierre Barberis	67	■		■			1997	2012	12	Banking, Insurance, IT
Patricia Barbizet	54	■	■	■			2005 <sup>c</sup>	2011	11	Industry, Retail
François Bertière	59						2006	2012	3	Industry
Mrs Francis Bouygues	85						1993	2012	16	-
Georges Chodron de Courcel	59		■				1996	2012	13	Banking, Finance
Charles de Croisset	66	■					2003	2010	6	Finance, Banking
Lucien Douroux	76	■				■	1999	2010	10	Finance
Yves Gabriel	59						2002	2010	7	Industry
Jean-Michel Gras	39					■	2005	2010	4	Telecoms, Media
Thierry Jourdain	46		■				2003	2010	6	Industry
Patrick Kron	56						2006	2010	3	Industry
Hervé Le Bouc	57						2008	2011	1	Industry
Helman le Pas de Sécheval	43	■	■				2008	2011	1	Finance, Insurance
Nonce Paolini	60						2008	2011	1	Telecoms, Media
Jean Peyrelevede	70	■			■		1994	2010	15	Banking
François-Henri Pinault	47	■			■	■	2005 <sup>d</sup>	2010	11	Industry, Retail
Alain Pouyat (non-voting director)	65						2007	2010	2	Industry

<sup>a</sup>As at 31 December 2009

<sup>b</sup>From 1984 to 1997, either in his personal capacity or as standing representative

<sup>c</sup>From 1998 to 2005, as standing representative of Artémis

<sup>d</sup>From 1998 to 2005, as standing representative of Financière Pinault



### 3 • Directors' terms of office and duties

Information required under Article L. 225-102-1, paragraph 4 of the Commercial Code can be found above in the Board of Directors' management report.

### 4 • Assessing director independence

In defining the concept of independent director, the rules of procedure refer the criteria set out in the Afep/Medef code and the European Recommendation of 15 February 2005 on the role of directors of listed companies. They specify that, when identifying independent directors, the Board of Directors must attach greater weight to substance than to form. To this end, the Selection Committee gives an opinion on the circumstances of each of its members.

The classification of directors as independent is discussed by the Selection Committee and reviewed each year by the Board before publication of the registration document. At the proposal of the Selection Committee, the Board reviews the circumstances of each member in light of the criteria set out below before informing the shareholders of its findings in the registration document and when directors are appointed at the Annual General Meeting.

The Board of Directors may decide that, due to his or her specific circumstances, a director cannot be classed as independent even though the criteria set out below are met. Conversely, the Board may decide that a director not meeting the criteria set out below is nonetheless independent.

Independence should be understood as referring to the absence of any material conflict of interest. Directors should only be considered independent

where they are not bound by any business, family or other relationship – with the company, its controlling shareholder or the senior management of either of the former – which creates a conflict of interest liable to impair their judgement.

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 judgement. To qualify as independent, Board members must therefore not only be non-executive directors – ie hold no executive position in the company or group – but must not be in any way related to the company or group as a major shareholder, employee or in any other capacity.

The independence criteria applied by the Afep/Medef code are as follows:

- 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 (when this date arrives, the Bouygues Board considers whether the director in question should continue to be classed as independent).

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.

In line with the recommendations of the Afep/Medef code, after gathering the opinion of the Selection Committee, and as it does each year, 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 defined by the Afep/Medef code.

At its meeting on 2 March 2010 the Board thus considered Pierre Barberis, Patricia Barbizet, Charles de Croisset, Lucien Douroux, Helman le Pas de Sécheval, Jean Peyrelevade and François-Henri Pinault to be independent directors within the meaning of the Afep/Medef criteria. 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 that had entered into a shareholder agreement with SCDM. Since that agreement expired in 2006 and Artémis is no longer a shareholder in the company, François-Henri Pinault

and Patricia Barbizet meet the independence criteria set out in the Afep/Medef code.

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 light of the Afep/Medef code.

### 5 • Governance structure

The law stipulates that the Board should elect one of its individual members as Chairman to organise and direct the Board's work and ensure the smooth running of the company's management bodies. The Board entrusts executive power over the company either to the Chairman of the Board of Directors or to another individual, who may or may not be a director, carrying the title of Chief Executive Officer.

The Board of Directors opted to combine the positions of Chairman and Chief Executive Officer in April 2002, and renewed this option in April 2006. At the end of the Annual General Meeting held on 23 April 2009, the Board of Directors once again opted in favour of combining these positions.

This decision has proved a source of effective governance particularly in view of the Bouygues group's organisational structure: Martin Bouygues is Chairman and Chief Executive Officer of Bouygues, the Group's parent company. He does not have general management authority over the Group's five businesses; this is vested in the senior management of its major subsidiaries: Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom.

Martin Bouygues does not therefore combine operational responsibility over these subsidiaries with his other duties. While Bouygues and its Chairman some-

times play an important role in key Group operational projects, they do not replace the senior management of the Group's core businesses.

## 6 • Restrictions on the powers of the Chief Executive Officer

According to the law and the by-laws, the Chief Executive Officer is vested with the broadest possible powers to act on the company's behalf under all circumstances. He exercises these powers within the confines of the corporate purpose and subject to powers expressly granted by law to shareholders' general meetings and the Board of Directors.

The rules of procedure of the Board of Directors set out certain decisions that must be made by the Board: defining strategic priorities, business plans and financing policy for the businesses and the Group; approving genuinely strategic activities; authorising activities considered to be of importance for the Group as a whole, including investments in organic growth, acquisitions, divestments and internal restructuring measures, and particularly those falling outside the company's stated strategy; authorising major financing operations involving public tender offers; and authorising key guarantees and major commitments.

## 7 • Preparation and organisation of the Board's work

### 7.1 Rules in the by-laws

The by-laws repeat or stipulate the following rules: the Board of Directors meets as often as the company's interests require, at the invitation of the Chairman, either at the registered office or at any other place; invitations may be issued by any method, including verbally; the Board may only validly deliberate where at least half its members are in attendance; decisions are made on the basis of a majority of those members in attendance or represented; in the event of a tied vote, the Chairman of the meeting has the casting vote.

### 7.2 Board of Directors' rules of procedure

At its meeting in September 2002 the Board adopted a set of procedural rules intended to clarify the conditions under which its work is prepared and organised. These rules of procedure have since been amended on several occasions to take account of changes in applicable laws and regulations and certain recommendations issued by the AMF, Afep and Medef on corporate governance and executive remuneration.

The rules were again amended in March 2009 to take into account the provisions of the Afep/Medef code published in December 2008 and the AMF's recommendations on the compensation of executive directors. 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 rules contained in the rules of procedure are described in this report.

The full text of the rules of procedure may be downloaded from the company's website at [www.bouygues.com](http://www.bouygues.com).

### 7.3 Board meetings

The rules of procedure state that in principle the Board of Directors holds four ordinary meetings a year (February/March, June, August and December). In February/March, the Board closes the financial statements for the previous financial year; at the June meeting, it reviews the financial statements as at 31 March, reviews first-half performance and considers the strategic priorities for each business and for the Group as a whole; in August, it closes the financial statements for the first half; and in December, it considers the financial statements as at 30 September and reviews the Group's estimated sales and earnings 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 in advance of Board meetings.

The rules of procedure stipulate that any director participating in a Board meeting by videoconferencing, or any other telecommunication method having technical characteristics that allow directors to be identified and participate fully in the meeting, is deemed to be in attendance for the purposes of quorum and majority.

In accordance with law, this provision does not apply

to decisions on the preparation of the parent company and consolidated financial statements within the management report.

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 all or part of Board meetings.

### 7.4 Information provided to the Board of Directors

The rules of procedure stipulate that the Chairman or Chief Executive Officer must provide directors with all documents and information required by them to fulfil their duties, including in particular the following:

- information used to monitor business performance, including sales and orders;
- the company's financial position, including in particular its cash position and commitments;
- the occurrence of any event that materially affects or may affect the Group's consolidated results;
- material events in relation to human resources, and in particular changes in employee headcount;
- the key risks faced by the company, any changes in them and arrangements put in place to manage them.

Each quarter, senior management presents a report on consolidated sales and earnings for the quarter just ended to the Board of Directors.

Each director may, on his or her own initiative, gather additional information; the Chairman, Chief Executive Officer and Deputy Chief Executive Officer are always available to provide Board members with explanations and any other relevant information.

Directors may also meet with key company executives, including without executive directors being present, subject to the latter having been informed in advance.

Through their work and the reports they produce, the committees tasked by the Board with studying specific matters help to ensure that the Board is properly informed and prepared for the decisions it has to make.

Directors always receive all documents publicly issued by the company or its subsidiaries, and in particular all information aimed at shareholders.

Directors may, if they wish, receive additional training in matters pertaining to the company and its business lines and sectors.

## 8 • Directors' rules of conduct

Directors are required to observe all the rules of conduct listed in Article 17 of the Afep/Medef code. Some of these are set out in the Board's rules of procedure.

### 8.1 Regular attendance

Each director and non-voting director undertakes to regularly attend Board meetings. Since 2009, directors' fees have included a variable component linked to attendance at the four Board meetings at which the financial statements are approved and, where applicable, committee meetings.

### 8.2 Multiple directorships

All directors are required to comply with the instructions set out in the Commercial Code governing the holding of multiple positions as corporate officers in *Sociétés Anonymes* (public limited companies), as well as the Afep/Medef recommendation according

to which directors with executive powers must not, in principle, agree to hold more than four directorships in listed companies, including foreign companies, outside their group. To the company's knowledge, these rules, which aim to ensure that directors devote sufficient time and attention to their duties, are observed.

### 8.3 Confidentiality

Directors and non-voting directors, as well as any person called to attend a Board meeting, are bound by a strict obligation of confidentiality in relation to information provided to the Board. This confidentiality requirement applies both to persons outside the company and to persons with no cause to be aware of information as a result of their duties in the company.

Only the Chairman, Chief Executive Officer and Deputy Chief Executive Officer are authorised to provide third parties and the public with information on company policy, strategy, business and performance.

### 8.4 Preventing conflicts of interest

The rules of procedure provide that directors undertake to inform the Chairman of any conflict of interest, even of a potential nature, between their duties in relation to the company and their private interests and/or other duties, and not to take part in voting on any resolution directly or indirectly affecting them. They specify that the Chairman of the Board may ask directors at any time to confirm in writing that they are not subject to any conflict of interest.

To date, the company is aware of the following potential conflicts of interest:

- Major shareholders of the Group (SCDM and Mrs Francis Bouygues), as well as the Group's employee shareholders, are directly or indirectly represented

on the Board of Directors by Martin Bouygues, Olivier Bouygues, Mrs Francis Bouygues, Jean-Michel Gras and Thierry Jourdain.

- Patrick Kron is a director and Chairman and Chief Executive Officer of Alstom, a company in which Bouygues held 29.80% of the share capital at 31 December 2009, and of which Olivier Bouygues, Bouygues represented by Philippe Marien, and Georges Chodron de Courcel are directors.
- Georges Chodron de Courcel is also Chief Operating Officer of BNP Paribas, a company which may offer banking services or support to the Group.

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.

The following should be noted:

- The only family relationships of which the company is aware are those between Martin Bouygues, Olivier Bouygues and Mrs Francis Bouygues.
- 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, but this shareholder agreement was terminated on 24 May 2006. No other member of the Board of Directors has been selected pursuant to any agreement entered into with the company's principal shareholders, customers, suppliers or other persons, and no such other arrangements or agreements exist.
- 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.

### 8.5 Judicial convictions

The rules of procedure require directors to inform the Chairman of any convictions for fraud, incriminations, preventive measures or official public sanction issued in the last five years, as well as any insolvency, compulsory administration or liquidation proceedings with which they have been associated in the last five years. They specify that the Chairman of the Board may ask directors at any time to confirm in writing that they are not affected by any of these situations.

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 subjected to official public sanction by any statutory or regulatory body;
- has been associated with any insolvency, compulsory administration or liquidation proceedings;
- has been prevented by a court from acting as a member of an issuer's administrative, management or supervisory body or from being involved in an issuer's management or the conduct of its business.

Jean Peyrelevade was indicted in 2004 by a grand jury of the central district of California on the petition of the federal prosecutor in connection with the Executive Life affair. This indictment was dropped following Mr Peyrelevade's signature at the beginning of 2006 of an Alford Guilty Plea by which he agreed to various sanctions whilst maintaining he was innocent. These sanctions have no effect on his capacity to manage and administrate companies, other than banking institutions in the United States.



## 8.6 Share ownership

The by-laws stipulate that each director must hold at least ten shares in the company. The rules of procedure recommend that each director and non-voting director own 500 shares in the company.

Subject to the foregoing, 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 set out below relating to the prevention of insider dealing.

## 8.7 Trading in the company's shares

Directors and non-voting directors must observe the following rules of conduct, which apply to all financial markets, whether French or foreign.

### 8.7.1 Holding of company shares in registered form

It is recommended that all directors, whether individuals or legal entities, as well as standing representatives of legal entity directors and non-voting directors, convert any Bouygues shares held by them into registered form when they take up their duties, and that any shares they subsequently acquire be held in registered form.

### 8.7.2 Ban on circulating or making use of inside information

Any director or non-voting director holding inside information about the company, its subsidiaries or a transaction under consideration by the company or its subsidiaries is bound by an obligation of strict confidentiality and non-participation. Accordingly, directors and non-voting directors are prohibited from directly or indirectly acquiring or selling, or attempting to acquire or sell, on their own account or on behalf of others, financial instruments to which

such inside information relates, and any financial instruments to which those instruments are in turn connected. More generally, they are prohibited from communicating any inside information to third parties, and from recommending to third parties that they buy or sell, or arrange for another person to buy or sell, the aforementioned financial instruments on the basis of inside information.

Inside information is understood to mean any specific information that has not been made public, relates directly or indirectly to the company, its subsidiaries or one or more financial instruments issued by them, and which, if made public, would be likely to have a significant effect on the price of the financial instruments in question or the price of financial instruments connected to them.

Directors and non-voting directors are bound by this obligation of confidentiality and non-participation even where they hold inside information by chance and in no way as a result of their role as a director or non-voting director.

### 8.7.3 Close periods

In any case, all directors and non-voting directors must refrain from trading in the company's shares or those of its subsidiaries (and in particular, where they can exercise stock options, they are prohibited from selling any shares arising from the exercising of those options), during:

- the period of 30 calendar days preceding the publication of Bouygues' full-year or half-year financial statements, and until the end of the second business day following their publication;
- the period of 15 calendar days preceding the publication of Bouygues' first- or third-quarter financial statements, and until the end of the second business day following their publication;
- the period of seven calendar days preceding the publication of Bouygues' quarterly sales, and until

the end of the second business day following their publication.

This obligation to refrain from trading should also be observed during any period in which a director or non-voting director is aware of inside information, and until the end of the second business day following the date on which that information is made public.

Salaried directors and corporate officers wishing to sell shares arising from the exercising of options or bonus shares should check with the Group Ethics Officer that they are not holding any inside information.

### 8.7.4 Declaring transactions in the company's shares

In accordance with Article L. 621-18-2 of the Monetary and Financial Code and Article 223-22 of the AMF General Regulation, directors and non-voting directors must declare to the AMF all transactions carried out by them in Bouygues shares, whether carried out directly or via an intermediary, on their own account or on behalf of a third party under the terms of an agreement, unless that agreement is performed under a third party management agreement.

The same applies to transactions in Bouygues shares carried out by persons closely related to a director or non-voting director.

## 9 • Role of the Board of Directors

The Board of Directors has the powers and responsibilities laid down in law. In addition, the rules of procedure of the Board of Directors specify the following:

- The Board, assisted where applicable by an ad hoc committee, reviews and decides on genuinely strategic activities.
- The strategic priorities for each business and for the Group as a whole are submitted to the Board for approval.
- 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.
- The Board authorises major financing operations by way of public offering of securities, as well as major guarantees and commitments.
- The Board monitors the quality of information provided to shareholders and the markets, particularly through the financial statements and in connection with major transactions.

The rules also recall the role of the Board in determining the compensation of executive directors 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).

## 10 • Board committees

Committees are tasked by the Board of Directors with studying matters submitted for their review by the Board or its Chairman, as well as any matters that may be assigned to them by law. Four Committees have been set up since 1995: the Accounts Committee, the Remuneration Committee, the Selection Committee and the Ethics and Sponsorship Committee.

Annexes to the rules of procedure, the content of which is indicated below, define the composition, remit and operating rules of the four committees. Corporate officers and salaried directors of the company cannot sit on the committees. The committees are chaired by independent directors within the meaning of the Afep/Medef code.

The Board determines the membership and remit of committees, which carry on their activities under the Board's responsibility. The Board appoints committee members from among directors and non-voting directors, on the understanding that the Accounts Committee must consist only of directors.

### 10.1 Accounts Committee

Article L. 823-19 of the Commercial Code, arising from the 8 December 2008 Order, requires French listed companies to form, within the Board, a "specialised" committee tasked with overseeing matters relating to the preparation and audit of accounting and financial information. Bouygues had long anticipated this reform, setting up its Accounts Committee in 1995.

The rules of procedure of the Accounts Committee were amended in March 2009 to incorporate clarifications provided by the aforementioned 8 December 2008 Order and the recommendations in the Afep/Medef code.

In accordance with law, the Accounts Committee acts under the exclusive and collective responsibility of the

members of the Board of Directors. In the context of its role of overseeing matters relating to the preparation and audit accounting and financial information, the Accounts Committee is more specifically tasked with overseeing the following:

- 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.
- A legal audit of the annual and consolidated financial statements by the statutory auditors.
- The independence of the statutory auditors. This involves:
  - reviewing the breakdown of audit fees paid by the company and 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 renewal procedure; making recommendations on statutory auditors proposed for appointment at annual general meetings.

The Accounts Committee issues all reports and recommendations in relation to the foregoing, both periodically when the financial statements are closed off and as and when circumstances require.

The Accounts Committee has at least three members selected from among the members of the Board with the most financial and/or accounting experience. It does not include any Bouygues corporate officers or executive directors. At least two of its members, including the Chairman, are independent directors within the meaning of the Afep/Medef code and the European Recommendation of 15 February 2005.

A director cannot be appointed to the Bouygues Accounts Committee if he or she also serves as a corporate officer within a company in which a corporate officer or salaried director of Bouygues is a member of an equivalent committee.

Members of the Committee receive information on accounting, financial and operational matters specific to the company when they are appointed.

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 – ie 50% of the Committee's members – are independent directors within the meaning of the Afep/Medef code.

For reasons set out at the beginning of this report, the Bouygues Board has decided not to observe the recommendation in the Afep/Medef code according to which two thirds of the members of the Accounts Committee should be independent.

It is hereby specified that Helman le Pas de Sécheval, Patricia Barbizet and Georges Chodron de Courcel have extensive financial skills: in particular, Helman le Pas de Sécheval was head of the Transactions and Financial Reporting department of the Commission des Opérations de Bourse – COB (now the AMF) and, having been Groupama's Group Finance Director

from November 2001 to December 2009, is currently Managing Director of Groupama Centre-Atlantique; Patricia Barbizet held key financial positions within Renault, and then within the PPR group, where she has been Vice-Chairman and director since 2005; Georges Chodron de Courcel has held significant financial responsibilities within the BNP Paribas group, where he has been Chief Operating Officer since 2003.

Furthermore, until December 2009 Helman le Pas de Sécheval was Chairman of Groupama Private Equity's Audit Committee and a member of the Audit Committee of Banque Finama; he currently chairs the Internal Control Committee and vigilance body for Groupama Assicurazioni. Patricia Barbizet is a member of the Audit Committees of PPR, TF1 and Total. Georges Chodron de Courcel is a member of Alstom's Audit Committee and Nexans' Accounts Committee.

Committee meetings are only valid where two members are in attendance, including the Committee Chairman. The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. It meets at least twice each year to review the half-year and full-year financial statements before they are submitted to the Board. The agenda is drawn up by the Committee Chairman. The opinions put forward by the Committee are based on a simple majority. In the event of a tied vote, the Chairman holds the casting vote.

The Committee may also meet with the employees of the company in charge of the financial statements, 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.

Key recommendations made by the statutory auditors are covered by an action plan and monitoring procedures presented to the Accounts Committee and senior management at least once each year.

The Committee reports on its work at the next meeting of the Board of Directors, and immediately informs the Board of any difficulties encountered. The Accounts Committee's deliberations and the information provided to it are of a particularly confidential nature, and must not be communicated outside the Board of Directors, it being nevertheless understood that this rule does not impinge upon the financial reporting obligations incumbent upon listed companies.

## 10.2 Remuneration Committee

The Remuneration Committee was formed in 1996. In accordance with recommendations in the December 2008 Afep/Medef code on remuneration for executive directors and corporate officers of listed companies, it 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;

- proposing a standard stock option policy, stipulating in particular that no discount may be offered on options awarded to Group senior 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 option plans should concern new or existing shares;
- 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 Officer, 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;
- proposing performance conditions to which the allocation and exercising of options awarded to the Chairman and Chief Executive Officer and/or the Deputy Chief Executive Officer will be subject;
- 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 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.

The Remuneration Committee comprises at least two members. It is chaired by an independent director within the meaning of the Afep/Medef code and the European Recommendation of 15 February 2005.

No corporate officers sit on the Committee, which is mainly composed of independent directors as defined in the above texts.

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 the former 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 (ie 100% of members) are independent directors within the meaning of the Afep/Medef code.

The rules of procedure stipulate that the Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. Committee meetings are only valid where two members are in attendance, including the Committee Chairman. The agenda is drawn up by the Committee Chairman.

The opinions put forward by the Remuneration Committee are based on a simple majority. Where only two members are in attendance at a Committee meeting, the Chairman has the casting vote.

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 Committee reports on its work at the next meeting of the Board of Directors. When the report on the work of the Remuneration Committee is presented to it, the Board of Directors deliberates with no executive directors present.

## 10.3 Selection Committee

The Selection Committee was formed in July 1997. According to its rules of procedure, it 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;
- reviewing the following to that end:
  - applications for directorships and non-voting directorships, taking care to ensure that at least two thirds of Board members are independent directors within the meaning of the Afep/Medef code and the European Recommendation of 15 February 2005
  - plans to form analysis committees within the Board, and proposed lists of their remits and members
- giving an opinion on the appointment, renewal or dismissal of directors or executive directors recommended to the Board;
- considering solutions for replacing executive directors in the event that positions unexpectedly become available.

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.

The Selection Committee comprises two or three directors. It does not include any executive directors and consists mainly of independent directors within the meaning of the Afep/Medef code and the European Recommendation of 15 February 2005. It is chaired by an independent director within the meaning of that 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 (ie 100% of members).

Committee meetings are only valid where two members are in attendance, including the Committee Chairman. The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. The agenda is drawn up by the Committee Chairman.

The Committee involves the Chairman of the Board of Directors in its work. In the course of its work, the Committee may meet with any candidates it considers suitable for positions to be filled.

The opinions put forward by the Selection Committee are based on a simple majority. Where only two members are in attendance at a Committee meeting, the Chairman has the casting vote.

The Committee reports on its work at the next meeting of the Board of Directors.

## 10.4 Ethics and Sponsorship Committee

The Ethics and Sponsorship Committee, set up in March 2001, has the following responsibilities:

- 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 compliance with the values and rules of conduct thus defined.

- 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 Committee also gives its opinion to the Board on the report on the social and environmental consequences of the company's business, as required by Article L. 225-102-1 of the Commercial Code.

The Ethics and Sponsorship Committee comprises two or three directors. It is chaired by an independent director within the meaning of the Afep/Medef code and the European Recommendation of 15 February 2005.

The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. Committee meetings are only valid where two members are in attendance, including the Committee Chairman. 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 Committee reports on its work at the next meeting of the Board of Directors.

The Committee's current members are Lucien Douroux (Chairman), François-Henri Pinault and Jean-Michel Gras. Lucien Douroux and François-Henri Pinault are independent directors within the meaning of the Afep/Medef code, representing 67% of the Committee's members.

## 11 • Work of the Board and its committees in 2009

The Board of Directors met seven times in 2009. The attendance rate was 87%.

At its meeting on 3 March 2009, the Board reviewed business over the past year, as well as the parent company and consolidated financial statements and the outlook and objectives for the Group and its businesses. It familiarised itself with the Accounts Committee's report on the 2008 financial statements and the statutory auditors' opinion. It closed the parent company financial statements, accounting and forecasting documents, the consolidated financial statements, the proposed appropriation of earnings, the management report, the financial review by management, and in particular, after hearing the Remuneration Committee's report, the section on remuneration of corporate officers and the special report on stock options. It signed off the description of the share buyback programme. It approved the Chairman's report on corporate governance and internal control. Further to a positive opinion from the Selection Committee, it decided to ask the Annual General Meeting to reappoint five directors, and, after hearing the Accounts Committee's report, to reappoint a statutory auditor and appoint an alternate auditor. It decided to convene an Annual General Meeting on 23 April 2009. It agreed the agenda and prepared the draft resolutions to be submitted to the Annual General Meeting, together with its report on those resolutions.

At this same meeting, the Board renewed the authority granted to Martin Bouygues and Olivier Bouygues to make decisions on issuing bonds. It familiarised itself with a list of current agreements entered into by the company during the past year. It authorised regulated agreements. It familiarised itself with the Remuneration Committee's report and voted to accept the report's recommendations in respect

of the 2009 financial year. At the proposal of the Remuneration Committee, it approved a stock option plan for Group executives and employees. It amended the Board's rules of procedure to take into account certain recommendations in the Afep/Medef code, to which it decided to refer. It approved the scope of tax consolidation. It approved the text of the press release.

At the end of the Combined Annual General Meeting on 23 April the Board renewed its decision to combine the roles of Chairman of the Board of Directors and Chief Executive Officer and reappointed Martin Bouygues as Chairman and Chief Executive Officer; it also reappointed Olivier Bouygues as Deputy Chief Executive Officer. It was informed of the subscription price of options allocated on 1 April 2009, as determined by Martin Bouygues in accordance with rules established by the Board at its meeting on 3 March.

On 2 June, the Board reviewed the company's business activity and financial statements to 31 March 2009 and approved the strategic priorities for the Group and its businesses. It heard the Accounts Committee's report and the statutory auditors' opinion. It was informed of the Alstom group's full-year results and outlook. It decided to launch a new leveraged employee share ownership plan, *Bouygues Partage 2*. It authorised regulated agreements. It approved the text of the press release.

On 26 June, the Board signed off the final conditions for joining the *Bouygues Partage 2* scheme.

On 27 August, the Board reviewed the company's business activity and financial statements to 30 June 2009, as well as the outlook and objectives for 2009. After hearing the opinion of the Accounts Committee and statutory auditors, it closed the half-year financial statements and approved the half-year financial report. It reduced the company's capital by cancelling 493,471 shares held in treasury. It renewed the authority granted to the Chairman and Chief Executive Officer to give guarantees, endorsements

and security. It authorised a regulated agreement. It approved the text of the press release.

On 30 October, the Board decided that Bouygues would exercise its option to sell its 50% stake in the Alstom Hydro Holding joint venture in exchange for payment in Alstom shares, and approved the planned contribution by Bouygues of its 50% stake in the joint venture to Alstom, in return for 4,400,000 new Alstom shares, increasing Bouygues' post-transaction holding from 29.8% to 30.8% of Alstom capital and voting rights.

On 1 December, the Board reviewed the company's business activity and financial statements to 30 September 2009 and estimated sales and earnings for the year, and approved three-year business plans for the five businesses. It heard the Accounts Committee's report. It was informed of Alstom's sales and earnings for the first half of FY2009/2010, as well as its outlook for the second half. It was informed of the results of the *Bouygues Partage 2* campaign. It cancelled 574,710 shares held in treasury. It carried out a detailed assessment of the Board's membership and operation. It approved regulated agreements. It approved the text of the press release.

The Accounts Committee met four times in 2009 with an attendance rate of 94%.

At least two days before they were presented to the Board, the **Accounts Committee** reviewed the quarterly, half-yearly and full-year parent company and consolidated financial statements, the draft half-year report and corresponding draft press releases and the section of the draft Chairman's report on internal control and risk management procedures. It also reviewed, among other things, the following subjects:

- accounting standards and rules applied by the Group;
- progress of the project to update and strengthen

internal control and risk management within the Group;

- the Group's cash position;
- impairment tests on Bouygues' stakes in Bouygues Telecom, Colas, TF1 and Alstom;
- provisions raised by TF1, Bouygues Immobilier, Colas and Bouygues Telecom;
- progress and results for Bouygues Construction's major worksites (in particular the Gautrain project in South Africa, Flamanville, Toulon, Olkiluoto, Cyprus and the Iset Tower in Russia);
- asset disposals by ETDE;
- the amount of statutory auditors' fees;
- oversight of the legal audit of the full-year and consolidated financial statements by the statutory auditors;
- coordination of the reappointment of Ernst & Young as statutory auditors;
- the planned sale to Alstom of the 50% stake in Alstom Hydro Holding in return for 4.4 million Alstom shares;
- the sale of part of Bouygues' stake in Finagestion;
- losses on completion on some Bouygues Immobilier projects.

In the course of its duties 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.

The **Remuneration Committee** met twice in 2009 with an attendance rate of 100%. 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. It made recommendations regarding the introduction of a variable component of directors' fees, as well as a portion of shares resulting from stock options to be retained by corporate officers, and also recommended setting up a new stock option plan. Detailed information is provided below. 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 Committee took care to ensure that these reports complied with the Afep/Medef and AMF presentation guidelines. It reviewed information on executive remuneration included in the Chairman's report.

The **Selection Committee** met once in 2009, with a 100% attendance rate. The Selection Committee gave a positive opinion on the reappointment as directors of Martin Bouygues, Mrs Francis Bouygues, Pierre Barberis, François Bertière and Georges Chodron de Courcel. 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. It reviewed the corporate governance section of the draft Chairman's report.

The **Ethics and Sponsorship Committee** met three times in 2009, with an attendance rate of 100%. After reviewing numerous projects proposed to Bouygues, the Committee gave a favourable opinion on the commencement or continuation of 39 sponsorship initiatives of a humanitarian, medical, social and cultural nature. The Committee also monitors implementation of the Group code of ethics. Each of the five businesses has now put in place an Ethics Committee and/or an Ethics Officer. Specific procedures and rules of conduct have been drawn up.

## 12 • Assessment of the Board of Directors

The Board's rules of procedure stipulate that the Board should periodically assess its ability to meet shareholders' expectations by reviewing its membership, organisation and operation, and undertaking a similar review of Board committees.

Every year, the Board devotes an item on the agenda of one of its meetings to assessing its own operations.

This formal assessment is intended to:

- take stock of the Board's and its committees' operating methods;
- check that important matters are appropriately prepared and debated.

Shareholders are informed every year, in the annual report, of the completion of this assessment, together with any action to be taken as a result.

The rules of procedure stipulate that external directors (who are neither executive directors nor salaried directors) are completely free to meet periodically, in particular to assess the performance of executive directors and consider future senior management arrangements.

Pursuant to these provisions, on 1 December 2009, the Board of Directors devoted an item on its agenda to a discussion of its organisation and operations. As in previous years, this assessment was of a formal nature: a detailed questionnaire and a memo on the Board's operations had been sent in advance by the Chairman and Chief Executive Officer to directors and the non-voting director to enable them to prepare for this discussion. The questionnaire included both closed questions, intended to accurately categorise responses, and open questions, giving directors the opportunity to qualify and explain their opinions. In

accordance with a suggestion put forward at the time of the previous assessment, it was proposed that those directors who so wished could hold a discussion with the Group's Corporate Secretary with a view to optimising preparations for the meeting.

In all, 14 written responses to the questionnaire were received, ie a response rate of 78%. These responses, most of which were anonymous, were reviewed by the Corporate Secretary and compared with those from previous years in order to measure progress.

In their responses and the discussion that took place on 1 December 2009, members expressed positive or very positive views on the composition, organisation and operation of the Board and its committees.

The Board considers its membership to be balanced in terms of both the proportion of independent directors and the diversity of and fit between its members' experience and skills. It noted, however, that there was room to increase the proportion of women serving on the Board. It did not consider that the relatively large size of the Board was an obstacle to the standard of debate or the smooth running of Board meetings.

As regards the proportion of independent directors within the meaning of the Afep/Medef report (seven out of 18 directors, or 39%), the Board deemed this to be satisfactory in light of the fact that the Group has a principal shareholder. Nevertheless, some directors felt that an increase in the proportion of independent directors would be desirable.

The Board does not consider it essential to recruit foreign directors, since several directors already have significant international experience.

The quality of information provided to directors was judged to be highly satisfactory. Directors considered that they received the information needed to fulfil their duties in a timely fashion, and that, where applicable, any explanations and clarifications they

requested were always provided with diligence, whether during or outside of Board meetings.

In particular, and further to recommendations made at the time of the previous assessment, several directors highlighted an improvement in information provided to them on competition, sustainable development and internal control. They hoped for continued improvements in certain areas, and expressed a wish for more time to be devoted to debate, and particularly to strategy.

With respect to remuneration, and further to a comment made in the context of the previous assessment, the directors deemed it appropriate that a variable component of directors' fees had been introduced in 2009 to reflect attendance at Board meetings. The quality of the Remuneration Committee's work was deemed very high, while the Accounts Committee continued to garner very positive evaluations.

Some directors expressed a wish for reports prepared by the Selection Committee and the Ethics and Sponsorship Committee to be more detailed.

The Bouygues Board has renewed its decision not to apply the Afep/Medef recommendation for assessing the work of the Board of Directors by measuring each director's effective contribution to the Board. At this stage, the vast majority of directors consider it preferable to favour the collective assessment of the Board. Similarly, the vast majority of responses continue to be unfavourable to the Board's being assessed by an external body.

## **13 • Principles and rules applicable to the remuneration of corporate officers**

The corresponding information is set out in the Board's reports on the remuneration of corporate officers and performance options and shares on pages 149 to 157 of this Registration Document.

## **14 • Shareholder participation in Annual General Meetings**

Specific arrangements for shareholder participation in Annual General Meetings and, in particular, the conditions under which double voting rights are granted to shareholders holding shares in registered form for over two years, are set out in the *Legal and financial information* section of this Registration Document.

## **15 • Factors likely to have an impact on any public tender offer price**

Information covered by Article L. 225-100-3 of the Commercial Code is published in the management report on page 169 of this Registration Document.

## **16 • Internal control and risk management procedures**

### **16.1 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 businesses 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.

Like any control system, however, the system set up by Bouygues cannot provide a cast-iron guarantee of the Group's ability to achieve 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 with the rules and guidelines to which Bouygues wishes Group companies to adhere.

Given the potential importance of the quality and reliability of the Group's accounting and financial information, it is in accounting and financial matters that internal controls are most widely applied.

Internal control also plays an important role in operations, and risk management is deeply embedded in key processes of the Group's businesses.



The scope of this report covers the Bouygues group (parent company, Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom).

## 16.2 Bouygues group internal control project

Based on the AMF's new reference framework, in September 2007, Bouygues launched a Group-wide Internal Control project involving all its businesses to consider ways of strengthening and updating the internal control system.

The creation of the Bouygues group Internal Control project was driven by the parent company and involves all businesses. The project is structured as follows:

The Steering Committee, chaired by a member of Group senior management, sets out key priorities, approves principles and agrees the implementation plan.

Under the supervision of the Group accounting and finance information systems director, the parent company's internal control manager leads and coordinates the project and actions implemented by the businesses.

The Bouygues group project covers both aspects of the AMF reference framework, namely:

- the "general principles" of internal control, and
- the "implementation guide" for internal control procedures relating to accounting and financial information.

This approach gave rise to a fully-fledged corporate mission.

As part of the project, Bouygues set up two working groups with representatives from each of the Group's businesses. One group considers the general principles of internal control, while the other analyses

issues related to accounting and financial information. The main objectives of these working groups is to:

- supplement or better define the Group's key internal control principles;
- better identify common best practices across its businesses;
- 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 businesses.

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 of the AMF reference framework, and include more than 200 common principles.

Each business segment analysed the specific aspects of its own internal control procedures and supplemented the Group-wide procedures accordingly in 2009.

In 2009, the businesses also carried out their first assessment campaign to check the extent to which general and specific internal control principles were being applied. This first campaign covered all or part of these principles, as the case may be, across a scope defined by each business segment.

For example, at Bouygues Construction, the first internal control assessment campaign covered around 60% of common and specific principles, 30 or so organisations (in France and abroad) and four structural levels (holding company, entity, operational unit and profit centre).

At Bouygues Immobilier, most of the accounting and financial principles were assessed across the scope of Bouygues Immobilier France (excluding the France and Europe subsidiaries). As far as the other principles are concerned (specific and common principles in relation to decentralised responsibilities), the scope of assessment covered six regions representing around 52% of Bouygues Immobilier's sales.

At Bouygues Telecom, the application of internal control principles in relation to accounting and finance was assessed across the entire accounting and financial management process (61 principles), as well as across certain procedures for establishing the company's results (145 principles). All the other general and specific principles were assessed and the results presented to the Accounts Committee.

At TF1, the scope of the assessment campaign covered businesses representing around 80% of group sales (TF1 SA, TF1 Publicité, Eurosport and TF1 International). Common principles were assessed across TF1 SA and Eurosport only, while only some specific principles were assessed at TF1 SA only.

The aim of these assessments is to define objectives for improving internal controls and implement action plans to boost, where applicable, the quality of internal control arrangements.

Within the scope of the Internal Control project and the formalisation of Group-wide internal control principles, priority has also been placed on risk management principles and methods. In this context, 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 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, represent the Group procedure for managing risks.

In 2009, based on the above principles, all businesses in the Bouygues group put together risk maps for the first time, resulting in the Group's first major risk mapping exercises.

In particular, these risk maps drew on interviews with key business segment managers, and were, for some businesses (Bouygues Immobilier and Bouygues Telecom), presented to the Accounts Committee and the Board of Directors. In 2010, all businesses will be required to make these presentations.

The Bouygues Internal Control project is continuing in 2010, with the following main areas of work:

- defining and monitoring action plans corresponding to the risks identified in the risk mapping exercise

- strengthening organisational arrangements dedicated to internal control within each business segment;
- implementing a computerised system;
- carrying out another assessment campaign.

### 16.3 General internal control environment

The parent company and its senior executives strive to create an environment that promotes awareness of the need for internal control among Group employees.

Where ethics and integrity are concerned, the Chairman and Chief Executive Officer of Bouygues 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 observing 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 regular seminars 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 Chief Executive Officer 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 code of conduct or principles underpinning corporate behaviour applicable to senior management and employees alike;
- proposing or advising on initiatives to promote exemplary professional conduct in this area;
- ensuring that the Group's values and rules of good conduct are observed.

The Bouygues Ethics and Sponsorship Committee comprises three directors. It is chaired by an independent director.

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 Bouygues group also created a code of ethics in 2006. In this code, Bouygues lays down the essential values to which it intends the Group and its employees to adhere in the workplace. The introduction of this code will help to achieve the objective of better conduct and is intended to help staff make decisions in real situations by reference to clear and precise principles.

This momentum continued in 2009, with the Boards of Directors of certain businesses (Bouygues Immobilier and Bouygues Telecom) creating Ethics Committees and all segments appointing Ethics Officers.

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 European Commission Recommendation 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.

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 key 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 key 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 key 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 and management committee). Strategic 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 also 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 in passing on the Group's values.

The Group's Human Resources Charter, completely revised in 2008, also helps to spread the Group's culture by reminding everyone that the company's development is primarily dependent on employees.

### 16.4 Objectives – Management cycle

The introduction of internal control procedures must help the Group achieve its objectives by taking into consideration 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 gradual achievement of objectives in 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 to ensure at all times that objectives are consistent with strategies, monitor any discrepancies between results and objectives, and anticipate remedial action to be taken at Group or business segment level (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 make decisions.

Key members of the parent company's senior management team sit on the Boards of the various companies that head up the Group's businesses, and it is those Boards that decide on strategic priorities and business plans.

#### 16.4.1 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.

#### **16.4.2 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.

An initial review of progress (or 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.

### **16.5 Organisation – Key players**

The Group's Internal Control project has encouraged the businesses to put in place a dedicated organisational structure in relation to internal control. The bodies thus set up are usually mainly in charge of assessment campaigns and risk mapping. They sometimes take on more overarching responsibilities in relation to internal control procedures.

For example:

The Bouygues Construction holding company's Legal Affairs and Internal Control department (DAJCI) coordinates internal control and is mainly supported in rolling out the approach by units. Each entity has nominated an internal control correspondent who serves as the DAJCI's operational contact point.

Bouygues Telecom 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 businesses and whose main task is to identify and assess risk. Risk correspondents 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.

At TF1, the internal control approach is coordinated by the internal control manager, who reports to the Financial Control and Strategic Planning Division. Risk Committees have been set up within operating entities, and each entity has a risk correspondent. There is also a Risk Committee, which deals with issues falling within the scope of support divisions.

#### **16.5.1 Key players and functions involved in internal control and risk management**

##### **Senior management**

Senior management teams are responsible for managing internal control arrangements as a whole, defining strategic priorities and ensuring that internal control and risk management procedures are designed and implemented in a manner appropriate to each company's development.

##### **Accounts Committees (parent company/businesses)**

The responsibilities of the Bouygues Accounts Committee are set out in more detail in the corporate governance section of this report. Each business segment's Board of Directors has formed an Accounts Committee with similar responsibilities to those of the Bouygues Accounts Committee. In particular, these include monitoring the effectiveness of internal control and risk management systems. The businesses' Accounts Committees review the programmes and findings of internal audits as well as reviewing risk mappings.

##### **Legal aspects**

The Group's Corporate Secretary monitors matters with significant legal implications for the Group.

In this context, the Group's Corporate Secretary 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.

Within the businesses, the legal departments play a major role in relation to preventing and managing risks. They are sometimes directly involved in the internal control process (this is the case, for example, at Bouygues Construction).

##### **Group Risk and Insurance department**

The Group's Risk and Insurance department provides assistance, advice and support to the Group's subsidiaries. It also has a role in 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 and premiums) are consistent with the risk to which they are exposed.

##### **Management control**

The overall organisation of the management control system is such that no Group company can escape 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 have been summarised in a regularly updated document produced by the Group's Strategy and Development department. This document serves as a guideline for all businesses.

##### **Group reporting**

The parent company systematically controls subsidiaries' financial management through an 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 control and reporting procedures thus provide a regular flow of information and ensure ongoing dialogue with the businesses. 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 businesses, 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 Édifice 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 continued in 2009.

At Bouygues Immobilier, work is continuing on upgrading IT systems, with a view to improving company performance (management of customer relations and financial management of transactions) and simplifying coordination (decision-based reporting and HR management), as part of an overall plan approved by senior management. This project also covers accounting and budgetary control.

At TF1, a project to update financial reporting and accounting systems by implementing an integrated system was launched in 2009 and will continue in 2010.

#### **Cash management and finance**

The Group's Cash Management and Finance department defines and monitors the application of sound financial management principles at Group level. Its role is both to organise and to coordinate.

The operating principles mainly concern the "Bouygues Relais" and "Uniservice" cash management centres, managed by the parent company, and the businesses' own cash management centres. They also apply to the financing of subsidiaries.

The fundamental rules of prudent management relate in particular to internal security (two signatures for payments, etc.), external security (secure cheques, payment by promissory note, etc.), liquidity (confirmed lines of credit, investment of cash surpluses, etc.), counterparty quality, the terms of loan agreements and the assessment and hedging, where necessary, of exchange rate risk.

#### **Internal audit**

Audit is a means of analysis, control and information that plays a vital role in scrutinising and managing risk.

Each business has a structured internal audit department carrying out tasks in a broad range of areas. The Group thus has around 40 auditors.

Audits are carried out according to a rigorous methodology (an annual audit plan is approved by each business's senior management and Accounts Committee). After each audit, a report is prepared for senior management and the Accounts Committee containing analysis and recommendations which are then followed up.

## **16.6 Internal control and risk management procedures**

Specific risks may differ considerably depending on the business concerned. For example, they may relate to regulation (TF1 and Bouygues Telecom), public health (Bouygues Telecom), technology (TF1 and Bouygues Telecom), competition (Bouygues Telecom), the environment (Bouygues Immobilier and Colas) or country risk (see the *Risks* section of this Registration Document in connection with all these points).

The businesses have thus set up formalised and appropriate procedures aligned with the nature of risks in order to ensure improved control of risks.

### **16.6.1 Bouygues Construction**

At Bouygues Construction, risk management is fully embedded in the company's processes. For example, 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 before projects are launched. The financial risk curve is monitored on an ongoing basis for major contracts. The management control function has the resources and authority required to track the results of each construction project every month, and to flag any discrepancies with budgeted figures.

Depending on the level of financial commitments, the cost of work or the technical challenges involved, the various entities of Bouygues Construction are required to make an application to request the agreement of Bouygues Construction's senior management.

In 2009, as part of its Édifice project, Bouygues Construction introduced an integrated management software programme aimed at standardising the treatment of accounting and financial information.

Also in 2009, under the ethics plan, Bouygues Construction raised awareness among the Group's key managers of issues related to non-compliance with competition rules.

### **16.6.2 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 start of the works.

A meeting of the Commitments Committee must be held before any deed is signed with a view to acquiring land (or buildings). All decisions to acquire land are strictly controlled.

Furthermore, the company has strengthened its environmental risk prevention policy in connection with land and property purchases.

The company could also be implicated by its customers if the properties it sells were found to be poorly constructed. Under the terms of its performance guarantee, Bouygues Immobilier calls on external companies to address any reservations as quickly as possible. It is also careful to ensure that all involved parties (companies, project managers, technical design firms, etc.) scrupulously comply with ten-year insurance requirements.

### 16.6.3 Colas

Financial and accounting risks have always been managed by reference to clearly defined principles and procedures within the Colas group. Risk management is mainly based on risk preventive 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.

### 16.6.4 TF1

A procedure for identifying major risks has been launched by TF1, with a view to establishing a decision-making procedure in crisis situations. This resulted in the "Réagir" Committee, of which the objective, linked to business continuity, is to build and update a model of mission-critical processes. The "Réagir" Committee monitors and forestalls the major risks associated with the TF1 group's mission-critical processes, as well as updating and adding to the various procedures.

Particular attention is given to the purchasing process, which can result in substantial commitments (for example in the case of contracts for the acquisition 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.

The importance of the role of the following must be underlined:

- the Information Technologies and Systems department, which works to formally document an information security policy and establish security standards across the TF1 group;

- the TF1 TV Channel department, which ensures that programmes are up to standard and that the channel's operating terms of reference are observed;
- 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.

### 16.6.5 Bouygues Telecom

Product/service offerings are vitally important and are therefore examined by a special committee in which Bouygues Telecom's senior management is involved. For the same reasons, a "review" committee has been set up to follow up product/service offerings and monitor results in light of initial forecasts. Special procedures are also in place regarding the purchasing process, given the significant investments made and associated risks.

Investments continued in 2009 to ensure that key technical components of the network were fully redundant with the aim of increasing security. The company has established contingency plans to guarantee service continuity as much as possible in the event of a disruption.

Purchasing is particularly tightly controlled at Bouygues Telecom in light of the volume of purchases made by the company. The Purchasing department applies very strict procedures, and is itself subject to regular checks.

## 16.7 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.

### 16.7.1 Internal communications

The Corporate Communications department plays an active part in circulating information to the Group's employees. This strengthens the Bouygues group's identity and plays a unifying role.

Reporting directly to the Chairman and Chief Executive Officer 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 Bouygues group's top managers and directors, 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.

### 16.7.2 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.

## 16.8 Internal control procedures relating to accounting and financial information

### 16.8.1 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.

Special software is used to consolidate the financial statements at the various levels. A large number of listed companies use this software. It is used by each of the businesses as part 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 preparing 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 was particularly the case for the introduction of IAS/IFRS, and the related interpretation and amendments.

The company uses accounting software to manage its commitments and control its expenditure. To monitor expenses, it also uses an application that allows formalised and secure procedures to be followed whenever expenses are incurred.

### **16.8.2 Accounts Committee**

The Board of Directors of Bouygues set up the Accounts Committee many years ago. 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. Detailed information about this committee is set out in the section on corporate governance. The same systems are in place within the Boards of the

Group's five businesses, all of which have created Accounts Committees with similar responsibilities.

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, for example, at Bouygues Construction, 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.

The Committee, which is chaired at Bouygues and TF1 by an independent director, meets at least quarterly. The Committee interviews the auditors without any company representatives 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.

### **16.8.3 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 press releases and the Registration Document, which the Group considers a major channel of communication.

These documents are prepared using a process that involves various support divisions (Communications, Corporate Secretariat, etc.) and are approved by senior management.

Procedures have been put in place to inform staff about regulations concerning inside information.

## **16.9 Steering**

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Internal control systems must themselves be controlled by means of regular assessments, and must be subject to continuous improvement.

The Audit Managers of each of the Group's businesses have always assessed the effectiveness of internal control in the course of their work, and are actively involved in this improvement process.

Bouygues' current Group-wide Internal Control project makes an effective contribution to this continuous improvement process. In 2010, the businesses will continue to determine the extent to which the Group's internal control principles are applied across a new scope, and will continue to implement action plans aimed at improving risk control.

### **The Chairman of the Board of Directors**



# REMUNERATION OF CORPORATE OFFICERS AND STOCK OPTIONS GRANTED TO CORPORATE OFFICERS AND GROUP EMPLOYEES

## 1 • Remuneration

This section contains the reports required by Articles L. 225-102-1 and L. 225-37, paragraph 9 of the Commercial Code.

This section contains the reports required by the Commercial Code. It also includes the tables recommended in the Afep/Medef Corporate Governance Code of December 2008 and the AMF Recommendation of 22 December 2008 (as updated on 10 December 2009) on disclosures to be provided in registration documents on compensation arrangements for executive directors.

### 1.1 Principles and rules applicable to the remuneration of executive directors

The Afep/Medef recommendations published in January 2007 on the compensation 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.

#### 1.1.1 Fixed remuneration and benefits in kind in 2009

The rules for determining fixed remuneration were decided in 1999 and have been applied in a consistent manner since then.

Fixed remuneration takes account of the level and difficulty of the individual's responsibilities, job experience, seniority in the Group, and also the wage policy of groups or companies in similar sectors.

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

#### 1.1.2 Variable remuneration in 2009

The rules for determining the variable portion of remuneration were also decided in 1999 and remained unchanged until 2007. In February 2007, the Board decided to amend the criteria for variable remuneration to take into account the Afep/Medef recommendations.

The variable portion of remuneration is decided on an individual basis: the Board decides the criteria for the variable portion of each executive director's remuneration and limits it to a percentage of fixed remuneration. The percentage limit of fixed remuneration may also vary for each executive director.

Variable remuneration is based on Group performance, which is determined by reference to the following key economic indicators:

- increase in current operating profit;
- change in Bouygues' consolidated net profit (attributable to the Group);
- Bouygues' free cash flow (before changes in working capital).

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.

#### 1.1.3 Other information regarding remuneration

Remuneration accruing to Martin Bouygues and Olivier Bouygues is paid by SCDM, which then invoices Bouygues pursuant to the agreement governing relations between Bouygues and SCDM, approved under the regulated agreements procedure.

### 1.2 Table 1 – Overview of remuneration, benefits in kind and options granted to the two executive directors in 2009

(€)	M. Bouygues Chairman and CEO		O. Bouygues Deputy CEO	
	2008	2009	2008	2009
Remuneration owing in respect of the year (see breakdown in table 2)	2,419,338	2,424,647	1,842,854	1,345,004
Value of options granted in the year <sup>1</sup>	1,058,000	1,048,000	529,000	524,000
Value of performance shares granted in the year <sup>2</sup>	0	0	0	0
<b>Total</b>	<b>3,477,338</b>	<b>3,472,647</b>	<b>2,371,854</b>	<b>1,869,004</b>
Change 2009/2008		-0.13%		-21.20%

<sup>1</sup>Book value at the grant date, ie €5.29 per option for options granted in 2008 and €5.24 per option for options granted in 2009

<sup>2</sup>No performance shares were granted by the company

1.3 Table 2 – Remuneration of the two executive directors

Position and years of service in the Group	Remuneration <sup>a</sup>	Amounts <sup>b</sup> in respect of FY2008		Amounts <sup>b</sup> in respect of FY2009		Criteria for variable remuneration (FY2009) <sup>f</sup>
		€	€	€	€	
		due <sup>c</sup>	paid	due <sup>c</sup>	paid	
M. Bouygues	Fixed	920,000	920,000	920,000	920,000	<ul style="list-style-type: none"> <li>• Increase in current operating profit (1/3).</li> <li>• Change in consolidated net profit (attributable to the Group) of Bouygues (1/3).</li> <li>• Free cash flow (before changes in working capital) (1/3).</li> </ul>
	- Change	0%		0%		
	Variable	1,380,000	1,380,000	1,380,000	1,380,000	
	- Change	0%		0%		
	- % variable/fixed <sup>d</sup>	150%		150%		
	- Ceiling <sup>e</sup>	150%		150%		
	Exceptional remuneration	0	0	0	0	
Directors' fees	76,508	76,508	79,266	79,266		
Benefits in kind	42,830	42,830	45,381	45,381		
<b>Total</b>		<b>2,419,338</b>	<b>2,419,338</b>	<b>2,424,647</b>	<b>2,424,647</b>	
O. Bouygues	Fixed	700,000	700,000	500,000	500,000	<ul style="list-style-type: none"> <li>• Increase in current operating profit (1/3).</li> <li>• Change in consolidated net profit (attributable to the Group) of Bouygues (1/3).</li> <li>• Free cash flow (before changes in working capital) (1/3).</li> </ul>
	- Change	-24%		-28.57%		
	Variable	1,050,000	1,104,000	750,000	1,050,000	
	- Change	-4.9%		-28.57%		
	- % variable/fixed <sup>d</sup>	150%		150%		
	- Ceiling <sup>e</sup>	150%		150%		
	Exceptional remuneration	0	0	0	0	
Directors' fees	81,199	81,199	83,349	83,349		
Benefits in kind	11,655	11,655	11,655	11,655		
<b>Total</b>		<b>1,842,854</b>	<b>1,896,854</b>	<b>1,345,004</b>	<b>1,645,004</b>	
<b>Total executive directors</b>		<b>4,262,192</b>	<b>4,316,192</b>	<b>3,769,651</b>	<b>4,069,651</b>	
<b>Change</b>		<b>-5.9%</b>		<b>-11.6%</b>		

<sup>a</sup>No remuneration other than that mentioned in the table was paid to executive directors by companies in the Group

<sup>b</sup>Amounts due = all the amounts allocated in respect of one financial year

Amounts paid = all the amounts paid in the financial year. However, the variable part allocated for a financial year is actually paid in the first quarter of the following year

<sup>c</sup>Amounts due – Change: the percentages shown under fixed and variable remuneration show variations relative to the previous financial year (2007 or 2008)

<sup>d</sup>Variable remuneration expressed as a percentage of fixed remuneration

<sup>e</sup>Variable remuneration ceiling, set as a percentage of fixed remuneration

<sup>f</sup>Variable remuneration criteria: the proportion expresses the weighting given to the criterion when determining total variable remuneration

## 1.4 Table 3 – Directors' fees

The Annual General Meeting of 24 April 2003 set the total amount of directors' fees to be allocated to corporate officers and directors of Bouygues at €700,000 each year, leaving it to the Board's discretion as to how it should be split. The amounts shown below include directors' fees paid for attendance at Board meetings and, for the directors concerned, for attendance at the meetings of one or more Board committees.

At the beginning of 2009, the Board introduced attendance criteria in its calculation of directors' fees. These fees include a variable component (50% of the total) that is reduced for absences at any of the four meetings called to consider the financial statements or at a committee meeting.

The Board also decided to change the amount of directors' fees. Directors' fees have been adjusted as follows – Chairman and CEO: €50,000 instead of €48,784; directors: €25,000 instead of €24,392; members of the Remuneration, Selection and Ethics and Sponsorship Committees: €7,000 instead of €6,098; members of the Accounts Committee: €14,000 instead of €12,196. The changes were made to adjust for the directors' increased workload, and their roles and responsibilities, especially in the case of Accounts Committee members.

	(€)	Origin (Notes 1 and 2)	2008	2009
M. Bouygues		Chairman and CEO Bouygues	48,784	50,000
		Subsidiaries	27,724	29,266
O. Bouygues		Deputy CEO Bouygues	24,392	25,000
		Subsidiaries	56,807	58,349
Sub-total executive directors		Bouygues	73,176	75,000
		Subsidiaries	84,531	87,615
		<b>Total</b>	<b>157,707</b>	<b>162,615</b>
P. Barberis	Director	Bouygues	24,392	25,000
		Subsidiaries	6,098	7,000
P. Barbizet	Director	Bouygues	24,392	25,000
		Subsidiaries	12,196	21,000
F. Bertière	Director	Bouygues	24,392	25,000
Mrs F. Bouygues	Director	Bouygues	24,392	18,750
G. Chodron de Courcel	Director	Bouygues	24,392	21,875
		Subsidiaries	6,098	12,250
C. de Croisset	Director	Bouygues	24,392	25,000
L. Douroux	Director	Bouygues	24,392	25,000
		Subsidiaries	6,098	7,000
Y. Gabriel	Director	Bouygues	24,392	25,000
J.-M. Gras	Director	Bouygues	24,392	25,000
		Subsidiaries	6,098	7,000
T. Jourdain	Director	Bouygues	24,392	25,000
		Subsidiaries	6,098	14,000
P. Kron	Director	Bouygues	24,392	25,000
		Subsidiaries	18,294	25,000
H. Le Bouc	Director	Bouygues	18,294	25,000
		Subsidiaries	20,000	20,000
H. le Pas de Sécheval	Director	Bouygues	18,294	25,000
		Subsidiaries	4,573	14,000
N. Paolini	Director	Bouygues	18,294	25,000
		Subsidiaries	33,846	30,696
J. Peyrelevade	Director	Bouygues	24,392	25,000
		Subsidiaries	6,098	7,000
F.-H. Pinault	Director	Bouygues	24,392	25,000
		Subsidiaries	12,196	14,000
Sub-total directors		Bouygues	437,531	493,875
		Subsidiaries	86,746	83,596
		<b>Total</b>	<b>524,277</b>	<b>577,471</b>
Total directors' fees Executive directors + directors (Note 3)		Bouygues	577,785	568,875
		Subsidiaries	307,451	171,211
		<b>Total</b>	<b>885,236</b>	<b>740,086</b>

Note 1: Bouygues = directors' fees paid in respect of participation on the Board of Bouygues.

Note 2: Subsidiaries = directors' fees paid by the Group companies within the meaning of Article L. 233-16 of the Commercial Code. These include Colas, Bouygues Telecom and TF1.

Note 3: The total amount for FY2008 includes directors' fees paid to:

- Olivier Poupart-Lafarge, who received €12,196 in directors' fees from Bouygues and €32,524 in directors' fees from subsidiaries in 2008;
- Michel Derbesse, who received €15,245 in directors' fees from Bouygues in 2008;
- Alain Dupont, who received €12,196 in directors' fees from Bouygues and €20,000 in directors' fees from subsidiaries in 2008;
- Patrick Le Lay, who received €12,196 in directors' fees from Bouygues and €83,650 in directors' fees from subsidiaries in 2008;
- Michel Rouger, who received €15,245 in directors' fees from Bouygues in 2008.

These directors left the Board in 2008.

Note 4: Alain Pouyat, non-voting director, receives directors' fees of €25,000 per year. He also received directors' fees of €36,096 for his duties as a director of subsidiaries of the Group. Philippe Montagner, non-voting director, left the Board in 2009. In 2008, he received directors' fees of €24,392 for his duties as a non-voting director on the Bouygues Board, along with directors' fees of €34,746 for his duties as a corporate officer or director of subsidiaries of the Group. In 2009, he received directors' fees of €12,500 for his duties as a non-voting director on the Bouygues Board, along with directors' fees of €16,121 for his duties as a director of subsidiaries of the Group. Philippe Montagner left the Board in 2009.

## 1.5 Other remuneration

### 1.5.1 2009 remuneration paid to salaried directors

The principles and rules for determining the remuneration of salaried directors, including François Bertière, Yves Gabriel, Hervé Le Bouc and Nonce Paolini, each of whom is in charge of one of the Group's businesses, are the same as those used to calculate the remuneration of the two executive directors, but take into account the specifics of the business concerned. Qualitative criteria are also used to determine these directors' variable remuneration.



Acting on the advice of the Remuneration Committee, the Board decided to place greater emphasis on these qualitative criteria at the beginning of 2009. The performance of senior executives during a time of exceptional crisis should be measured by more than just financial results.

Nonce Paolini was named Chairman and CEO of TF1 on 31 July 2008, and the Board decided to raise the ceiling on the variable component of his remuneration to 150% of the fixed component. In addition to his responsibilities as Chairman and CEO of TF1, Nonce Paolini has been performing an additional task since 1 July 2009. He has been tasked with facilitating discussions and actions relating to the convergence of media, the Internet, fixed-line telephony and mobile telephony. He was paid additional fixed remuneration of €145,000 for this task alone in 2009. This amount was not invoiced back to TF1, because it relates to a task carried out on behalf of the Group as a whole.

Hervé Le Bouc's remuneration was also reviewed. As Chairman and CEO of Colas since 30 October 2007, Hervé Le Bouc heads the Group's largest subsidiary. Therefore, his base remuneration was brought into line with that of the other senior executives of the Group's businesses. His fixed remuneration was raised to €920,000 and the ceiling on his variable remuneration was set at 150% of his fixed remuneration.

The criteria for determining variable remuneration are as follows:

- change in Bouygues' consolidated net profit (attributable to the Group);
- change in the consolidated net profit (attributable to the Group) of the subsidiary managed by the corporate officer (Bouygues Construction, Bouygues Immobilier, Colas or TF1);
- qualitative criteria, which reflect specific situations and assignments.

A selection of these criteria is applied to each salaried director.

Remuneration paid by Bouygues is invoiced to the subsidiary which the senior executive manages (F. Bertière: Bouygues Immobilier; Y. Gabriel: Bouygues Construction; H. Le Bouc: Colas; N. Paolini: TF1).

### 1.5.2 Salaried directors representing employee shareholders

The salary paid to the two directors representing employee shareholders, and who have an employment contract with Bouygues or one of its subsidiaries, is not disclosed.

### 1.5.3 Remuneration of salaried directors

<sup>a</sup> No remuneration other than that mentioned in the table was paid to executive directors by companies in the Group

<sup>b</sup> Amounts due = all the amounts allocated in respect of one financial year

Amounts paid = all the amounts paid in the financial year. However, the variable part allocated for a financial year is actually paid in the first quarter of the following year

<sup>c</sup> Amounts due – Change: the percentages shown under fixed and variable remuneration show variations relative to the previous financial year (2007 or 2008)

<sup>d</sup> Variable remuneration expressed as a percentage of fixed remuneration

<sup>e</sup> Variable remuneration ceiling, set as a percentage of fixed remuneration

<sup>f</sup> NB: this heading indicates variable remuneration owed to a director for 2007 and paid in the first quarter of 2008. Hervé Le Bouc and Nonce Paolini were appointed directors on 24 April 2008. They changed jobs during 2007, with Hervé Le Bouc named Chairman and CEO of Colas on 30 October 2007, and Nonce Paolini named Chairman and CEO of TF1 on 22 May 2007

For their new responsibilities, performed for part of 2007, Hervé Le Bouc received variable remuneration of €300,000 in 2008, and Nonce Paolini received variable remuneration of €96,515 in 2008 (see the Registration Documents of Colas and TF1)

<sup>g</sup> Nonce Paolini's fixed remuneration is made up of his fixed remuneration as Chairman and CEO of TF1 (€700,000) and his remuneration for the Group task assigned to him by Bouygues (€145,000). See details above

Position and years of service in the Group	Remuneration <sup>a</sup>	Amounts <sup>b</sup> in respect of FY2008		Amounts <sup>b</sup> in respect of FY2009		
		due <sup>c</sup>	paid	due <sup>c</sup>	paid	
F. Bertière	Director 25 years	Fixed	920,000	920,000	920,000	920,000
	- Change	0%			0%	
	Variable	1,000,868	1,380,000	1,034,632	1,000,868	
	- Change	-27.47%		+3.37%		
	- % variable/fixed <sup>d</sup>	109%		112%		
	- Ceiling <sup>e</sup>	150%		150%		
	Exceptional remuneration	0	0	0	0	
Directors' fees	24,392	24,392	25,000	25,000		
Benefits in kind	4,944	4,944	4,944	4,944		
<b>Total</b>	<b>1,950,204</b>	<b>2,329,336</b>	<b>1,984,576</b>	<b>1,950,812</b>		
Y. Gabriel	Director 35 years	Fixed	920,000	920,000	920,000	920,000
	- Change	0%			0%	
	Variable	1,380,000	1,380,000	1,380,000	1,380,000	
	- Change	0%		0%		
	- % variable/fixed <sup>d</sup>	150%		150%		
	- Ceiling <sup>e</sup>	150%		150%		
	Exceptional remuneration	0	0	0	0	
Directors' fees	24,392	24,392	25,000	25,000		
Benefits in kind	8,652	8,652	8,652	8,652		
<b>Total</b>	<b>2,333,044</b>	<b>2,333,044</b>	<b>2,333,652</b>	<b>2,333,652</b>		
H. Le Bouc	Director 32 years	Fixed	800,000	800,000	920,000	920,000
	- Change	-	-	+15%		
	Variable	960,000 <sup>f</sup>	960,000 <sup>f</sup>	900,000	960,000	
	- Change	-	-	-6.25%		
	- % variable/fixed <sup>d</sup>	120%		98%		
	- Ceiling <sup>e</sup>	120%		150%		
	Exceptional remuneration	0	0	0	0	
Directors' fees	38,294	38,294	45,000	45,000		
Benefits in kind	4,100	4,100	4,100	4,100		
<b>Total</b>	<b>1,802,394</b>	<b>1,802,394</b>	<b>1,869,100</b>	<b>1,929,100</b>		
N. Paolini	Director 21 years	Fixed	700,000	700,000	TF1: 700,000 <sup>g</sup>	845,000 <sup>g</sup>
	- Change	-	-	Bouygues: 145,000 <sup>g</sup>	+20.71% <sup>g</sup>	
	Variable	551,530 <sup>f</sup>	551,530 <sup>f</sup>	510,230	551,530	
	- Change	-	-	-7.48%		
	- % variable/fixed <sup>d</sup>	79%		72%		
	- Ceiling <sup>e</sup>	150%		150%		
	Exceptional remuneration	0	0	0	0	
Directors' fees	52,140	52,140	55,696	55,696		
Benefits in kind	5,037	5,037	5,037	5,037		
<b>Total</b>	<b>1,308,707</b>	<b>1,308,707</b>	<b>1,415,963</b>	<b>1,457,263</b>		

## 1.6 2010 financial year

The Board of Directors has decided that no increases in fixed remuneration will be granted in respect of FY2010.

The theoretical level for allocating the variable portions remains the same. On the other hand, the Board decided to review the criterion relating to the change in consolidated net profit. This means consolidated net profit of Bouygues, in the case of Martin Bouygues and Olivier Bouygues, or of the business concerned in the case of the four directors who head businesses of Bouygues. This change will be measured against the objectives for the financial year, as well as against the previous year's profit.

## 2 • 2009 report on stock options and performance shares

This section contains the reports required by Articles L. 225-184 and L. 225-197-4 of the Commercial Code.

This section contains the reports required by the Commercial Code. It also includes the tables recommended in the Afep/Medef Corporate Governance Code of December 2008 and in the AMF Recommendation of 22 December 2008 (as updated on 10 December 2009) on disclosures to be provided in registration documents on remuneration arrangements for executive directors.

### 2.1 Principles and rules for granting stock options and bonus shares

The eleventh resolution of the Annual General Meeting on 24 April 2008 authorised the Board of

Directors, on one or more occasions, to grant options conferring a right to subscribe for new shares or to purchase existing shares. This authorisation, granted for 38 months, requires the beneficiaries of these options to be employees and/or corporate officers of Bouygues or of companies or economic interest groupings directly or indirectly associated with Bouygues under the terms of Article L. 225-180 of the Commercial Code.

The twenty-fourth resolution of the Combined Annual General Meeting on 26 April 2007 also authorised the Board of Directors, on one or more occasions, to allot bonus shares whether in existence or to be issued in the future. This authorisation was conferred for a period of 38 months and requires the beneficiaries of these shares to be employees and/or corporate officers of Bouygues or of companies or economic interest groupings directly or indirectly associated with Bouygues under the terms of Article L. 225-197-2 of the Commercial Code.

To date, the Board of Directors has not made use of the authorisations granted by the Annual General Meeting to allot bonus shares or grant options to purchase shares. All of the options granted have been to subscribe for shares.

#### 2.1.1 General rules applicable to grants of stock options and bonus shares

The Board of Directors has taken into account the Afep/Medef January 2007 recommendations as well as the recommendations published on 6 October 2008. The Board noted that virtually all of these recommendations were already in application, and at the beginning of 2009 adopted three measures to ensure full compliance covering:

- the percentage of corporate officers' remuneration that option grants must not exceed;
- a capping rule to prevent a material increase in the size of stock option plans in a bear market;

- performance criteria that must be met when stock options are granted (performance in the financial year preceding the award) and exercised (performance in the four years preceding the year in which the options are exercised).

It should be noted that:

- Stock options or bonus shares are granted to help attract senior executives and employees, secure their loyalty, reward them and give them a medium- and long-term interest in the company's development, in light of their contribution to value creation.
- More than 1,000 senior executives and employees are beneficiaries under each plan. The beneficiaries are selected and individual allotments are decided by reference to each beneficiary's responsibility and performance, with particular attention being paid to high-potential executives.
- In the case of stock options, no discount is applied.
- At its meeting on 26 February 2008, the Board of Directors changed the periods during which senior executives and employees are prohibited from exercising their options. Options may no longer be exercised during the seven calendar days preceding the publication of quarterly sales, the 15 calendar days preceding the publication of first-quarter and third-quarter earnings, the month preceding the publication of first-half and full-year sales and earnings, and the two business days following each of these publications.
- The Board has decided how often and during which period of the year stock options or bonus shares will be granted. Stock options are granted each year, following publication of the financial statements for the previous financial year.

#### 2.1.2 Specific rules applicable to corporate officers

The Board of Directors has incorporated the following rules into its rules of procedure:

- Stock options or bonus shares shall not be granted to senior executives leaving the company.
- Risk hedging transactions relating to the exercise of stock options or the sale of bonus shares are forbidden.
- Corporate officers wishing to exercise stock options or sell bonus shares should obtain confirmation from the Group Ethics Officer that they do not hold inside information.
- When stock options or bonus shares are granted, the Board shall determine the number of bonus shares or shares resulting from the exercise of stock options that executive directors are obliged to retain until the expiry of their term of office.

This provision was applied to stock options granted in 2008 and 2009. The Board has chosen to set a number of shares resulting from the exercise of stock options that executive directors are obliged to retain in registered form until the expiry of their term of office, either directly or through a company. Executive directors are obliged to retain 25% of shares resulting from the exercise of their stock options under the 2008 and 2009 plans, after selling the number of shares required to cover the costs of exercising the options and paying any related taxes or social security contributions.

#### 2.1.3 General information: characteristics of stock subscription options

All the stock options granted by the Board of Directors in 2009 have the following characteristics:

- Exercise price: average of the opening prices

quoted on the 20 business days prior to the option grant, with no discount.

- Validity period: seven years and six months as from the date the stock options are granted.
- Lock-up period: four years following the date the stock options are granted.
- Exercise period: three and a half years after expiry of the lock-up period (with three exceptions where stock options may be exercised at any time during the seven years: stock options exercised by heirs within six months of death of a beneficiary; change of control of Bouygues or cash tender or exchange offer relating to Bouygues; exercise of stock options in accordance with Article L. 3332-25 of the Labour Code, using assets acquired under a Group savings scheme).
- Automatic cancellation if the employment contract or appointment as corporate officer is terminated, unless given special authorisation, or in the event of invalidity, departure, or retirement.

## 2.2 Stock options granted to or exercised by executive directors and salaried directors in 2009

At its meeting of 3 March 2009, the Board of Directors decided to grant 4,672,200 stock options giving the right to subscribe for new Bouygues shares to 1,323 beneficiaries, corporate officers or employees of Bouygues or a company in its Group. The grant was effective on 1 April 2009.

The value of each stock option was €5.24 at the grant date, estimated in accordance with the method used in the consolidated financial statements.

This stock option plan represented 1.36% of the company's share capital at 31 December 2008<sup>a</sup>.

### 2.2.1 Table 4 – Options granted to executive directors and salaried directors of Bouygues

Executive directors	Company granting the options	Grant date	Number of options	Exercise price (€)
Martin Bouygues	Bouygues	1 April 2009	200,000	25.95
Olivier Bouygues	Bouygues	1 April 2009	100,000	25.95
<b>Total</b>			<b>300,000</b>	

The stock options granted to the Chairman and CEO represent 4.28% of the 2009 plan. The stock options granted to the Chairman and CEO and to the Deputy CEO represented 6.42% of the 2009 plan.

At 31 December 2009<sup>b</sup>, these stock options represented 0.028% of the company's share capital (100,000 options) and 0.056% of the share capital (200,000 options). In total, the stock options granted in 2009 to the two executive directors represented 0.084% of the company's share capital at 31 December 2009.

Salaried directors	Company granting the options	Grant date	Number of options	Exercise price (€)
François Bertièrè	Bouygues	1 April 2009	150,000	25.95
Yves Gabriel	Bouygues	1 April 2009	150,000	25.95
Hervé Le Bouc	Bouygues	1 April 2009	150,000	25.95
Nonce Paolini	Bouygues	1 April 2009	150,000	25.95
<b>Total</b>			<b>600,000</b>	

### 2.2.2 Table 5 – Stock options exercised by executive directors and salaried directors of Bouygues in 2009

Executive directors	No options were exercised by Martin Bouygues or Olivier Bouygues in 2009.
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Salaried directors	Company granting the options	Plan	Number of options	Exercise price (€)
François Bertièrè	Bouygues	25 June 2002	58,845	23.41
Yves Gabriel	Bouygues	17 June 2003	58,268	19.37
<b>Total</b>			<b>117,113</b>	

## 2.3 Performance (bonus) shares

### 2.3.1 Table 6 – Performance shares granted to each executive director

No performance shares were granted by the company.

### 2.3.2 Table 7 – Performance shares that became available during the year for each executive director

No performance shares became available during the year as no such shares had been granted by the company.

<sup>a</sup>Share capital of Bouygues at 31 December 2008: 342,818,079 shares <sup>b</sup>Share capital of Bouygues at 31 December 2009: 354,267,911 shares



## 2.4 Summary of outstanding option plans

**2.4.1 Table 8 – Breakdown of stock options for each plan and category of beneficiary**

	2003	2004	2005	2006	2007	2008	2009
Date of AGM	25/05/2000	25/05/2000	28/04/2005	28/04/2005	28/04/2005	28/04/2005	24/04/2008
Date of Board meeting	17/06/2003	15/03/2004	21/06/2005	05/09/2006	05/06/2007	26/02/2008	03/03/2009
Number of stock options granted by the Board:	2,996,000 <sup>a</sup>	3,180,750 <sup>a</sup>	3,102,500	3,700,000	4,350,000	4,390,000	4,672,200
- of which executive directors and salaried directors <sup>b</sup>	625,000 <sup>a</sup>	800,000 <sup>a</sup>	500,000	750,000	850,000	750,000	900,000
<sup>c</sup>	M. Bouygues	M. Bouygues		M. Bouygues	M. Bouygues	M. Bouygues	M. Bouygues
	O. Bouygues	O. Bouygues	O. Bouygues	O. Bouygues	O. Bouygues	O. Bouygues	O. Bouygues
	Y. Gabriel	Y. Gabriel	Y. Gabriel	Y. Gabriel	Y. Gabriel	Y. Gabriel	Y. Gabriel
				F. Bertièrè	F. Bertièrè	F. Bertièrè	F. Bertièrè
						H. Le Bouc	H. Le Bouc
						N. Paolini	N. Paolini
- of which ten employees of the company	412,000 <sup>a</sup>	422,000 <sup>a</sup>	347,000	356,000	530,000	470,000	520,000
Original exercise price prior to adjustment	€22.80	€29.61	€31.34	€40.00	€63.44	€43.23	€25.95
Exercise price after adjustment <sup>a</sup>	€19.37	€25.15	€31.34	€40.00	€63.44	€43.23	€25.95
Start of exercise period	17/06/2007	15/03/2008	21/06/2009	05/09/2010	05/06/2011	31/03/2012	01/04/2013
Expiry date	16/06/2010	14/09/2011	20/06/2012	04/09/2013	04/06/2014	30/09/2015	30/09/2016
Number of options outstanding at 31/12/2009	1,170,525	2,823,086	2,800,966	3,552,889	4,253,400	4,301,450	4,643,200
<b>Total</b>							<b>23,545,516</b>

<sup>a</sup>In accordance with law, the exercise prices and the number of options granted were adjusted on 7 January 2005 because of an exceptional payout

<sup>b</sup>Total options granted, including salaried directors who left the Board in 2009

<sup>c</sup>Including only executive directors and salaried directors currently in office

## 2.5 Stock options granted to or exercised by the ten employees having received the largest number of options in 2009

**2.5.1 Table 9 – Stock options granted to the ten Bouygues employees (not corporate officers) having received the largest number of options in 2009**

Employees	Company granting the options	Grant date	Number of options	Exercise price (€)
Jacques Bernard	Bouygues	1 April 2009	30,000	25.95
Michel Buxeraud	Bouygues	1 April 2009	15,000	25.95
Georges Colombani	Bouygues	1 April 2009	20,000	25.95
Blandine Delafon	Bouygues	1 April 2009	25,000	25.95
Jean-François Guillemain	Bouygues	1 April 2009	50,000	25.95
Philippe Marien	Bouygues	1 April 2009	100,000	25.95
Alain Pouyat	Bouygues	1 April 2009	100,000	25.95
Olivier Roussat	Bouygues	1 April 2009	100,000	25.95
Jean-Claude Tostivin	Bouygues	1 April 2009	50,000	25.95
Gilles Zancanaro	Bouygues	1 April 2009	30,000	25.95
<b>Total</b>			<b>520,000</b>	

**2.5.2 Table 10 – Stock options exercised in 2009 by the ten Bouygues employees having exercised the largest number of options**

Employees	Company granting the options	Grant date	Number of options	Exercise price (€)
Alain Pouyat	Bouygues	25/06/2002	58,845	23.41
	Bouygues	17/12/2002	588,447	23.00
Jean-Claude Tostivin	Bouygues	15/03/2004	35,307	25.15
Jacques Bernard	Bouygues	25/06/2002	6,216	23.41
	Bouygues	17/06/2003	4,900	19.37
Gilles Zancanaro	Bouygues	25/06/2002	4,039	23.41
	Bouygues	17/06/2003	6,473	19.37
Blandine Delafon	Bouygues	17/06/2003	8,969	19.37
Alain Moluschi	Bouygues	25/06/2002	2,531	23.41
	Bouygues	17/06/2003	3,120	19.37
Georges Colombani	Bouygues	25/06/2002	2,385	23.41
	Bouygues	17/06/2003	2,950	19.37
Gérard Heslouin	Bouygues	25/06/2002	4,708	23.41
Yann Clairouin	Bouygues	25/06/2002	1,254	23.41
	Bouygues	17/06/2003	1,900	19.37
Christine Marie-Bonin	Bouygues	17/06/2003	1,943	19.37
<b>Total</b>			<b>733,987</b>	

In 2009, 1,785,553 Bouygues stock options were exercised by employees of Bouygues or one of its subsidiaries, other than executive directors, salaried directors and the ten employees listed above.

### 3 • Other information on executive directors

**Table 11 – Executive directors: restrictions on combining corporate office with an employment contract – Supplementary retirement benefits – Severance compensation – Non-competition indemnities**

Executive director	Employment contract		Supplementary retirement scheme <sup>a</sup>		Severance compensation or benefits due or likely to be due on termination or change of office <sup>b</sup>		Indemnities relating to non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Martin Bouygues Chairman and CEO		X	X <sup>a</sup>			X <sup>b</sup>		X
Olivier Bouygues Deputy CEO		X	X <sup>a</sup>			X <sup>b</sup>		X

**<sup>a</sup>Additional retirement provision**

Members of the Group's management committee benefit from an additional retirement provision set at 0.92% of the reference salary per year of service under the scheme. Benefits are capped at eight times the earnings limit for chargeable social security contributions (ie €276,960 at the date of this report). The Group is not required to set aside provisions in respect of this additional retirement provision, which is in the form of an insurance policy taken out with an insurer outside the Group. This additional retirement provision has been approved pursuant to the procedure for regulated agreements

**<sup>b</sup>Compensation on leaving the company**

The company and its subsidiaries have not entered into any commitment or given any undertaking relating to the granting of severance compensation in the event of executive directors leaving the company. No such commitment or undertaking has been entered into as regards salaried directors. However, salaried directors are covered by the collective bargaining agreement applicable to the company (for Bouygues SA, the Paris region construction company executives' collective bargaining agreement), which provides for certain compensation if a director's employment contract is terminated, even though such compensation is not classified as severance compensation per se. Yves Gabriel, François Bertière, Hervé Le Bouc and Nonce Paolini are eligible for such compensation



# SHARE OWNERSHIP

## 1 • Changes in share ownership over the last three years

Shareholder	Situation at 31 December 2009 <sup>a</sup>				Situation at 31 December 2008				Situation at 31 December 2007			
	Number of shares	% of capital	Number of voting rights <sup>b</sup>	% of voting rights	Number of shares	% of capital	Number of voting rights <sup>b</sup>	% of voting rights	Number of shares	% of capital	Number of voting rights <sup>b</sup>	% of voting rights
SCDM <sup>c</sup>	65,839,335	18.58	128,798,107	27.17	65,697,622	19.16	128,226,184	28.58	63,058,772	18.15	123,435,517	27.18
Bouygues employees	64,831,208 <sup>d</sup>	18.30	110,173,300	23.24	52,723,553	15.38	87,120,448	19.42	49,419,820	14.22	83,258,608	18.33
Other French shareholders	99,947,124	28.21	111,504,376	23.52	90,789,993	26.48	99,641,174	22.21	95,819,964	27.57	108,299,199	23.85
Capital Group International	17,170,860 <sup>e</sup>	4.85	17,170,860	3.62	21,651,817	6.32	21,651,817	4.83	21,651,817	6.23	21,651,817	4.77
Other foreign shareholders	104,300,884	29.44	104,300,884	22.00	110,077,111	32.11	110,077,111	24.54	116,691,812	33.58	116,691,812	25.68
Bouygues	2,178,500 <sup>f</sup>	0.61	2,178,500 <sup>g</sup>	0.46	1,877,983 <sup>f</sup>	0.55	1,877,983 <sup>g</sup>	0.42	860,393 <sup>f</sup>	0.25	860,393 <sup>g</sup>	0.19
<b>Total</b>	<b>354,267,911</b>	<b>100</b>	<b>474,126,027</b>	<b>100</b>	<b>342,818,079</b>	<b>100</b>	<b>448,594,717</b>	<b>100</b>	<b>347,502,578</b>	<b>100</b>	<b>454,197,346</b>	<b>100</b>

<sup>a</sup>Based on a survey of identifiable bearer shares as at 31 December 2009 – 194,494,101 bearer shares identified

<sup>b</sup>In accordance with Article 223-11 of the AMF General Regulation, the total number of voting rights is calculated on the basis of all shares with voting rights attached, including those of which the voting rights have been suspended.

<sup>c</sup>SCDM is a company controlled by Martin Bouygues and Olivier Bouygues. This figure includes shares owned directly by Martin Bouygues and Olivier Bouygues

<sup>d</sup>Shares owned by employees under company savings schemes

<sup>e</sup>Based on a declaration of the passing of an ownership threshold on 5 August 2009

<sup>f</sup>Treasury shares held under share buy-back programmes and the liquidity contract

<sup>g</sup>Voting rights attached to shares held by Bouygues are suspended

The company is not aware of any shareholder, other than those shown in the table above, holding more than 5% of the capital or voting rights.

## Significant changes in share ownership

The main changes in share ownership since 31 December 2008 are as follows:

- An increase in the interest held by employees from 15.38% to 18.30% of the capital and from 19.42% to 23.24% of the voting rights, thanks to the success of the latest employee share ownership plan (*Bouygues Partage 2*) and to regular subscriptions to dedicated mutual funds invested in Bouygues shares.
- Little change in the interest held by SCDM in terms of the number of shares (65,839,335, versus 65,697,622 as at 31 December 2008), though the number of voting rights held by SCDM increased by more due to entitlements to double voting rights. As at 31 December 2009, SCDM held 18.58% of the capital and 27.17% of the voting rights.
- Reduction in the proportion of foreign investors, who held 34.29% of the capital and 25.62% of the voting rights (versus 38.43% and 29.37% respectively as at 31 December 2008). This trend is largely a consequence of the financial crisis.
- Increase in the proportion of other French shareholders, who held 28.21% of the capital and 23.52% of the voting rights (versus 26.48% and 22.21% as at 31 December 2008).
- Divestment of the interest held by the Artémis group (François Pinault), which represented 0.94% of the capital and 0.80% of the voting rights as at 31 December 2008.

## 2 • Voting rights

The terms on which the principal shareholders of Bouygues hold voting rights are no different from those enjoyed by the other shareholders. They are entitled, on the same terms as the other shareholders, to double voting rights subject to the conditions specified in Article 12 of the by-laws, the terms of which are reproduced below in the *Legal information* section.

## 3 • Control

Martin Bouygues and Olivier Bouygues hold 27.17% of the voting rights, either directly or via SCDM, which gives them significant power at shareholder meetings (39.1% of the voting rights exercised at the 2009 Annual General Meeting), given the number of voting rights actually exercised.

As indicated in the Chairman's Report on corporate governance, the Board of Directors and Board committees include a significant proportion of independent directors.

## 4 • Shareholder agreements

The shareholder agreement between SCDM and Artémis signed on 4 December 1998 was terminated on 24 May 2006, when the Artémis group passed below the thresholds of 5% of the capital and voting rights of Bouygues.

As far as the company is aware, no shareholder agreement relating to the company's capital has existed since that date. Nor does any agreement exist which could, if activated, result in a future change in control of Bouygues.

## 5 • Transactions in Bouygues shares during 2009 by executive directors, corporate officers and persons referred to in Article L. 621-18-2 of the Monetary and Financial Code (Article 223-26 of the AMF General Regulation)

Person involved	Transaction carried out	Nature of transaction	Number of transactions	Number of shares	Amount (€)
SCDM	by a related party, SCDM Participations	Purchase	1	141,713	4,553,550.46
François Bertière	in a personal capacity	Exercise of options	2	58,845	1,377,561.45
		Sale	2	52,000	1,352,200.00
Michel Cote	in a personal capacity	Exercise of options	3	35,654	763,337.98
		Sale	3	35,654	1,204,891.00
Emmanuel Forest	in a personal capacity	Exercise of options	2	14,124	302,112.36
		Sale	2	14,124	465,738.90
Yves Gabriel	in a personal capacity	Exercise of options	1	58,268	1,128,651.16
		Sale	2	8,000	292,000.00
Pascal Grangé	in a personal capacity	Exercise of options	3	5,000	125,750.00
		Sale	3	5,000	177,800.00
Éric Guillemin	in a personal capacity	Exercise of options	1	5,885	137,767.85
Éric Mazoyer	in a personal capacity	Exercise of options	1	8,239	207,210.85
		Sale	1	8,239	296,686.39

# STOCK MARKET PERFORMANCE

## 1 • Bouygues on the stock market in 2009

Bouygues shares are listed on the Euronext Paris market (compartment A) and are included in the CAC 40, Euronext 100, FTSE Eurofirst 80 and Dow Jones Stoxx 600 indices. They are eligible for the deferred settlement service (SRD) and for French equity savings plans (PEAs).

There were a total of 354,267,911 shares in issue at 31 December 2009.

The average number of shares in issue during 2009 was 345,165,830.

The average daily volume traded during 2009, as reported on Euronext, was 1,607,382 shares.

During 2009, the Bouygues share price rose by 21%, similar to the rise in the CAC 40 index (22%).

Following on from the sharp fall in stock markets at the end of 2008, the first two months of 2009 were tough for Bouygues shares, which bottomed out at €22 at the end of February 2009.

The share price then rallied substantially, reflecting the renewed attractiveness of cyclical stocks: between the end of February and the end of April 2009, Bouygues shares advanced by 43% to €33.5, substantially outperforming the CAC 40, which rose by 17% over the same period.

With the macro-economic outlook still unclear, the share was then hit by profit-taking, slipping back to little more than €25 at the start of July.

From July, the economic climate improved and Bouygues published results that reassured investors. As a result, the share price advanced significantly, reaching more than €36 at end-2009.

	Number of shares <sup>a</sup>	Dividend paid for the year (€)	Quoted market price (€)			Dividend yield based on closing price (%)
		Net	High	Low	Closing	
<b>2005</b>	336,762,896	0.90	42.67	28.75	41.30	2.2
<b>2006</b>	334,777,583	1.20	49.42	36.05	48.63	2.5
<b>2007</b>	347,502,578	1.50	67.43	48.42	57.00	2.6
<b>2008</b>	342,818,079	1.60	57.25	24.04	30.20	5.3
<b>2009</b>	354,267,911	1.60	37.76	21.77	36.43	4.4

On 2 March 2010, the shares were trading at €35.82.

<sup>a</sup>Includes investment certificates for the period prior to 2006 (all outstanding investment certificates were reconstituted as shares on 18 May 2006)

## 2 • Trends in share price and trading volumes

### Bouygues share price over the last 18 months

	High (€)	Low (€)	Volume of shares traded	Capital traded (€ million)
<b>2008</b>				
July	44.74	38.70	34,334,437	1,429
August	47.42	40.08	28,570,301	1,220
September	43.07	29.40	49,103,423	1,796
October	35.28	24.04	73,001,750	2,130
November	34.59	24.30	36,459,803	1,082
December	32.30	27.21	29,634,698	884
<b>2009</b>				
January	34.60	25.18	33,274,756	964
February	30.25	21.77	33,181,151	854
March	28.63	21.83	37,782,492	965
April	33.50	26.27	46,315,174	1,445
May	35.87	28.77	27,451,372	866
June	31.15	24.95	39,653,022	1,070
July	29.94	25.16	30,960,679	851
August	35.25	29.43	41,160,276	1,331
September	37.14	32.25	39,434,764	1,371
October	37.76	32.15	29,356,819	1,035
November	36.35	32.05	26,213,201	902
December	36.69	33.60	26,706,061	933

Source: NYSE - Euronext. Volumes traded are those reported on Euronext.



# SHARE CAPITAL

## 1 • General information

### 1.1 Share capital

On 31 December 2008, the share capital of Bouygues was €342,818,079, composed of 342,818,079 shares with a nominal value of €1 each.

- In 2009 2,636,653 new shares were created following the exercise of stock options granted to Group employees.
- 9,881,360 new shares were created on 30 November 2009 as part of the leveraged employee share ownership plan *Bouygues Partage 2*.
- 493,471 shares bought back by the company were cancelled on 27 August 2009.
- 574,710 shares bought back by the company were cancelled on 1 December 2009.

Consequently, the share capital of Bouygues at 31 December 2009 was €354,267,911, composed of 354,267,911 shares with a nominal value of €1 each.

The total number of voting rights<sup>1</sup> was 474,126,027 at 31 December 2009 (448,594,717 at 31 December 2008).

### 1.2 Changes in the share capital over the last five years

All amounts in the table below are in euros.

<sup>1</sup>Including non-voting shares, in accordance with the calculation provisions set out in the AMF General Regulation

Period	Increases and reductions in share capital over the last five years	Amount of the changes in share capital		Amount of the share capital	Aggregate number of shares and investment certificates <sup>a</sup>
		Nominal	Premium and incorporation of reserves		
From 1 January to 16 June 2005	Exercise of stock options for 801,427 shares	801,427	14,464,213	333,560,051	333,560,051
21 June 2005	Cancellation of 1,048,873 shares bought back by the company	(1,048,873)	(31,649,972)	332,511,178	332,511,178
From 17 June to 8 December 2005	Exercise of stock options for 1,163,673 shares	1,163,673	26,788,468	333,674,851	333,674,851
13 December 2005	Cancellation of 7,312,776 shares bought back by the company	(7,312,776)	(279,502,996)	326,362,075	326,362,075
28 December 2005	Subscription by the <i>Bouygues Confiance 3</i> employee share ownership plan for 9,972,331 shares	9,972,331	240,034,007	336,334,406	336,334,406
From 9 December to 31 December 2005	Exercise of stock options for 428,490 shares	428,490	7,986,521	336,762,896	336,762,896
From 1 January to 30 November 2006	Exercise of stock options for 3,818,642 shares	3,818,642	90,923,045	340,581,538	340,581,538
6 December 2006	Cancellation of 6,410,706 shares bought back by the company	(6,410,706)	(263,827,884)	334,170,832	334,170,832
From 1 December to 31 December 2006	Exercise of stock options for 606,751 shares	606,751	17,022,599	334,777,583	334,777,583
From 1 January to 30 April 2007	Exercise of stock options for 916,501 shares	916,501	25,156,127	335,694,084	335,694,084
10 May 2007	Subscription by the <i>Bouygues Partage</i> share ownership plan for 6,371,520 shares	6,371,520	225,806,669	342,065,604	342,065,604
From 1 May to 30 November 2007	Exercise of stock options for 3,347,448 shares	3,347,448	117,506,137	345,413,052	345,413,052
4 December 2007	Cancellation of 5,019,768 shares bought back by the company	(5,019,768)	(266,633,333)	340,393,284	340,393,284
31 December 2007	Subscription by the <i>Bouygues Confiance 4</i> employee share ownership plan for 6,947,662 shares	6,947,662	293,052,383	347,340,946	347,340,946
From 1 December to 31 December 2007	Exercise of stock options for 161,632 shares	161,632	4,004,984	347,502,578	347,502,578
From 1 January to 31 May 2008	Exercise of stock options for 1,072,839 shares	1,072,839	30,161,529	348,575,417	348,575,417
3 June 2008	Cancellation of 6,952,935 shares bought back by the company	(6,952,935)	(321,937,158)	341,622,482	341,622,482
From 1 June to 31 December 2008	Exercise of stock options for 1,195,597 shares	1,195,597	34,383,665	342,818,079	342,818,079
From 1 January to 26 August 2009	Exercise of stock options for 1,277,142 shares	1,277,142	27,766,575	344,095,221	344,095,221
27 August 2009	Cancellation of 493,471 shares bought back by the company	(493,471)	(12,834,596)	343,601,750	343,601,750
From 27 August to 25 November 2009	Exercise of stock options for 1,004,779 shares	1,004,779	22,246,437	344,606,529	344,606,529
30 November 2009	Subscription by the <i>Bouygues Partage 2</i> five- and ten-year employee share ownership plans for 9,881,360 shares	9,881,360	182,743,165	354,487,889	354,487,889
From 26 to 30 November 2009	Exercise of stock options for 2,500 shares	2,500	75,850	354,490,389	354,490,389
1 December 2009	Cancellation of 574,710 shares bought back by the company	(574,710)	(18,978,565)	353,915,679	353,915,679
From 1 December 2009 to 31 December 2009	Exercise of stock options for 352,232 shares	352,232	7,292,146	354,267,911	354,267,911

<sup>a</sup>Reconstitution of existing investment certificates as shares on 8 May 2006 further to a decision by the Combined Annual General Meeting of 27 April 2006

### 1.3 Authorisations to increase or reduce the share capital or to buy back shares

In accordance with Article L. 225-100, paragraph 7 of the Commercial Code, the following table lists the current powers granted to the Board of Directors at Annual General Meetings, and the use made of those powers during the 2009 financial year.

Purpose	Maximum nominal amount	Use of the powers during the 2009 financial year	Expiry/ Duration
<b>Securities issues</b>			
1. Increase share capital with pre-emptive rights for existing shareholders, by issuing ordinary shares and securities giving access to capital (AGM of 23 April 2009, Resolution 14)	- Issue of shares: €150 million - Issue of debt securities: €5 billion	Nil	23 June 2011 (26 months)
2. Increase share capital by incorporating share premiums, reserves or earnings into capital (AGM of 23 April 2009, Resolution 15)	€4 billion	Nil	23 June 2011 (26 months)
3. Increase share capital without pre-emptive rights for existing shareholders, by issuing ordinary shares and securities giving access to capital (AGM of 23 April 2009, Resolution 16)	- Issue of shares: €150 million <sup>a &amp; b</sup> - Issue of debt securities: €5 billion <sup>a</sup>	Nil	23 June 2011 (26 months)
4. Increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights for existing shareholders (AGM of 23 April 2009, Resolution 17)	15% of the initial issue <sup>a</sup>	Nil	23 June 2011 (26 months)
5. Set the price for immediate or future public issues of equity securities or issues falling within the scope of Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders (AGM of 23 April 2009, Resolution 18)	10 % of the capital <sup>a &amp; b</sup> in any 12-month period	Nil	23 June 2011 (26 months)
6. Increase share capital as consideration for contributions in kind consisting of a company's shares or securities giving access to capital (AGM of 23 April 2009, Resolution 19)	10% of the share capital <sup>a</sup>	Nil	23 June 2011 (26 months)
7. Increase share capital without pre-emptive rights for existing shareholders, as consideration for securities tendered to a public exchange offer (AGM of 23 April 2009, Resolution 20)	- Issue of shares: €150 million <sup>a</sup> - Issue of debt securities: €5 billion <sup>a</sup>	Nil	23 June 2011 (26 months)
8. Issue shares following the issue by a Bouygues subsidiary of securities giving immediate or future access to shares in the company (AGM of 23 April 2009, Resolution 22)	€150 million <sup>a</sup>	Nil	23 June 2011 (26 months)
9. Issue securities giving rights to allotment of debt securities (AGM of 23 April 2009, Resolution 23)	€5 billion	Nil	23 June 2011 (26 months)
10. Issue equity warrants during the period of a public offer (AGM of 23 April 2009, Resolution 24)	€400 million The number of warrants is capped at the number of existing shares	Nil	23 October 2010 (18 months)
11. Increase share capital during the period of a public offer (AGM of 23 April 2009, Resolution 25)	Ceilings fixed in the relevant authorisations	Nil	23 October 2010 (18 months)
<b>Issues carried out for the benefit of employees and corporate officers of the company or associated companies</b>			
12. Capital increase for the benefit of employees or corporate officers who are members of a company savings scheme (AGM of 23 April 2009, Resolution 21)	10% of the capital	9,881,360 shares created on 30 November 2009 (2.87% of capital) as part of the <i>Bouygues Partage 2</i> leveraged plan, ie an increase in capital of €192.6 million including issue premium	23 June 2011 (26 months)
13. Allotment of existing or new bonus shares (AGM of 26 April 2007, Resolution 24)	10% of the capital	Nil	26 June 2010 (38 months)
14. Grant of stock subscription and/or purchase options (AGM of 24 April 2008, Resolution 11)	10% of the share capital <sup>c</sup>	4,672,200 stock subscription options granted to 1,323 beneficiaries with effect from 1 April 2009	24 June 2011 (38 months)
<b>Share buybacks and reduction in share capital</b>			
15. Purchase by the company of its own shares (AGM of 23 April 2009, Resolution 12)	10% of the capital	1,368,698 shares <sup>d</sup>	23 October 2010 (18 months)
16. Reduce share capital by cancelling shares (AGM of 23 April 2009, Resolution 13)	10% of the capital in any 24-month period	493,471 shares cancelled on 27 August 2009 574,710 shares cancelled on 1 December 2009	23 October 2010 (18 months)

<sup>a</sup>To be applied against the overall ceiling specified in point 1 <sup>b</sup>Within the limit of 20% of the share capital for capital increases carried out in connection with issues falling within the scope of paragraph II of Article L. 411-2 of the Monetary and Financial Code (transactions not involving a public offer reserved for eligible investors) <sup>c</sup>To be applied against the overall ceiling for bonus share issues <sup>d</sup>Including 336,037 shares authorised by the AGM of 24 April 2008

## 2 • Financial authorisations submitted to the Combined Annual General Meeting of 29 April 2010

The table below summarises the delegated powers and authorisations to be conferred on the Board of Directors by the Combined Annual General Meeting of 29 April 2010. With effect from the date of their approval by the meeting, these financial authorisations cancel and replace the unused portion, if applicable, of any authorisations previously granted for the same purpose.

Purpose	Aggregate ceiling or maximum nominal amount	Expiry/Duration
<b>Securities issues</b>		
1. Issue equity warrants during a public offer period (Resolution 20)	€400 million Number of warrants capped at number of existing shares	29 October 2011 (18 months)
2. Increase share capital during a public offer period (Resolution 21)	Ceilings fixed in the relevant authorisations	29 October 2011 (18 months)
<b>Issues carried out for the benefit of employees and corporate officers</b>		
3. Allotment of existing or new bonus shares (Resolution 19)	10% of the share capital <sup>a</sup>	29 June 2013 (38 months)
<b>Share buybacks and reduction in share capital</b>		
4. Purchase by the company of its own shares (Resolution 17)	10% of the share capital	29 October 2011 (18 months)
5. Reduce share capital by cancelling shares (Resolution 18)	10% of the capital in any 24-month period	29 October 2011 (18 months)

<sup>a</sup>Same ceiling as for stock option subscription or purchase (AGM of 24 April 2008, Resolution 11)

## 3 • Employee share ownership

On 31 December 2009, Group employees owned 18.30% of the share capital of Bouygues and 23.24% of voting rights through a number of employee share ownership funds.

The share ownership fund created in 1968 invests in Bouygues shares bought on the market. At 31 December 2009, this fund held 3.61% of the share capital of Bouygues and 4.97% of voting rights.

The Group savings plan is funded by voluntary contributions from employees and additional contributions paid by the company. These are invested in Bouygues shares by direct purchases made on the market. At 31 December 2009, this fund held 5.87% of the share capital of Bouygues and 7.21% of voting rights.

Following the capital increases carried out in 2005, 2007 and 2009, the leveraged employee share ownership plans known as *Bouygues Confiance 3*, *Bouygues Partage*, *Bouygues Confiance 4*, *Bouygues Partage 2 – five years* and *Bouygues Partage 2 – ten years* held 8.64% of share capital and 10.83% of voting rights at 31 December 2009.

The Bouygues Immobilier employee savings plan held 0.18% of share capital and 0.23% of voting rights at 31 December 2009.

## 4 • Potential creation of new shares

A total of 6,785,691 shares would be added to the 354,267,911 shares existing on 31 December 2009 if all readily exercisable stock options (ie options for which the lock-up period has expired with an exercise price less than the closing share price of €36.425 at 31 December 2009) were exercised, representing 1.92% of share capital at 31 December 2009. This would increase the total number of shares to 361,053,602.

## 5 • Share buybacks

### 5.1 Use in 2009 of authorisations granted by the Annual General Meeting

The Combined Annual General Meetings of 24 April 2008 and 23 April 2009 approved share buyback programmes authorising the Board of Directors, on the basis of Articles L. 225-209 *et seq.* of the Commercial Code, to buy, on- or off-market, a number of shares representing up to 10% of the company's share capital as at the purchase date, for the purposes set out in European Commission Regulation (EC) 2273/2003 of 22 December 2003 and within the confines of market practices authorised by the AMF.

The Combined Annual General Meetings of 24 April 2008 and 23 April 2009 authorised the Board of Directors to cancel up to 10% of the shares comprising the share capital in any 24-month period.

The table below, prepared in accordance with Article L. 225-211 of the Commercial Code, summarises the transactions carried out pursuant to these authorisations in 2009.



Transactions carried out by Bouygues  
on its own shares in 2009

Number of own shares held by the company at 31 December 2008	1,877,983
Shares purchased	1,368,698
Shares cancelled	1,068,181
Shares sold	0
Number of own shares held by the company at 31 December 2009	2,178,500
Value (purchase price) of own shares held by the company at 31 December 2009	€82,997,170

Breakdown of transactions by purpose

Cancellation of shares

Number of shares cancelled	<ul style="list-style-type: none"> <li>• 493,471 shares cancelled on 27 August 2009, ie 0.14% of share capital at that date</li> <li>• 574,710 shares cancelled on 1 December 2009, ie 0.16% of share capital at that date</li> </ul>
Reallocations	-
Number of own shares held by the company at 31 December 2009 intended for cancellation	0

Liquidity contract

Number of shares purchased	417,000
Number of shares sold	0
Reallocations	-
Number of own shares held by the company at 31 December 2009 under the liquidity contract	2,178,500 shares of €1 par value, ie 0.61% of share capital

## 5.2 Description of the new share buyback programme submitted for approval by the Combined Annual General Meeting of 29 April 2010

Pursuant to Articles 241-2 and 241-3 of the AMF General Regulation, the company sets out below a description of the share buyback programme to be submitted for approval by the Combined Annual General Meeting of 29 April 2010. This programme is intended to replace that authorised by the Combined Annual General Meeting of 23 April 2009.

### 5.2.1 Number of shares and proportion of share capital held by Bouygues – Open derivatives positions

As at 31 January 2010, the company's capital was made up of 354,338,913 shares, 2,178,500 of which were held by Bouygues, representing 0.61% of the share capital.

At that same date, open derivatives positions were as follows:

Calls purchased:

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Number of shares	3,056,000	1,194,732	410,000	142,988	14,634	373
Expiry date	21/06/2012	17/12/2010	29/06/2012	21/12/2012	29/11/2019	28/11/2014
Average exercise price (€)	31.34	31.34	45.55	53.97	27.20	27.20

### 5.2.2 Breakdown of own shares held by intention

At 31 January 2010 the company held 2,178,500 of its own shares for the following reasons:

- cancellation: no shares;
- liquidity contract: 2,178,500 shares, ie 0.61% of the share capital.

### 5.2.3 Objectives of the new buyback programme

Subject to approval by the Annual General Meeting, the buyback programme may be used to:

- cancel shares under the conditions provided for by law, subject to authorisation by the extraordinary general meeting;
- ensure the liquidity of and organise the market in the company's shares, through an investment services provider acting under the terms of a liquidity contract compliant with an AMF-recognised code of conduct;

- retain shares with a view to using them subsequently as a means of payment or exchange in an acquisition, merger, spin-off or contribution, where applicable, in accordance with accepted market practice and applicable regulations. The shares retained must not represent more than 5% of the share capital, as required by Article L. 225-209, paragraph 6 of the Commercial Code;
- retain shares with a view to delivering them subsequently upon exercise of rights attached to securities that are redeemable, convertible, exchangeable or otherwise exercisable for the company's shares;
- allot shares to employees or corporate officers of the company or related companies under the terms and conditions laid down in law, in particular as part of profit-sharing schemes, stock option schemes, company savings schemes and inter-company savings schemes or through an allotment of bonus shares;
- carry out any market practice accepted by the AMF and generally perform any other transactions in compliance with prevailing regulations.

#### **5.2.4 Maximum proportion of capital, maximum number and characteristics of shares**

Under the terms of this programme, Bouygues may acquire shares representing a maximum of 10% of its share capital. In theory, this equates to 35,433,891 shares as at 31 January 2010, subject to any adjustments in connection with share capital transactions.

Where shares are bought back for liquidity purposes, the number of shares included for the purposes of calculating 10% of the share capital is the number of shares purchased less the number of shares resold during the authorisation period.

Shares acquired with a view to holding or exchanging them as part of a merger, spin-off or capital contribution may not exceed 5% of the company's capital.

In accordance with the law, the total number of shares held at a given date may not exceed 10% of issued share capital at that date.

Within the scope of this authorisation, the company may purchase its own shares on- or off-market. The purchase price may not exceed €60.00 per share, subject to any adjustments in connection with share capital transactions.

Shares acquired may be sold under the conditions laid down by the AMF in its instruction dated 19 November 2009 regarding the implementation of share buyback schemes. The minimum purchase price is set at €30.00 per share, subject to any adjustments in connection with share capital transactions.

The maximum amount of funds that may be used for this share buyback programme is €1,500,000,000 (one billion five hundred million euros).

Shares repurchased and retained by Bouygues shall not carry voting or dividend rights. Shares may be purchased, in compliance with applicable regulations, in any manner, including on- or off-market and over-the-counter, through derivative financial instruments, and at any time, including in particular during a public tender or exchange offer or a standing offer. The entire programme may be carried out through block trades.

#### **5.2.5 Term of programme**

Eighteen months with effect from the Combined Annual General Meeting of 29 April 2010, ie until 29 October 2011.

# RESULTS OF BOUYGUES SA

## 1 • Dividend

### Appropriation and distribution of the earnings of Bouygues SA (parent company)

The Annual General Meeting, having acquainted itself with the management report and having noted that distributable earnings amount to €2,033,542,429.13, is asked to approve the following appropriation and distribution:

- appropriation of €676,533.30 to the legal reserve, in order to increase that reserve to 10% of the share capital;
- distribution of a first dividend (5% of par) of €0.05 per share, representing a total amount of €17,713,395.55;
- distribution of an additional dividend of €1.55 per share, representing a total amount of €549,115,262.05;
- appropriation of the balance, amounting to €1,466,037,238.23, to retained earnings.

Subject to approval by the Annual General Meeting, the dividend, equivalent to €1.60 per share, will be payable in cash on 7 May 2010. The dividend detachment date (ex-date) for the Euronext Paris market will be 4 May 2010. The cut-off date for the positions which, after settlement, will qualify for payment (record date) will be 6 May 2010.

If the company holds any of its own shares at the dividend payment date, an amount equal to the dividends not distributed because of the nature of these shares will be appropriated to retained earnings.

The company is required by law to state the amount of dividends distributed in respect of the last three financial years. They were as follows:

	2006	2007	2008
Number of shares	334,777,583	347,502,578	342,818,079
Dividend per share (€)	1.20	1.50	1.60
Total dividend <sup>a &amp; b</sup> (€)	400,003,315.20	509,751,964.50	545,090,553.60

<sup>a</sup>The amounts shown represent dividends actually paid, taking account of the fact that shares held by the company itself do not qualify for dividend

<sup>b</sup>Amounts eligible for the 40% tax relief mentioned in paragraph 2 of Article 158.3 of the General Tax Code

Dividends not claimed within five years are paid to the French government.

## 2 • Five-year financial summary: Bouygues SA (parent company)

	2005	2006	2007	2008	2009
<b>1. CAPITAL AT YEAR-END</b>					
a) Share capital (€)	336,762,896	334,777,583	347,502,578	342,818,079	354,267,911
b) Number of ordinary shares in issue	336,289,029	334,777,583	347,502,578	342,818,079	354,267,911
c) Number of non-voting investment certificates	473,867				
d) Maximum number of shares to be issued in future:					
• by reconstitution of investment certificates and voting rights certificates as shares	473,867				
• by exercise of stock options	20,953,720	20,094,262	19,803,112	6,650,786	6,785,691
<b>2. OPERATIONS AND RESULTS FOR THE YEAR (€)</b>					
a) Sales excluding taxes	64,270,115	60,463,413	68,394,069	80,191,869	69,408,955
b) Earnings before tax, depreciation, amortisation, impairment and provisions	173,230,055	490,059,858	603,251,275	828,481,044	836,471,627
c) Income tax	(37,656,430)	60,879,976	165,057,092	144,731,014	135,486,904
d) Employee profit-sharing expense	(224,770)	(473,100)	(637,019)	(502,273)	(642,742)
e) Earnings after tax, depreciation, amortisation, impairment and provisions	260,833,378	603,396,473	750,574,451	882,494,363	1,017,008,260
f) Distributed earnings	301,951,235	400,003,315	509,751,964	545,090,554	566,828,658
<b>3. PER SHARE DATA (€)</b>					
a) Earnings after tax but before depreciation, amortisation, impairment and provisions	0.40	1.65	2.21	2.84	2.74
b) Earnings after tax, depreciation, amortisation, impairment and provisions	0.77	1.80	2.16	2.57	2.87
c) Gross dividend per share	0.90	1.20	1.50	1.60	1.60
<b>4. PERSONNEL</b>					
a) Average number of employees during the year	195	175	171	179	179
b) Total payroll for the year (€)	34,374,008	28,511,081	31,377,274	45,589,718	30,555,357
c) Amounts paid in respect of employee benefits (social security, welfare benefits, etc.) for the year (€)	11,678,781	10,910,295	12,139,850	15,429,376	13,180,230



# LEGAL INFORMATION

## 1 • General information

Company name	Bouygues
Registered office	32 avenue Hoche 75008 Paris, France
Registration number	572 015 246 Paris
APE Code	7010Z
Form	<i>Société Anonyme</i> (public limited company)
Date of incorporation	15 October 1956
Termination date	14 October 2089
Financial year	1 January to 31 December
Governing law	French

## 2 • Brief history of the Group

1952	Francis Bouygues forms a building firm
1955	First diversification: creation of Bouygues Immobilier
1970	Bouygues is floated on the Paris stock market
1984	Expansion into services and takeover of Saur (sold in 2005)
1986	Acquisition of Colas, the world's leading roadbuilder
1987	Bouygues is named operator and main shareholder of TF1
1989	Martin Bouygues is appointed Chairman and CEO of the Bouygues group
1996	Launch of Bouygues Telecom, France's third mobile phone operator
2003	Bouygues owns 83% of Bouygues Telecom

2004	Exceptional payout of €1.7 billion
2006	Stake acquired in Alstom
2007	Bouygues owns 89.5% of Bouygues Telecom
2008	Bouygues Telecom becomes an internet service provider (ISP)

## 3 • By-laws

### 3.1 Purpose (Article 2 of the by-laws)

The company has as its purpose in all countries:

- the acquisition, directly or indirectly, of interests in all French or foreign companies or groupings, whatever their purpose or business, and the management and disposal as appropriate of such interests;
- the creation, acquisition, operation and disposal of all French or foreign undertakings, in any field of business, whether industrial, commercial or financial, including in particular in the construction sector (building, civil works, roads, property) and the service sector (public utilities management, media, telecommunications);
- and, in general, all industrial, commercial, financial, mining and agricultural operations or transactions and all operations or transactions involving movable or real property relating directly or indirectly to the purpose set forth above or to all similar or related purposes that may enable or facilitate the achievement or pursuit thereof.

### 3.2 Appropriation of earnings (Article 24 of the by-laws)

At least 5% of net earnings for the year, less prior-year losses if any, are retained in order to constitute the legal reserve. This requirement ceases to be mandatory when the legal reserve equals one tenth of the share capital.

The amount needed to pay shareholders a first dividend equal to 5% of paid-up share capital is deducted from distributable earnings. After appropriations to other reserves and retained earnings as decided by the Annual General Meeting, the balance of distributable earnings is divided between the shareholders.

### 3.3 Annual General Meeting (Articles 19 to 21 of the by-laws)

Annual general meetings are called in accordance with the formalities required by law; they include all shareholders, whatever the number of shares they hold.

### 3.4 Double voting rights (Article 12 of the by-laws)

This provision has been in force since 1 January 1972.

Double voting rights are allocated to all fully paid-up shares that are proved to have been registered in the name of the same holder for at least two years.

In the event of a capital increase by incorporation of reserves, profits or premiums, double voting rights are conferred as of issue to registered shares allocated as a bonus to shareholders in respect of existing shares conferring such entitlement. Double voting rights attached to registered shares will be lost if those shares are converted into bearer shares or if title to them is transferred, unless otherwise provided by law.

An extraordinary general meeting may not abolish double voting rights unless authorised to do so by a special meeting of holders of those rights (Article L. 225-99 of the Commercial Code).

### 3.5 Notification of major holdings (Article 8.3 of the by-laws)

Persons or entities directly or indirectly holding at least 1% of capital or voting rights are required to inform the company of the total number of shares they own. Notification must be made by registered letter with acknowledgement of receipt sent to the registered office within 15 days of conclusion of the transaction, on- or off-market, irrespective of delivery of the securities.

Further notification must be provided, as set out above, each time a shareholding increases or decreases by 1%.

If disclosures are not made under the conditions set forth above, the voting rights attached to shares exceeding the fraction that should have been disclosed are suspended under the conditions provided by law if a request to that effect is made at the Annual General Meeting by one or more shareholders holding at least 5% of the company's share capital or voting rights.

Under the terms of Article 8.2 of its by-laws, the company is authorised to use all legal means to identify the holders of securities conferring an immediate or future right to vote at annual general meetings.

## 4 • Shareholder agreements entered into by Bouygues

### 4.1 Bouygues Telecom

The material provisions of the Bouygues Telecom shareholder agreement are the following: a reciprocal right of pre-emption; prohibition, without the prior agreement of the other shareholders, on disposals of securities to a telephone operator providing services to the public; and an undertaking by each party not to acquire a stake in the capital of any competing operator.

### 4.2 Alstom

In connection with the formation of a joint venture known as Alstom Hydro Holding between Bouygues and the Alstom subsidiaries Alstom Power Centrales and Alstom Holdings, Bouygues and Alstom entered into a joint-venture agreement on 29 September 2006, which was amended by a supplemental agreement dated 31 October 2006.

In the joint-venture agreement, the parties included a provision whereby Bouygues could sell its holding in Alstom Hydro Holding within a period of 20 business days following 31 October 2009. If this option were exercised, the Alstom Hydro Holding shares could be sold either for cash or against delivery by Alstom Power Centrales (now Alstom Power Systems) of 2,200,000 Alstom shares (now 4,400,000 shares following a two-for-one share split in August 2008).

At its meeting on 30 October 2009, the Board gave approval in principle for Bouygues to withdraw from the share capital of Alstom Hydro Holding by contributing its 50% stake in the joint venture to Alstom in return for 4,400,000 new Alstom shares.

The Board approved an amendment to be added to the joint-venture agreement between Bouygues and Alstom stipulating that, for practical reasons, if Bouygues were to exercise its option to sell against delivery of Alstom shares, Alstom would stand in for its subsidiary Alstom Power Centrales (now Alstom Power Systems).

In accordance with Article L. 233-11 of the Commercial Code, the AMF was informed of the clauses in this contract amendment (which was signed on 30 October 2009), which it published on 2 November 2009. Once the required authorisations had been obtained, 4,400,000 Alstom shares were delivered to Bouygues on 12 March 2010.

## 5 • Factors likely to have an impact on any public tender offer price

In accordance with Article L. 225-100-3 of the Commercial Code, the factors likely to have an impact on the offer price in any potential tender offer relating to Bouygues' shares are set out below:

- Capital structure: information relating to Bouygues' share capital structure is set out in the *Share ownership* section.
- Restrictions in the by-laws on exercise of voting rights: Article 8.3 of the by-laws, relating to the notification of major holdings, is reproduced in paragraph 3 *By-laws* of this section.
- Direct or indirect holdings in the share capital of which Bouygues is aware pursuant to Articles L. 233-7 and L. 233-12 of the Commercial Code: the relevant information is set out in the *Share ownership* section.
- Control mechanisms provided for within employee share ownership plans: the regulations of the

various employee investment funds created by Bouygues stipulate that voting rights are exercised by the supervisory boards of those funds and not directly by employees. These employee investment funds, which held 23.24% of voting rights as at 31 December 2009, could therefore have an impact on the price of any public tender offer.

- Powers of the Board of Directors with respect to issuance and buyback of shares: the relevant information is set out in the *Share capital* section.
- Agreements entered into by Bouygues which will be modified or expire in the event of a change of control of Bouygues: the ten-year bonds maturing in 2016, seven-year bonds maturing in 2013 and 20-year sterling bonds maturing in 2026, seven-year bonds maturing in 2015, as well as the eight-year bonds maturing in 2018, include a change of control clause providing for the early redemption of bonds in the event of a change of control of Bouygues resulting in a rating downgrade.
- A change in the capital structure of Bouygues could potentially jeopardise TF1's authorisation to operate a national terrestrial television broadcasting service; indeed, Article 41-3-2 of the 30 September 1986 Act governing audiovisual media specifies that any natural or legal person who controls, within the meaning of Article L. 233-3 of the Commercial Code, any company holding such an authorisation, or which has placed it under its authority or dependency, is deemed to be the holder of the authorisation. Article 42-3 adds that the authorisation may be withdrawn, without prior formal demand, if there is any material change in the circumstances on the basis of which the authorisation was granted, notably changes in capital structure.

## 6 • Breakdown of amounts owed to suppliers

Pursuant to Articles L. 441-6-1 and R. 441-4 of the Commercial Code, a breakdown by due date of amounts owed to suppliers as at 31 December 2009 is set out below.

	≤ 30 days	> 30 days
2009	€948,863	€81,259

For information – invoices due and accrual expenses: €5,028,234.

## 7 • Publicly available documents

Originals or copies of the following documents may be accessed at the company's registered office and/or online at [www.bouygues.com](http://www.bouygues.com) (*Finance/Shareholders* pages) throughout the period for which this Registration Document is valid:

- company by-laws;
- all reports, appraisals and statements drawn up by the auditors and parts of which are incorporated or referred to in the Registration Document;
- historical financial data relating to the company and its subsidiaries for the two financial years preceding the publication of the Registration Document.

# ANNUAL PUBLICATIONS

In accordance with Article 451-1-1 of the Monetary and Financial Code, and Article 222-7 of the AMF General Regulation, this document contains all the information published or made public by the company within the European Economic Area or in any other country during the last 12 months in order to satisfy its legal or regulatory obligations with respect to financial instruments, issuers of financial instruments or markets in financial instruments.

## 1 • Information published on the AMF's website ([www.amf-france.org](http://www.amf-france.org))

### 1.1 Registration Document

Publication date	Subject
<b>2009</b>	
9 April	2008 Registration Document

### 1.2 Disclosures

Publication date	Subject
<b>2009</b>	
20 January	Purchase and sale of own shares by the company

## 2 • Information published in the legal gazette (*BALO*) ([www.journal-officiel.gouv.fr](http://www.journal-officiel.gouv.fr))

Publication date	Subject
<b>2009</b>	
6 March	Notice of meeting (Annual General Meeting)
3 April	Notice of meeting (Annual General Meeting)
13 May	Notice of approval of the 2008 financial statements
<b>2010</b>	
8 March	Notice of meeting (Annual General Meeting)

## 3 • Information published on the company's website ([www.bouygues.com](http://www.bouygues.com))

### 3.1 Regulated information

#### 3.1.1 Registration Document

Publication date	Subject
<b>2009</b>	
10 April	2008 Registration Document

#### 3.1.2 Press releases announcing formalities for obtaining the Registration Document

Publication date	Subject
<b>2009</b>	
10 April	Formalities for obtaining or consulting the 2008 Registration Document

### 3.1.3 Half-year review

Publication date	Subject
<b>2009</b>	
27 August	2009 half-year review

### 3.1.4 Quarterly information

Publication date	Subject
<b>2009</b>	
13 May	Quarterly financial information – first-quarter 2009
12 November	Quarterly financial information – first nine months of 2009

### 3.1.5 Report on internal control and corporate governance

Publication date	Subject
<b>2009</b>	
10 April	Report on internal control and corporate governance for the 2008 financial year (published in the Registration Document)

### 3.1.6 Fees paid to auditors

Publication date	Subject
<b>2009</b>	
10 April	Fees paid to auditors for the 2008 financial year (published in the Registration Document)

### 3.1.7 Total number of shares and voting rights at the end of each calendar month

Publication date	Subject
<b>2009</b>	
5 January	Number of shares and voting rights at 31 December 2008
2 February	Number of shares and voting rights at 31 January 2009
2 March	Number of shares and voting rights at 28 February 2009
1 April	Number of shares and voting rights at 31 March 2009
4 May	Number of shares and voting rights at 30 April 2009
2 June	Number of shares and voting rights at 31 May 2009

1 July	Number of shares and voting rights at 30 June 2009
3 August	Number of shares and voting rights at 31 July 2009
1 September	Number of shares and voting rights at 31 August 2009
1 October	Number of shares and voting rights at 30 September 2009
2 November	Number of shares and voting rights at 31 October 2009
1 December	Number of shares and voting rights at 1 December 2009
<b>2010</b>	
4 January	Number of shares and voting rights at 31 December 2009
1 February	Number of shares and voting rights at 31 January 2010
1 March	Number of shares and voting rights at 28 February 2010
1 April	Number of shares and voting rights at 31 March 2010

### 3.1.8 Description of share buyback programme

Publication date	Subject
<b>2009</b>	
10 April	Description of the buyback programme submitted for approval by the Annual General Meeting of 23 April 2009 (published in the Registration Document)

### 3.1.9 Statutory press releases

Publication date	Subject
<b>2009</b>	
3 March	Full-year 2008 sales and net profit
13 May	First-quarter 2009 sales
2 June	First-quarter 2009 net profit
27 August	First-half 2009 sales and net profit
3 November	Bouygues sells 35.7% of its subsidiary Finagestion to Emerging Capital Partners (ECP)
12 November	Sales for the first nine months of 2009
1 December	Net profit for the first nine months of 2009
<b>2010</b>	
2 March	Full-year 2009 results
22 March	Pierre Auberger – Bouygues group Corporate Communications Director



### 3.1.10 Press releases announcing formalities for obtaining documents in preparation for the Annual General Meeting

Publication date	Subject
<b>2009</b>	
6 March	Press release announcing formalities for obtaining or consulting documents in preparation for the Annual General Meeting
3 April	Press release announcing formalities for obtaining or consulting documents in preparation for the Annual General Meeting
<b>2010</b>	
8 March	Press release announcing formalities for obtaining or consulting documents in preparation for the Annual General Meeting

### 3.1.11 Trading in the company's shares

#### Liquidity contract

Publication date	Subject
<b>2009</b>	
5 January	Press release containing the half-yearly statement of the liquidity contract
1 July	Press release containing the half-yearly statement of the liquidity contract
<b>2010</b>	
4 January	Press release containing the half-yearly statement of the liquidity contract

#### Weekly trading disclosures

Publication date	Subject
<b>2009</b>	
5 January	Transactions between 31 December 2008 and 2 January 2009
12 January	Transactions between 7 January and 9 January 2009
2 February	Transactions on 30 January 2009
9 February	Transactions on 2 February 2009
2 March	Transactions on 27 February 2009
9 March	Transactions on 2 March 2009
6 April	Transactions between 31 March and 3 April 2009
14 April	Transactions between 6 April and 9 April 2009
20 April	Transactions between 14 April and 17 April 2009
27 April	Transactions between 20 April and 23 April 2009

4 May	Transactions between 27 April and 30 April 2009
11 May	Transactions on 4 May 2009
2 June	Transactions on 29 May 2009
8 June	Transactions on 1 June 2009
29 June	Transactions on 24 June 2009
6 July	Transactions on 30 June and 1 July 2009
3 August	Transactions on 31 July 2009
10 August	Transactions on 3 August 2009
7 September	Transactions on 31 August and 1 September 2009
14 September	Transactions on 7 September 2009
21 September	Transactions between 16 September and 18 September 2009
28 September	Transactions on 23 September 2009
5 October	Transactions on 30 September and 1 October 2009
12 October	Transactions between 5 October and 9 October 2009
19 October	Transactions between 12 October and 15 October 2009
2 November	Transactions on 29 October and 30 October 2009
9 November	Transactions between 2 November and 4 November 2009
7 December	Transactions on 30 November and 1 December 2009
21 December	Transactions between 14 December and 17 December 2009
<b>2010</b>	
4 January	Transactions on 31 December 2009
11 January	Transactions between 31 December 2009 (supplemental) and 8 January 2010
18 January	Transactions between 11 January and 15 January 2010
25 January	Transactions on 18 January 2010
1 February	Transactions on 29 January 2010
8 February	Transactions on 1 February 2010
1 March	Transactions on 26 February 2010
8 March	Transactions between 1 March and 5 March 2010
15 March	Transactions between 8 March and 12 March 2010
22 March	Transactions between 15 March and 18 March 2010

### 3.1.12 Remuneration and stock options

Publication date	Subject
<b>2009</b>	
3 March	2008 Report on remuneration, stock options and performance shares
<b>2010</b>	
2 March	2008 Report on remuneration, stock options and performance shares

### 3.2 Annual General Meeting

Publication date	Subject
<b>2009</b>	
6 March	Notice of meeting published in the legal gazette ( <i>BALO</i> )
6 March	Press release announcing formalities for obtaining or consulting documents in preparation for the Annual General Meeting
14 March	Amendment to the notice of meeting published in the legal gazette ( <i>BALO</i> )
3 April	Notice of meeting published in the legal gazette ( <i>BALO</i> )
3 April	Press release announcing formalities for obtaining or consulting documents in preparation for the Annual General Meeting
3 April	Excerpt from 2008 Registration Document
3 April	Details of positions held by directors and non-voting directors
23 April	Slide presentation
23 April	Voting results
11 June	Q&A
<b>2010</b>	
8 March	Notice of meeting published in the legal gazette ( <i>BALO</i> )
8 March	Press release announcing formalities for obtaining or consulting documents in preparation for the Annual General Meeting

## 4 • Information published through a primary information provider accredited by the AMF ([www.lesechos-comfi.fr](http://www.lesechos-comfi.fr))

Publication date	Subject
<b>2009</b>	
5 January	Number of shares and voting rights at 31 December 2008
5 January	Press release containing the half-yearly statement of the company's liquidity contract
2 February	Number of shares and voting rights at 31 January 2009
2 March	Number of shares and voting rights at 28 February 2009
3 March	Full-year 2008 sales and net profit
6 March	Press release announcing formalities for obtaining or consulting documents in preparation for the Annual General Meeting
1 April	Number of shares and voting rights at 31 March 2009
3 April	Press release announcing formalities for obtaining or consulting documents in preparation for the Annual General Meeting
10 April	Press release announcing the formalities for obtaining or consulting the 2008 Registration Document
4 May	Number of shares and voting rights at 30 April 2009
2 June	Number of shares and voting rights at 31 May 2009
2 June	First-quarter 2009 net profit
1 July	Number of shares and voting rights at 30 June 2009
1 July	Press release containing the half-yearly statement of the liquidity contract
3 August	Number of shares and voting rights at 31 July 2009
1 September	Number of shares and voting rights at 31 August 2009
1 October	Number of shares and voting rights at 30 September 2009
2 November	Number of shares and voting rights at 31 October 2009
3 November	Press release confirming Bouygues' sale of 35.7% of its subsidiary Finagestion to Emerging Capital Partners (ECP)
1 December	Number of shares and voting rights at 1 December 2009
1 December	Net profit for the first nine months of 2009
<b>2010</b>	
4 January	Number of shares and voting rights at 31 December 2009
4 January	Press release containing the half-yearly statement of the Bouygues SA liquidity contract
1 February	Number of shares and voting rights at 31 January 2010
2 March	Full-year 2009 results
8 March	Press release announcing formalities for obtaining or consulting documents in preparation for the Annual General Meeting

## 5 • Information filed with the Office of the Clerk of the Paris Commercial Court ([www.infogreffe.fr](http://www.infogreffe.fr))

Publication date	Subject
<b>2009</b>	
2 February	Decision to increase the share capital Amendment of by-laws Updated by-laws
12 May	Decision to increase the share capital
12 May	Decision to reduce the share capital
26 May	Filing of 2008 parent company financial
26 May	Filing of 2008 consolidated financial statements
9 June	Filing of change of alternate auditor
5 October	Decision to increase the share capital Amendment of by-laws Updated by-laws
<b>2010</b>	
19 January	Decision to increase the share capital Amendment of by-laws Updated by-laws
3 February	Decision to increase the share capital Amendment of by-laws Updated by-laws

## 6 • Information published in a journal of legal announcements (*Les Petites Affiches*)

Publication date	Subject
<b>2009</b>	
9 January	Change in share capital
3 April	Notice of meeting (Annual General Meeting)
6 May	Change of alternate auditor
31 August	Change in share capital
9 December	Change in share capital
<b>2010</b>	
7 January	Change in share capital

## 7 • Financial announcements

Publication date	Subject	Publication
<b>2009</b>		
5 March 2009	Full-year 2008 results	<i>Les Échos</i>
6 March 2009	Press release (Annual General Meeting)	<i>Les Échos</i>
7 March 2009	Full-year 2008 results	<i>Le Figaro</i>
7 March 2009	Full-year 2008 results	<i>Le Monde</i>
7 March 2009	Full-year 2008 results	<i>Investir</i>
9 March 2009	Full-year 2008 results	<i>La Tribune</i>
9 March 2009	Full-year 2008 results	<i>Option Finance</i>
12 March 2009	Full-year 2008 results	<i>L'Agefi Hebdo</i>
12 March 2009	Full-year 2008 results	<i>Valeurs actuelles</i>
12 March 2009	Full-year 2008 results	<i>Handelsblatt</i>
13 March 2009	Full-year 2008 results	<i>Wall Street Journal</i> US edition
13 March 2009	Full-year 2008 results	<i>Wall Street Journal</i> European edition
14 March 2009	Full-year 2008 results	<i>Le Journal des Finances</i>
25 March 2009	Full-year 2008 results	<i>Financial Times</i> European edition
3 April 2009	Press release (Annual General Meeting)	<i>Les Échos</i>
29 August 2009	First-half 2009 results	<i>Le Figaro</i>
31 August 2009	First-half 2009 results	<i>Les Échos</i>
1 September 2009	First-half 2009 results	<i>Le Monde</i>
3 September 2009	First-half 2009 results	<i>La Tribune</i>
3 September 2009	First-half 2009 results	<i>L'Agefi Hebdo</i>
3 September 2009	First-half 2009 results	<i>Financial Times</i> European edition
4 September 2009	First-half 2009 results	<i>Le Revenu</i>
4 September 2009	First-half 2009 results	<i>Wall Street Journal</i> US edition
4 September 2009	First-half 2009 results	<i>Wall Street Journal</i> European edition
5 September 2009	First-half 2009 results	<i>Investir</i>

Publication date	Subject	Publication
<b>2010</b>		
3 March	Full-year results	<a href="http://www.boursorama.fr">www.boursorama.fr</a>
3 to 5 March	Full-year results (banner linking to <a href="http://www.bouygues.com">www.bouygues.com</a> site)	<a href="http://www.LesEchos.fr">www.LesEchos.fr</a>
3 to 9 March	Full-year results (banner linking to <a href="http://www.bouygues.com">www.bouygues.com</a> site)	<i>Les Échos mobile</i>
4 March 2010	Full-year 2009 results	<i>Les Échos</i>
6 March 2010	Full-year 2009 results	<i>Le Figaro</i>
6 March 2010	Full-year 2009 results	<i>Le Monde</i>
6 March 2010	Full-year 2009 results	<i>Investir</i>
8 March 2010	Press release (Annual General Meeting)	<i>Les Échos</i>
8 March 2010	Full-year 2009 results	<i>La Tribune</i>
8 March 2010	Full-year 2009 results	<i>Option Finance</i>
9 March 2010	Full-year 2009 results	<i>Wall Street Journal</i> US edition
10 March 2010	Full-year 2009 results	<i>Wall Street Journal</i> European edition
11 March 2010	Full-year 2009 results	<i>L'Agefi Hebdo</i>
11 March 2010	Full-year 2009 results	<i>Valeurs actuelles</i>
11 March 2010	Full-year 2009 results	<i>Financial Times</i> European edition
13 March 2010	Full-year 2009 results	<i>Le Journal des Finances</i>
26 March 2010	Full-year 2009 results	<i>Handelsblatt</i>





Peggy Basset, customer adviser at Bouygues Telecom's Atlantica customer relations centre in Bordeaux

# FINANCIAL STATEMENTS

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# CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated balance sheet at 31 December 2009 (€ million)

### Assets

	Note	31/12/2009 Net	31/12/2008 Net
Property, plant and equipment	3.2.1	5,927	6,120
Intangible assets	3.2.2	988	1,096
Goodwill <sup>a</sup>	3.2.3	5,156	5,157
Investments in associates <sup>b</sup>	3.2.4	4,957	4,742
Other non-current financial assets	3.2.4	399	1,309
Deferred tax assets and long-term tax receivable	7	273	246
<b>NON-CURRENT ASSETS</b>		<b>17,700</b>	<b>18,670</b>
Inventories, programmes and broadcasting rights	4.1	2,680	3,023
Advances and down-payments on orders	4.2	400	429
Trade receivables	4.3	6,132	7,097
Tax asset (receivable)	4.3	71	99
Other receivables and prepaid expenses	4.3	2,017	2,247
Cash and equivalents	4.4	4,713	3,840
Financial instruments <sup>c</sup>		21	24
Other current financial assets	4.6	201	59
<b>CURRENT ASSETS</b>		<b>16,235</b>	<b>16,818</b>
<b>TOTAL ASSETS</b>	<b>16</b>	<b>33,935</b>	<b>35,488</b>

<sup>a</sup>Goodwill of consolidated entities

<sup>b</sup>Associates (including goodwill on associates)

<sup>c</sup>Hedging of financial liabilities at fair value

### Liabilities and shareholders' equity

	Note	31/12/2009	31/12/2008
Shareholders' equity			
- Share capital		354	343
- Share premium and reserves		6,919	5,767
- Translation reserve		(56)	(54)
- Treasury shares			(3)
- Consolidated net profit for the period		1,319	1,501
Shareholders' equity attributable to the Group		8,536	7,554
Minority interests		1,190	1,211
<b>SHAREHOLDERS' EQUITY</b>	<b>5</b>	<b>9,726</b>	<b>8,765</b>
Non-current debt	8.1	6,434	7,025
Non-current provisions	6.1	1,727	1,682
Deferred tax liabilities and non-current tax liabilities	7	89	89
<b>NON-CURRENT LIABILITIES</b>		<b>8,250</b>	<b>8,796</b>
Advances and down-payments received		1,276	1,301
Current debt	8.1	726	1,337
Current taxes payable		132	163
Trade payables		6,479	7,577
Current provisions	6.2	831	628
Other current liabilities	10	6,219	6,468
Overdrafts and short-term bank borrowings		258	393
Financial instruments <sup>c</sup>		20	25
Other current financial liabilities		18	35
<b>CURRENT LIABILITIES</b>	<b>10</b>	<b>15,959</b>	<b>17,927</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>16</b>	<b>33,935</b>	<b>35,488</b>
<b>NET DEBT</b>	<b>9</b>	<b>(2,704)</b>	<b>(4,916)</b>

## Consolidated income statement

(€ million)

	Note	Year ended	
		31/12/2009	31/12/2008
<b>SALES<sup>a</sup></b>	<b>11/16</b>	<b>31,353</b>	<b>32,459</b>
Other revenues from operations		139	124
Purchases used in production		(13,784)	(15,024)
Personnel costs		(6,474)	(6,397)
External charges		(6,897)	(7,336)
Taxes other than income tax		(706)	(650)
Net depreciation and amortisation expense		(1,361)	(1,310)
Net charges to provisions and impairment losses		(657)	(483)
Changes in production and property development inventories		(286)	78
Other income from operations <sup>b</sup>		1,119	1,398
Other expenses on operations		(591)	(663)
<b>CURRENT OPERATING PROFIT</b>	<b>12/16</b>	<b>1,855</b>	<b>2,196</b>
Other operating income		0	0
Other operating expenses		0	0
<b>OPERATING PROFIT</b>	<b>12</b>	<b>1,855</b>	<b>2,196</b>
Financial income		81	157
Financial expenses		(425)	(432)
<b>COST OF NET DEBT</b>	<b>13.1/16</b>	<b>(344)</b>	<b>(275)</b>
Other financial income	13.2	117	123
Other financial expenses	13.2	(92)	(142)
Income tax expense	14/16	(487)	(593)
Share of profits and losses of associates	3.2.4/16	393	357
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>	<b>16</b>	<b>1,442</b>	<b>1,666</b>
Net profit of discontinued and held-for-sale operations <sup>c</sup>	16	14	20
<b>NET PROFIT</b>	<b>16</b>	<b>1,456</b>	<b>1,686</b>
<b>Net profit attributable to the Group</b>	<b>16</b>	<b>1,319</b>	<b>1,501</b>
Net profit attributable to minority interests		137	185
<b>BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)</b>	<b>15.2</b>	<b>3.78</b>	<b>4.35</b>
<b>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)</b>	<b>15.2</b>	<b>3.77</b>	<b>4.31</b>

<sup>a</sup>Of which sales generated abroad

9,675 10,136

<sup>b</sup>Of which reversals of provisions and impairment no longer required

257 239

<sup>c</sup>2009: gain on disposal of Finagestion

## Statement of recognised income and expense

(€ million)

	Note	Year ended	
		31/12/2009	31/12/2008
<b>Net profit for the period</b>	<b>16</b>	<b>1,456</b>	<b>1,686</b>
Change in cumulative translation adjustment of controlled entities		6	(23)
Remeasurement of derivative instruments used for hedging purposes		(23)	(4)
Remeasurement of available-for-sale financial assets		7	(48)
Actuarial gains/(losses) on employee benefits (amendment to IAS 19)		41	(44)
Share of income and expense recognised directly in equity by associates <sup>a</sup>		(100)	(85)
Net tax effect of items recognised directly in equity		24	19
<b>Income and expense recognised directly in equity</b>	<b>5.3</b>	<b>(45)</b>	<b>(185)</b>
<b>Total recognised income and expense</b>		<b>1,411</b>	<b>1,501</b>
<b>Attributable to the Group</b>		<b>1,272</b>	<b>1,320</b>
<b>Attributable to minority interests</b>		<b>139</b>	<b>181</b>

<sup>a</sup>Relates primarily to Alstom (accounted for by the equity method)



## Changes in consolidated shareholders' equity – Year ended 31 December 2009 (€ million)

Attributable to the Group	Share capital & share premium	Reserves related to capital/retained earnings	Consolidated reserves and profit for the period	Translation reserve	Treasury shares	Items recognised directly in equity	TOTAL ATTRIBUTABLE TO THE GROUP	Minority interests	TOTAL
<b>POSITION AT 1 JANUARY 2008</b>	<b>2,488</b>	<b>1,243</b>	<b>3,213</b>	<b>(28)</b>	<b>(22)</b>	<b>97</b>	<b>6,991</b>	<b>1,214</b>	<b>8,205</b>
<b>MOVEMENTS DURING 2008</b>									
Capital and reserves transactions, net	(283)	241	(221)		350	(2)	85	8	93
Acquisitions of treasury shares					(331)	(22)	(353)		(353)
Dividend paid			(510)				(510)	(175)	(685)
Other transactions with shareholders	(1)	1	21				21		21
Net profit for the period			1,501				1,501	185	1,686
Other recognised income and expense <sup>b</sup>				(26)		(155)	(181)	(4)	(185)
<b>Total recognised income and expense</b>	<b>0</b>	<b>0</b>	<b>1,501</b>	<b>(26)</b>	<b>0</b>	<b>(155)</b>	<b>1,320</b>	<b>181</b>	<b>1,501</b>
<b>Changes in scope of consolidation</b>							<b>0</b>	<b>(17)</b>	<b>(17)</b>
<b>POSITION AT 31 DECEMBER 2008</b>	<b>2,204</b>	<b>1,485</b>	<b>4,004</b>	<b>(54)</b>	<b>(3)</b>	<b>(82)</b>	<b>7,554</b>	<b>1,211</b>	<b>8,765</b>
<b>MOVEMENTS DURING 2009</b>									
Capital and reserves transactions, net	219 <sup>a</sup>	338	(327)		33		263	3	266
Acquisitions of treasury shares					(30)	(12)	(42)		(42)
Dividend paid			(545)				(545)	(126)	(671)
Other transactions with shareholders			34				34	1	35
Net profit for the period			1,319				1,319	137	1,456
Other recognised income and expense <sup>b</sup>				(2)		(45)	(47)	2	(45)
<b>Total recognised income and expense</b>	<b>0</b>	<b>0</b>	<b>1,319</b>	<b>(2)</b>	<b>0</b>	<b>(45)</b>	<b>1,272</b>	<b>139</b>	<b>1,411</b>
<b>Changes in scope of consolidation</b>							<b>0</b>	<b>(38)</b>	<b>(38)</b>
<b>POSITION AT 31 DECEMBER 2009</b>	<b>2,423</b>	<b>1,823</b>	<b>4,485</b>	<b>(56)</b>	<b>0</b>	<b>(139)</b>	<b>8,536</b>	<b>1,190</b>	<b>9,726</b>

<sup>a</sup>Capital increases: Bouygues Partage 2 employee share ownership plan and exercise of stock options

<sup>b</sup>See the statement of recognised income and expense:

	2009	2008
Attributable to the Group	(47)	(181)
Attributable to minority interests	2	(4)
	(45)	(185)

## Consolidated cash flow statement (€ million)

	Note	Year ended	
		31/12/2009	31/12/2008
<b>I - CASH FLOW FROM CONTINUING OPERATIONS<sup>1</sup></b>			
<b>A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES</b>			
<b>Cash flow</b>			
Net profit from continuing operations	15/16	1,442	1,666
Share of profits effectively reverting to associates		(255)	(245)
Elimination of dividends (non-consolidated companies)		(8)	(12)
Charges to/(write-backs of) depreciation, amortisation, impairment & non-current provisions		1,508	1,467
Gains and losses on asset disposals		(63)	(156)
Miscellaneous non-cash charges		(25)	(46)
<b>Sub-total</b>		<b>2,599</b>	<b>2,674</b>
Cost of net debt <sup>a</sup>	13.1/16	344	275
Income tax expense for the period	14/16	487	593
<b>Cash flow</b>		<b>3,430</b>	<b>3,542</b>
Income taxes paid during the period		(490)	(684)
Changes in working capital related to operating activities <sup>b</sup>		459	(183)
<b>NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES</b>		<b>3,399</b>	<b>2,675</b>
<b>B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES</b>			
Purchase price of property, plant and equipment and intangible assets	] 3.1/16	(1,365)	(1,833)
Proceeds from disposals of property, plant and equipment and intangible assets		95	103
Net liabilities related to property, plant and equipment and intangible assets		(78)	(73)
Purchase price of non-consolidated companies and other investments	] 16	(18)	(61)
Proceeds from disposals of non-consolidated companies and other investments		756	26
Net liabilities related to non-consolidated companies and other investments		4	(4)
<b>Effects of changes in scope of consolidation</b>			
Purchase price of investments in consolidated activities	] 16	(44)	(293)
Proceeds from disposals of investments in consolidated activities		53	112
Net liabilities related to consolidated activities		(3)	(50)
Other cash effects of changes in scope of consolidation		(85)	32
Other cash flows related to investing activities (changes in loans, dividends received from non-consolidated companies)		156	(98)
<b>NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES</b>		<b>(529)</b>	<b>(2,139)</b>

	Note	Year ended	
		31/12/2009	31/12/2008
<b>C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES</b>			
Capital increases, capital reductions and acquisitions of treasury shares		225	(259)
<b>Dividends paid during the period:</b>			
Dividends paid to shareholders of the parent company		(545)	(510)
Dividends paid to minority shareholders of consolidated companies		(126)	(170)
Change in debt <sup>c</sup>		(1,071)	967
Cost of net debt	13.1/16	(344)	(275)
Other cash flows related to financing activities		(16)	81
<b>NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES</b>		<b>(1,877)</b>	<b>(166)</b>
<b>D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS</b>			
		35	(45)
<b>CHANGE IN NET CASH POSITION (A + B + C + D)</b>		<b>1,028</b>	<b>325</b>
<b>Net cash position at 1 January</b>			
		3,427	3,104
<b>Net cash flows during the period</b>			
Net cash flows during the period	] 4.4	1,028	325
Other non-monetary flows		(2)	
<b>Net cash position at end of period</b>	4.4	<b>4,455</b>	<b>3,427</b>
<b>II - CASH FLOWS FROM DISCONTINUED AND HELD-FOR-SALE OPERATIONS (FINAGESTION)</b>			
<b>Net cash position at 1 January</b>			
		20	6
<b>Net cash flows during the period</b>			
	4.4	(20)	14
<b>Net cash position at end of period</b>		<b>0</b>	<b>20</b>

<sup>1</sup>Cash flows generated by Finagestion have been reclassified to section II, "Cash flows from discontinued and held-for-sale operations"

<sup>a</sup>Eliminated from operating cash flows, and reported instead as a component of financing cash flows

<sup>b</sup>Definition of change in working capital related to operating activities: Current assets - current liabilities (excluding income taxes paid, which are reported separately)

<sup>c</sup>Non-current debt + current debt

# Notes to the consolidated financial statements

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### Declaration of compliance:

The consolidated financial statements of the Bouygues group for the year ended 31 December 2009 have been prepared using the principles and methods defined in the standards issued by the International Accounting Standards Board (IASB), which comprise International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), and interpretations issued by the SIC and IFRIC Committees and are referred to collectively as "IFRS", as endorsed by the European Union and applicable as of 31 December 2009.

The financial statements are presented in millions of euros (unless otherwise indicated) and comprise:

- the balance sheet;
- the income statement and statement of recognised income and expense;
- the statement of changes in shareholders' equity;
- the cash flow statement;
- the notes to the financial statements.

The comparatives presented are from the consolidated financial statements for the year ended 31 December 2008.

## Note 1 • Significant events of the year

### 1.1 Scope of consolidation at 31 December 2009

#### Main changes in scope of consolidation during the year

At 31 December 2009, 1,236 entities were consolidated, versus 1,244 at the end of 2008. The net change mainly relates to Bouygues Construction (primarily new joint ventures) and to Bouygues Immobilier.

The Bouygues group did not make any significant acquisitions in 2009. The principal divestments carried out during the year were the partial disposal of the Axione regional broadband public service concession business (ETDE/Bouygues Construction), and the sale of 49.2% of Finagestion. Both these entities are now accounted for by the equity method as associates.

#### Alstom

a) 2009: Acquisitions of additional shares on the stock market

During 2009, Bouygues acquired a further 664,169 Alstom shares on the stock market for €25.2 million. The net interest in Alstom at 31 December 2009 was 29.8%, and additional goodwill of €14 million was recognised.

b) Alstom is still accounted for by the equity method, and is carried at net acquisition cost plus the Bouygues group's share of Alstom's net profit since the acquisition date. Alstom's contribution to the net profit of the Bouygues group for the year ended 31 December 2009 was €346 million. Net profit for the fourth quarter of 2009 was estimated

on the basis of Alstom's accounts for the first half of its financial year, ie the six months ended 30 September 2009.

Amortisation of fair value remeasurements of intangible assets and other items (arising on acquisitions made in 2009 and in prior periods) had a negative impact of €17 million in the period (share attributable to the Bouygues group); this amount is not included in the contribution mentioned above.

In accordance with IAS 28, the investment in Alstom is reported under "Investments in associates" in the balance sheet, at a carrying amount of €4,054 million (including goodwill of €2,463 million).

#### Disposal by Bouygues of a 49.2% interest in Finagestion (fourth quarter of 2009)

Finagestion is a holding company owning water and electricity management businesses in Ivory Coast and a water management business in Senegal, which are a legacy from the disposal of Saur in 2005.

After the disposal of a 49.2% interest in the fourth quarter of 2009, Bouygues retained a 21.5% interest at 31 December 2009.

As of this date, Finagestion was accounted for in accordance with IFRS 5, "Non-Current Assets Held for Sale and Discontinued Operations". The share of Finagestion's 2009 net profit attributable to the residual 21.5% interest was reported in "Share of profits and losses of associates", while the gain generated by Bouygues SA on the disposal was reported in "Net profit of discontinued and held-for-sale operations" along with the net effects of the deconsolidation of Finagestion.

#### Capital increase by Bouygues SA: Bouygues Partage 2 employee share ownership plan

In November 2009, Bouygues launched a new employee share ownership plan by setting up two new special-purpose mutual funds. The terms of the plan were approved by the Board of Directors on 26 June 2009, and the €193 million share issue reserved for employees took place on 30 November 2009.

This new plan reflects the Group's consistent belief that it is only fair to associate employees closely with the success of the business, in which they play a key role. This new plan enables employees to add to their savings on attractive terms, while also strengthening their position as shareholders of Bouygues.

The principal terms of the plan are summarised below:

	5-year scheme	10-year scheme	Total
Number of employees subscribing	13,810	41,516	55,326
Subscription price per share (after discount)	€21.76	€19.04	-
Date of announcement of plan to employees	20 October 2009		-
Nominal discount per share awarded to employees <sup>a</sup>	€5.44 (20%)	€8.16 (30%)	-
Fair value of the benefit awarded to employees subscribing for:	€144.38 3 shares	€147.74 5 shares	-
Opening quoted share price on the date of the share issue (30 November)	€33.475		-

<sup>a</sup>Subscription price pre-discount: €27.20, ie the average of the opening quoted share prices for the 20 trading days prior to the date of the Board meeting that approved the plan (26 June 2009)



The overall cost of the award recognised in the consolidated income statement for the year ended 31 December 2009 (determined using the same methods as were applied to the *Bouygues Partage* employee share ownership plan in 2007) comprised the employer's contribution and the fair value of the employee benefit granted in the form of the discounted subscription price, and amounted to €17.6 million.

### Signature of an agreement between TF1 and Groupe AB

On 11 June 2009, the TF1 group and Groupe AB signed an agreement under which TF1 was to acquire 100% of NT1, and the 40% interest in TMC held by Groupe AB, for €192 million in cash.

TF1 would retain the same equity interest in the other activities of Groupe AB as it currently holds (33.5%). The current Groupe AB management team would be granted a call option to acquire this TF1 minority stake for €155 million within a maximum of two years.

This transaction received clearance from the French Competition Authority on 26 January 2010, subject to compliance with undertakings by the TF1 group as to its future conduct. TF1 is still awaiting clearance from the CSA, the French broadcasting authority.

### TF1: Sale of the equity interest in Canal+ France

On initial recognition, TF1 designated the Canal+ France financial asset received in exchange for the transfer of TPS shares as a financial asset at fair value through profit or loss. This asset represented 9.9% of the capital of Canal+ France plus a put option exercisable in February 2010, and was sold to Vivendi for €744 million on 28 December 2009, a few weeks ahead of the option maturity date. Because this asset was accounted for at fair value through profit or loss, the impact of this sale on consolidated net

profit is limited to the unwinding of the discount on the value of the put option during the period, which represented a gain of €39.4 million.

### Alstom Hydro Holding

At the end of November 2009, Bouygues exercised the put option over its 50% equity interest in the hydro-electric power solutions and services company Alstom Hydro Holding, in exchange for 4.4 million Alstom shares (representing approximately 1.3% of the capital). This transaction was carried out further to the agreements reached with Alstom in 2006 on the creation of this jointly-owned company. Bouygues will receive new Alstom shares, created by a reserved share issue and ranking equally with the existing shares. This transaction had not been finalised as at 31 December 2009, pending clearance from the competition authorities in some of the countries where the company has operations.

The European Commission approved the transaction on 13 January 2010. Final completion will occur later in 2010 once all the required clearances are obtained.

## 1.2 Consolidated sales for the year ended 31 December 2009

Consolidated sales for the year ended 31 December 2009 were €31,353 million, 3.4% lower than the figure for the previous year on a comparable basis (2008 sales: €32,459 million, after eliminating sales for the divested Finagestion business).

## 1.3 Financial crisis

The consolidated financial statements for the year ended 31 December 2009 have been prepared using consistent accounting policies, and applying the principle of prudence in accounting treatments requiring

the use of estimates or judgement as described in Note 2.2, "Basis of preparation".

Any effects of the crisis on the Group's operations have been taken into account by the relevant business segments, and the financial aspects of the crisis have no material impact on the consolidated financial statements:

- the cash position of the Bouygues group at 31 December 2009 has not been affected by the crisis, in line with the Group's consistent policy of not using sensitive or volatile investment vehicles;
- the Group has access to substantial confirmed bank facilities (see Note 8 on liquidity risk).

## 1.4 Significant events and changes in the scope of consolidation since 31 December 2009

Issuance by Bouygues in February 2010 of a €500 million bond issue with an eight-year maturity, an issue price of 99.651% and an interest rate of 4%.

## Note 2 • Accounting policies

### 2.1 Business areas

The Bouygues group is a diversified industrial group, with operations in more than 80 countries. Its businesses are split into two sectors.

- Construction:
  - Bouygues Construction (Building & Civil Works, Electrical Contracting)
  - Bouygues Immobilier (Property)
  - Colas (Roads)
- Telecoms/Media:
  - TF1 (Television)
  - Bouygues Telecom (Mobile/Fixed-line telephony)
- As at 31 December 2009, the Bouygues group also held a 29.8% interest in Alstom (Power and Transport).

### 2.2 Basis of preparation

The Bouygues group consolidated financial statements include the financial statements of Bouygues and its subsidiaries, and investments in associates. They are presented in millions of euros, the currency in which the majority of the Group's transactions are denominated, and take account of the recommendations on presentation (CNC Recommendation 2009-R-03) issued by the Conseil National de la Comptabilité – CNC (now called Autorité des Normes Comptables – ANC), the French national accounting standard-setter, on 2 July 2009.

The consolidated financial statements were adopted by the Board of Directors on 2 March 2010.

The consolidated financial statements for the year ended 31 December 2009 have been prepared in

accordance with International Financial Reporting Standards (IFRS) using the historical cost convention, with the exception of certain financial assets and financial liabilities measured at fair value. Comparatives for the year ended 31 December 2008 are presented in the financial statements.

The Bouygues group has applied the same standards, interpretations and accounting policies for the year ended 31 December 2009 as those disclosed in its consolidated financial statements for the year ended 31 December 2008. The new requirements applicable from 1 January 2009 (the effect of which on the financial statements for the year ended 31 December 2009 is not material) have also been applied.

### Principal new standards, amendments and interpretations effective within the European Union and mandatorily applicable to periods beginning on or after 1 January 2009

- Revised IAS 1, "Presentation of Financial Statements"

The Bouygues group has elected to present the components of comprehensive income in two detailed statements, as permitted by the IASB:

- a) an income statement;
- b) a statement of recognised income and expense that reports the other components of comprehensive income, including income and expenses recognised directly in equity.

- Amendment to IAS 23, "Borrowing Costs"

This standard is of particular relevance to the property sector. The amended IAS 23 removes the option of recognising borrowing costs attributable to qualifying assets as an expense.

Application of this amendment had no material effect on the Bouygues group.

- IFRS 8, "Operating Segments"

Applying IFRS 8 does not affect the way segment information is reported by the Bouygues group.

- IFRIC 11, "IFRS 2 – Group and Treasury Share Transactions"

The overall cost of the benefit arising from stock option plans awarded by Bouygues to Group employees is recognised by the Bouygues group in its consolidated financial statements.

At the level of the Group's business segments, the net amounts involved are not material.

### Other key standards, amendments and interpretations issued by the IASB but not mandatorily applicable in 2009 (and endorsed by the European Union)

- Revised IFRS 3 and IAS 27, "Business Combinations" – Phase 2: These significant revisions affect the way that acquisitions and disposals of entities are accounted for, and are applicable to periods beginning on or after 1 January 2010.

- IFRIC 12, "Service Concession Arrangements": Mandatorily applicable to periods beginning on or after 1 January 2010. The Bouygues group already applies IFRIC 12 within the Colas group to the Portsmouth PFI contract, which is accounted for as a receivable (financial asset) since this treatment most closely reflects the underlying financial and economic reality of the contract; and within Cofiroute (accounted for by the equity method as an associate) in accordance with a decision taken by the group that controls and manages the company.

Within Bouygues Construction, Private Finance Initiative (PFI) contracts are entered into with local and governmental authorities by entities in which the Bouygues group generally holds an interest of less than 20%. These entities are not consolidated,

given the effective limitations on the Group's role in them. Concession companies are mainly accounted for by the equity method as associates, and from 1 January 2010 will either apply IFRIC 12 or will not be consolidated.

- IFRIC 15, "Agreements for the Construction of Real Estate": Endorsed by the European Union on 22 July 2009. This interpretation does not materially change the profit recognition policies currently used for the Bouygues group's property development activities.

*Apart from the partial early adoption of IFRIC 12 (see above), the Bouygues group has not early adopted any of these standards, amendments or interpretations as at 31 December 2009.*

### Elective accounting treatments and estimates used in the valuation of certain assets, liabilities, income and expenses

Preparing financial statements to comply with IFRS standards and interpretations requires the use of estimates and assumptions which may have affected the amounts reported for assets, liabilities and contingent liabilities at the balance sheet date, and the amounts of income and expenses reported for the financial year.

These estimates and assumptions have been applied consistently on the basis of past experience and of various other factors regarded as reasonable forming the basis of assessments of the valuations of assets and liabilities for accounting purposes. Actual results may differ materially from these estimates if different assumptions or conditions apply.

The main items involved are the impairment testing of goodwill, share-based payment (stock options), employee benefits (lump-sum retirement benefits, etc.), the fair value of unlisted financial instruments, deferred tax assets, and provisions.

Where no standard or interpretation applies to a specific transaction, Group management has exercised its judgement to define and apply accounting policies that will provide relevant and reliable financial information, such that the financial statements:

- represent faithfully the financial position, financial performance and cash flows of the Group;
- reflect the economic substance of the underlying transactions;
- are neutral, prudent, and complete in all material respects.

Goodwill is tested annually for impairment as of 31 December, or during the year if there is evidence of impairment, to ensure that the Group's share of the recoverable amount of the goodwill is greater than its carrying amount in the consolidated financial statements. If it is not, a provision for impairment is recorded in accordance with IAS 36 (see Note 2.7.4, "Impairment testing of non-current assets").

Note 3.6 shows the consolidated carrying value of listed shares held by Bouygues (TF1, Alstom, Colas) relative to the closing quoted share price at 31 December 2009.

### Changes in accounting policy

Bouygues has made no material changes in accounting policy during 2009 apart from those arising from IFRS changes mandatorily applicable from 1 January 2009, as indicated earlier in Note 2.2.

## 2.3 Consolidation methods

### Full consolidation

- Companies over which Bouygues exercises control are consolidated using the full consolidation method.
- Assessment of exclusive control over TF1:

Bouygues holds 43.02% of the capital and voting rights of TF1. Exclusive control by Bouygues over TF1 is demonstrated by the following:

Bouygues has consistently and regularly held a majority of the voting rights exercised at TF1 shareholders' meetings, and no other shareholder directly or indirectly controls a higher share of voting rights than Bouygues.

Bouygues has clearly had exclusive power to determine decisions at TF1 shareholders' meetings during at least two consecutive financial years.

Other factors indicating the existence of exclusive control include:

- the large number of seats on the TF1 Board of Directors allocated to Bouygues;
- the role of Bouygues in appointing key executives of TF1.

All these factors clearly establish that Bouygues exercises exclusive control over TF1.

### Proportionate consolidation: investments in joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. Bouygues consolidates the assets, liabilities, income and expenses of such entities using the proportionate consolidation method based on the percentage of control exercised. This definition applies in particular to Bouygues Construction and Colas construction project companies.

### Investments in associates

An associate is a company over which Bouygues exercises significant influence without exercising control. Significant influence is presumed to exist where Bouygues directly or indirectly holds at least 20% of the entity's voting rights.

The net profit or loss and assets and liabilities of such entities are accounted for by the equity method.

- Alstom: Bouygues exercises significant influence over Alstom, as demonstrated by (i) its 29.8% interest in the capital and (ii) its control of two seats on the Board of Directors. The carrying amount of this investment (including goodwill) is reported under "Investments in associates" in the balance sheet.

### In accordance with IAS 39, equity investments in non-consolidated entities are recognised at fair value and are subject to impairment testing.

Changes in the scope of consolidation

	December 2009	December 2008
Fully consolidated	903	954
Proportionately consolidated	272	252
Equity method (associates)	61	38
	<b>1,236</b>	<b>1,244</b>

The main changes during 2009 are described in "Significant Events".

## 2.4 Business combinations

The acquisition cost of a business combination (including transaction costs) is allocated to the identifiable assets and liabilities of the acquiree, measured at fair value at the acquisition date. These identifiable assets and liabilities are presented in the balance sheet using the full fair value method in accordance with IFRS 3. This method involves remeasuring the assets and liabilities acquired at fair value in full (including minority interests), rather than remeasuring just the percentage interest acquired.

Goodwill recognised prior to 1 January 2004 continues to be measured using the partial fair value method. This method involves restricting the fair value remeasurement of identifiable items to the percentage interest acquired. Subsequent to this date, minority interests in these items have been measured under IFRS at the carrying amount of consolidated assets and liabilities as shown in the balance sheet of the acquired entity.

Fair value is the amount for which an asset or cash generating unit could be sold between knowledgeable, willing parties in an arm's length transaction.

Goodwill represents the excess of acquisition cost over the acquirer's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities that can be reliably measured at the acquisition date; it is allocated to the cash generating unit (which within the Bouygues group equates to the business segment) benefiting from the business combination.

The main initial allocations of acquisition cost to identifiable assets and liabilities may be adjusted within the twelve months following the acquisition date, after which they may no longer be adjusted.

Negative goodwill is taken to the income statement in the period in which the acquisition is made.

Subsequently, goodwill is carried at cost net of any impairment losses identified using the methods described under "Impairment testing of non-current assets" below, in accordance with IAS 36. Impairment losses are charged to the income statement as an operating item.

Additional acquisitions of minority interests are recognised as goodwill. Partial disposals are recognised in the income statement, in "Other income and expenses from operations".

## 2.5 Foreign currency translation

### 2.5.1 Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into euros at the average exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the closing exchange rate. Translation differences are recognised as income or expenses in the income statement. Non-monetary assets and liabilities denominated in foreign currencies and accounted for at historical cost are translated using the exchange rate on the date of the transaction.

### 2.5.2 Financial statements of foreign entities

All assets and liabilities of consolidated entities with a functional currency other than the euro are translated at the closing exchange rate. Income and expenses are translated at the average exchange rate for the period. Translation differences arising from this treatment, and arising from the retranslation of a subsidiary's opening shareholders' equity at the closing exchange rate, are taken to the translation reserve (which is a component of consolidated shareholders' equity). Translation differences arising on the net investment in foreign subsidiaries and associates are recognised in shareholders' equity.

## 2.6 Deferred taxation

Deferred taxation is recognised on differences between the carrying amount and tax base of assets or liabilities, and arises as a result of:

- Temporary differences between the carrying amount and tax base of assets or liabilities, which may be:
  - items generating a tax liability in the future

(deferred tax liabilities), arising mainly from income that is liable to tax in future periods; or

- items deductible from taxable profits in the future (deferred tax assets), mainly provisions that are temporarily non-deductible for tax purposes.
- Tax losses available for carry-forward (deferred tax assets), provided that there is a genuine probability of recovery in future periods.
- Deferred taxes are measured using known applicable tax rates at the balance sheet date.
- Deferred taxes are not discounted.
- Deferred tax assets are included in non-current assets.

## 2.7 Non-current assets

### 2.7.1 Property, plant and equipment

Property, plant and equipment is measured at acquisition cost net of accumulated depreciation and impairment. Depreciation is recognised on a straight line basis over the estimated useful life of the asset.

### Useful lives by main asset category and business segment:

	Construction	Media	Telecoms
Mineral deposits (quarries)	<sup>a</sup>		
Non-operating buildings	10 to 40 years	25 to 50 years	-
Industrial buildings	10 to 20 years	-	20 years
Plant, equipment and tooling	3 to 15 years	3 to 7 years	5 to 10 years <sup>b</sup>
Other property, plant and equipment (vehicles and office equipment)	3 to 10 years	2 to 10 years	<sup>b</sup>

*In accordance with IAS 16, when an item of property, plant and equipment consists of components with different useful lives, each component is accounted for and depreciated as a separate item of property, plant and equipment.*

*Gains and losses on disposal represent the difference between the sale proceeds and the carrying amount, and are recognised in the income statement under "Other operating income and expenses".*

<sup>a</sup>Depreciated on the basis of the rate of depletion, up to a maximum of 40 years (Colas)

<sup>b</sup>Depending on the type of asset

Depreciation periods are reviewed annually, and may be adjusted if expectations differ from previous estimates.

### Leases

Items of property, plant and equipment held under leases (or agreements containing leases in the sense of IFRIC 4) whereby the Bouygues group retains substantially all the risks and rewards of ownership are recognised as assets in the balance sheet. Leases are classified as finance leases or operating leases in accordance with the criteria specified in IAS 17.

Assets held under finance leases are recognised in the balance sheet in "Property, plant and equipment" at the lower of fair value or the present value of the minimum lease payments, less accumulated depre-

ciation and impairment losses. They are depreciated over their estimated useful lives. The lease obligation is recognised as a liability under "Debt" in the balance sheet.

Obligations under operating leases are disclosed in off balance sheet commitments.

### Grants received

Investment grants received from national, regional or local governments are netted off the value of the assets concerned in the balance sheet, and depreciated at the same rate as those assets once receipt of the grant becomes unconditional.



## 2.7.2 Intangible assets

IAS 38 defines an intangible asset as an identifiable non-monetary asset without physical substance which is controlled by the entity. An asset is identifiable:

- if it is separable, ie capable of being independently sold, transferred, licensed, rented or exchanged;
- or if it is derived from contractual or other legal rights, whether separable or not.

An asset is controlled:

- if the entity has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits.

Intangible assets with finite useful lives are depreciable. Intangible assets with indefinite useful lives are not depreciable, but are subject to impairment testing and are reviewed at each balance sheet date to ensure that their useful lives are still indefinite.

Intangible assets include:

### Development expenses

- In accordance with IFRS, incorporation and research expenses are expensed as incurred.
- Development expenses are capitalised if the IAS 38 criteria are met, ie if they are expected to generate future economic benefits and their cost can be reliably measured.

## Concessions, patents and similar rights

These include the following assets held by Bouygues Telecom:

Type of asset	Amortisation method	Period
UMTS licence <sup>a</sup>	straight line	17.5 years <sup>a</sup>
IAP-IRU and front fees (indefeasible right of use)	straight line	15 years
IT system software and developments, office applications	straight line	3 to 8 years

<sup>a</sup>UMTS licence: Amortised from the date on which the broadband network opened (26 May 2005).

The fee for the UMTS licence, awarded for a 20-year period, comprises:

- a fixed component of €619.2 million, which was recognised as an intangible asset on the date the licence was awarded (12 December 2002);
- a variable component, calculated at 1% of sales generated by the operation of the third generation mobile network, which has been recognised in the income statement for the period from the date on which the UMTS network opened (November 2007).

## 2.7.3 Other intangible assets

Other intangible assets recognised by the Group include leasehold rights and broadcasting rights (TF1).

### TF1 broadcasting rights:

This item includes shares in films and programmes produced or co-produced by TF1 Films Production, TF1 Vidéo, TF1 Production and Téléma; distribution and trading rights owned by TF1 DA, TCM DA and TF1 Entreprises; and music rights owned by Une Musique and Baxter.

Broadcasting rights are recognised as assets, at historical cost. Dates of initial recognition and amortisation methods are as follows:

Initial recognition	Amortisation method		
	Film co-production shares	Broadcasting rights Distribution/Trading	Music rights
At end of shooting or on receipt of censor's certificate	in line with revenues over 8 years		
On signature of contract for distribution and/or trading rights		Distribution: in line with revenues, minimum 3 years straight line Trading: 5 years straight line	2 years 75% of gross value in year 1 25% of gross value in year 2

- For films co-produced by TF1 Films Production and Téléma, the Group adopts industry practice and amortises in line with revenues, based on a minimum straight-line charge over 3 years.
- An impairment loss is recognised against audiovisual rights on a line by line basis where estimated future revenues do not cover the carrying amount of the asset.

## 2.7.4 Impairment testing of non-current assets

Impairment tests are carried out on the carrying amount of intangible assets as at the balance sheet date in accordance with the accounting policies applied by the Bouygues group; the carrying amount of indefinite-lived intangible assets and goodwill is compared to their recoverable amount at least at the end of each financial year.

In determining the recoverable amount, intangible assets to which independent cash flows cannot be directly allocated are grouped within the cash-generating unit (CGU) to which they belong, or within

the appropriate group of CGUs representing the lowest level at which management monitors return on investment (business segment level in the case of the Bouygues group). The recoverable amount of CGUs is measured as follows:

- For segments that are listed on a stock market and with good liquidity: on the basis of the quoted share price if this exceeds the carrying amount of the assets, as was the case at the end of the 2009 financial year for TF1 and Alstom.
- If the quoted share price does not exceed the carrying amount of the assets, and for the Group's other segments (Bouygues Telecom and Colas): using the discounted cash flow (DCF) method, applying the following principles.
  - The cash flows used are derived from the three-year business plan prepared by the management of the business segment and approved by the Boards of Directors of the entity and of Bouygues SA.
  - The discount rate is determined using a weighted average cost of capital appropriate to the sector in which the segment operates, by reference to a panel of comparable companies.
  - The terminal value is calculated by aggregating the discounted cash flows to infinity, based on normative cash flows and a perpetual growth rate that is consistent with the growth potential of the markets in which the business segment operates and with its competitive position in those markets.

The recoverable amount of the CGU as determined above is then compared with its carrying amount in the consolidated balance sheet. If this carrying amount is greater than the recoverable amount of the CGU, an impairment loss is recognised, this loss being allocated in the first instance to any goodwill recognised in the balance sheet.

#### Information about goodwill impairment tests performed for Bouygues Telecom and Colas

- The recoverable amount of Colas and Bouygues Telecom was determined using the method described above, based on three-year cash flow projections as per the business plans of each of the two subsidiaries.
- Cash flows beyond the projection period were extrapolated using a reasonable, sector-specific perpetual growth rate.
- The discount rates (weighted average cost of capital) and growth rates used at 31 December 2009 were as follows:

	Discount rate		Growth rate
	Assumption 1 <sup>a</sup>	Assumption 2 <sup>a</sup>	
<b>Bouygues Telecom</b>	5.17%	4.69%	2%
<b>Colas</b>	6.32%	5.70%	2%

<sup>a</sup>Depending on the capital structure:  
Assumption 1 = 1/3 debt – 2/3 equity  
Assumption 2 = 2/3 debt – 1/3 equity

- An analysis of the sensitivity of the calculation to the key parameters, including reasonably possible changes in those parameters, showed no probable scenario in which the recoverable amount of the CGU would become less than the carrying amount of the assets tested (and consequently, in which an impairment loss would need to be recognised).

#### Investments in associates: impairment testing of goodwill (Alstom)

Because goodwill included in the carrying amount of investments in associates is not shown separately, it is not tested separately for impairment under IAS 36. The total carrying amount of the investment is tested for impairment by comparing its recoverable amount with its carrying amount.

The recoverable amount of the investment in Alstom, as determined by reference to the stock market valuation using the quoted price on 31 December 2009, was greater than the carrying amount of the investment in the consolidated financial statements.

- The following information is disclosed in Note 3 to the consolidated financial statements:
  - Consolidated carrying value of listed shares.
  - Closing quoted share price of these shares on 31 December 2009.

#### Other non-current assets:

For other non-current assets, in particular non-depreciable assets, an impairment loss is recognised as soon as there is evidence that the asset is impaired.

#### 2.7.5 Non-current financial assets

In addition to deferred tax assets (treated as non-current), other non-current financial assets include loans and receivables (including amounts due from non-consolidated companies), deposits and caution money, and investments in non-consolidated companies over which the Bouygues group exercises neither control nor significant influence.

Investments in non-consolidated companies are measured at fair value, with changes in fair value taken to shareholders' equity.

Fair value is the market price for listed investments, and value in use for unlisted investments. Value in use is determined using the most appropriate criteria for each individual investment.

If there is objective evidence that an investment is impaired, the accumulated losses taken to shareholders' equity are recognised in the income statement.

Advances to non-consolidated companies, and other loans and receivables, are accounted for at amortised cost, determined using the effective interest method.

In the case of variable-rate loans and receivables, cash flows are periodically re-estimated to reflect changes in market interest rates, resulting in an adjustment to the effective interest rate and hence to the valuation of the loan or receivable.

Loans and receivables are reviewed for objective evidence of impairment. An impairment loss is recognised if the carrying amount of a financial asset is greater than the estimated recoverable amount as determined by impairment testing. Impairment losses are recognised in the income statement (see Note 3.2.4 for details).

## 2.8 Current assets

### 2.8.1 Inventories

Inventories are stated at the lower of cost (first in first out or weighted average cost, depending on the nature of the business) or market price.

Where the realisable value of inventory is lower than cost, the necessary provision for impairment is recognised.

### 2.8.2 Programmes and broadcasting rights (TF1)

In order to secure broadcasting schedules for future years, the TF1 group enters into binding contracts, sometimes for a period of several years, under which it acquires (and the other party agrees to deliver) programmes and sports transmission rights.

A programme is treated as ready for transmission and recognised in inventory under "Programmes and broadcasting rights" when the following two conditions are met: technical acceptance (for in-house and external productions), and opening of rights (for external productions). In the case of rights and programmes for which these two criteria have not been met (programmes not yet delivered, sports rights for which

the right to broadcast is not activated until the date of the event, etc.), the Group takes the view that it does not control the asset, since it has neither the right nor the ability to broadcast the programme. Consequently, these rights are not recognised in the balance sheet, and any advance payments made to acquire such rights are treated as supplier prepayments.

### Programmes and broadcasting rights

The "Programmes and broadcasting rights" line in the balance sheet includes:

- in-house productions, made by TF1 group companies for TF1 channels;
- external productions, comprising broadcasting rights acquired by the TF1 group's channels and co-production shares of broadcasts made for the TF1 group's channels.

Programmes that have not been broadcast and the rights to which have expired are written off as a component of current operating profit, and any previously-recognised provisions are reversed.

The value of programmes and broadcasting rights is measured as follows:

- in-house production: overall production cost (direct costs plus a portion of indirect production costs);
- broadcasting rights and co-productions: purchase cost, less consumption for the year calculated at each balance sheet date and any impairment losses.

TF1 SA programmes (which account for most of the group's programme inventory) are deemed to have been consumed as transmitted. If they are acquired for a single transmission, they are regarded as having been consumed in full at the time of this transmission. If they are acquired for two or more transmissions, consumption is calculated according to the type of programme using the rules described below (unless otherwise specified in the acquisition contract):

	Type of programmes		
	Dramas with a running time of at least 52 minutes	Films, TV movies, serials and cartoons	Other programmes and broadcasting rights
1st transmission	80%	50%	100%
2nd transmission	20%	50%	-

"Other programmes and broadcasting rights" in the table above refers to children's programmes (other than cartoons), entertainment shows, plays, magazines and documentary programmes, news, sport, and dramas with a running time of less than 52 minutes.

A provision for impairment is recorded once it becomes probable that a programme will not be transmitted, or if the contractual value at which it was recognised in inventory exceeds the value attributable to it using the rules described above. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management. If rights are resold, a provision is recorded once the sale is probable to cover any excess of the value at which the rights were initially recognised in inventory (or the amount of advance payments) over the actual or estimated selling price.

### 2.8.3 Trade receivables

Trade receivables are carried at face value, net of impairment recorded to reflect the probability of recovery. These receivables are usually short-term and non interest-bearing. They are measured at the original invoice amount, unless application of an implied interest rate would have a material effect.

In line with the percentage of completion method of accounting for long-term contracts, trade receivables include:

- statements issued as works are executed or services provided, and accepted by the project owner;
- unbilled receivables, arising where works are entitled to acceptance but billing or acceptance by the project owner has been temporarily delayed.

### 2.8.4 Other current receivables and prepaid expenses

Other receivables are carried at face value, net of impairment recorded to reflect the probability of recovery.

## 2.9 Financial instruments

Some Group entities use hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates. The Group's policy on the use of financial instruments is described below.

### 2.9.1 Risks to which the Group is exposed

#### Currency risk

In general, the Bouygues group has little exposure to currency risk in routine commercial transactions, given that its international operations (primarily Bouygues Construction and Colas) do not involve exports. Where possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most projects executed outside France, on which local-currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. Exposure to currency risk is therefore limited to contract margins, and to any design work carried out in France. The Bouygues group also pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

#### Interest rate risk

The Group's financial expenses have low sensitivity to interest rate risk. The bulk of debt is in the form of fixed-rate bond issues, and a range of hedging instruments is used to convert variable-rate debt into fixed-rate debt.

Consolidated financial expenses would be only marginally affected by fluctuations in euro interest rates, or by a divergence in interest rate trends between the euro and other major currencies.

On average over the year, the amount of variable-rate debt in the balance sheet is less than the amount of surplus cash invested at variable rates.

### 2.9.2 Principles applied to all hedging instruments

The only instruments used for hedging purposes are forward currency purchases and sales, currency swaps and purchases of currency options for currency risk hedging purposes; and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes.

These instruments:

- are used solely for hedging purposes;
- are contracted solely with high-quality French and foreign banks;
- carry no liquidity risk in the event of a downturn.

Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of hedging instruments, the selection of counterparties with whom they are contracted, and more generally the management of exposure to currency risk and interest rate risk.

### 2.9.3 Hedging rules

#### Currency risk

Group policy is to hedge systematically all residual currency exposure relating to commercial transactions. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the contract award has been confirmed; if the hedged item ceases to exist (for example, if the service is not provided or the contract is cancelled), the hedge is closed out immediately.

In the interests of efficiency, the currency positions of some Group entities may be managed centrally, which in some cases may result in the offset of matching positions.

Currency derivatives are used solely for hedging purposes.

#### Interest rate risk

Group policy is for each sub-group to hedge some or all of its financial assets and liabilities, where these are foreseeable and recurring.

The aim is to control future interest expense by fixing the cost of debt using swaps and future rate agreements, or by limiting it through the use of caps, over a period equivalent to that of the financial liabilities to be hedged.

As with currency risk, the interest rate positions of some Group entities may, in the interests of efficiency, be managed centrally and partially offset.

### 2.9.4 Accounting methods

In general, the financial instruments used by the Group qualify for hedge accounting, which means that the hedging relationship is documented in accordance with the requirements of IAS 39. Two types of accounting treatment are used:

- Fair value hedges: changes in the fair value of the hedging instrument and changes in the fair value of the hedged item are recognised symmetrically in the income statement.
- Cash flow hedges: changes in the fair value of the hedging instrument are recognised in the income statement for the ineffective portion of the hedging relationship, and in shareholders' equity (until the hedge is closed out) for the effective portion.

## 2.10 Consolidated shareholders' equity

Treasury shares are deducted from consolidated shareholders' equity. No expense or income arising on the cancellation of treasury shares is recognised in the income statement.

If a Group subsidiary holds its own shares, an additional percentage interest in that subsidiary is recognised at Group level.

#### Translation reserve

The translation reserve represents translation differences arising since 1 January 2004, when the reserve was deemed to be zero and the balance transferred to "Retained earnings".

#### Information about the management of capital

The objective of Bouygues management in managing capital is to maintain consolidated shareholders' equity at a level consistent with:

- maintaining a reasonable gearing ratio (net debt to shareholders' equity);
- distributing regular dividends to shareholders.

However, the level of equity may vary over short periods, especially if a strategically important investment opportunity arises.

The business plan is a key management tool, used by the parent company to assess the financial position of each business segment and of the Group as a whole, and the effects on consolidated shareholders' equity.

Within these overall principles, Group management allows the subsidiaries responsible for segments and their respective parent companies a degree of autonomy to manage their equity in line with their specific objectives and needs, given that equity capi-

tal requirements vary from business to business and segment to segment.

Bouygues defines net debt as all financial liabilities (including financial instrument liabilities associated with debt and short-term investments), less cash and cash equivalents and associated financial instruments.

## 2.11 Non-current liabilities

### 2.11.1 Non-current debt (portion due after more than one year)

With the exception of derivative instruments accounted for as financial liabilities measured at fair value, all other borrowings and financial liabilities are accounted for at amortised cost, measured using the effective interest method.

Transaction costs directly attributable to the acquisition or issuance of a financial liability are offset against that liability, and amortised over the life of the liability using the effective interest method.

The portion of long-term debt due within less than one year is included in current liabilities.

### 2.11.2 Non-current provisions

Under IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", a provision is recorded where the Group has an obligation to a third party at the balance sheet date resulting from a past event, the settlement of which is expected to result in an outflow from the group of resources embodying economic benefits.

The amount recognised as a provision represents the Group's estimate of the outflow of resources that will be needed to settle the obligation.

Non-current provisions are not usually associated with the normal business cycle of each segment (compare the definition of current provisions below).



Non-current provisions mainly comprise:

- Provisions established to cover the uninsured portion of risks under two-year and ten-year construction contract guarantees. These provisions are recognised in line with recognition of contract revenues, based on statistical data reflecting actual experience over the long term.
  - Provisions related to tax exposures and to fines levied by the competition authorities.
  - Provisions for litigation, claims and foreseeable risks relating to the Group's operations, especially foreign operations, including permanent withdrawal from projects and sundry risks and liabilities.
  - Provisions for site rehabilitation and decommissioning costs (eg quarries).
  - Costs incurred as a result of a contractual obligation to remedy immediate environmental damage are covered by a provision.
  - Employee benefits:
    - Provisions for long-service awards.
    - Provisions for obligations to employees in respect of lump-sum benefits payable on retirement.
- This provision is calculated using the projected unit credit method based on final salary, and on the basis of the collective agreement for each business segment. The calculation takes account of:
- status, age and length of service for each employee category;
  - employee turnover, calculated on the basis of the average number of leavers by business segment, age bracket and employee category;
  - average salary and wages including bonuses and benefits in kind, uplifted by a coefficient to reflect the applicable percentage of employer's social security charges;

- a final salary inflation rate;
  - a discount rate applied to the obligation over the projected period to the retirement date;
  - estimated life expectancy, based on mortality tables.
- Provisions for pension obligations (depending on the country and terms of the pension plan).

To cover their pension obligations, Group companies make regular payments to external bodies including public and private pension funds and insurance companies (defined-contribution plans). There are however some remaining defined-benefit plans still in existence, mainly in the Colas group (United Kingdom, Ireland and Canada); only a limited number of employees are involved, as it was decided some years ago to close these plans to new entrants. The fair value of the assets held to cover these plans as of 31 December 2009 did not require any material impairment to be recognised in the consolidated financial statements.

- The actuarial assumptions used to measure the present value of the pension obligation and the service cost for the period in respect of defined-benefit plans represent the best estimate of the variables that will determine the final cost of the benefits. These assumptions are internally consistent. The discount rate is determined by reference to the expected market rate at the balance sheet date, taking into account the estimated timing of benefit payments.

The Bouygues group recognises in consolidated shareholders' equity the effect of changes in actuarial assumptions on the pension obligation.

The actuarial assumptions used to measure the present value of the obligation in respect of lump-sum retirement benefits and long-service

awards were updated as at 31 December 2009. This applies in particular to the rate used to discount the obligation, which was determined by reference to market rates for high-quality corporate bonds at the balance sheet date. The effect of these changes in assumptions as of 31 December 2009 was recognised in consolidated equity, in line with the accounting policy applied by the Bouygues group under the revised IAS 19.

## 2.12 Current liabilities

### 2.12.1 Advances and down-payments on orders

This item comprises advances and down-payments received from clients on construction contract starts.

### 2.12.2 Current provisions

- Provisions relating to the normal business cycle of each segment. These mainly comprise:
  - Provisions for construction contract risks, joint ventures, etc.
  - Provisions for restructuring.
- Provisions for losses to completion on construction contracts. These relate to construction contracts in progress, and take account of claims accepted by the client. They are measured on a contract by contract basis, with no netting between them.

### 2.12.3 Trade payables and other current liabilities

Because of the short-term nature of these liabilities, the carrying amounts shown in the consolidated financial statements are a reasonable estimate of market value.

## 2.13 Income statement

As allowed under IAS 1, "Presentation of Financial Statements", the Bouygues group presents an income statement that classifies expenses by nature, in the format specified in Recommendation 2009-R-03 issued by the French national accounting standard-setter, the CNC (now called ANC), on 2 July 2009. An income statement classifying expenses by function is shown in Note 16 to the financial statements.

### 2.13.1 Definition of operating revenues

Revenues from the Group's operations are recognised when:

- it is probable that the future economic benefits of the transaction will flow to the Group;
- the amount of revenue can be reliably measured;
- at the transaction date, it is probable that the amount of the sale will be recovered.

#### Bouygues Telecom

- The costs of acquiring and renewing customer contracts are recognised as an expense in the period in which they are incurred.
- Bouygues Telecom generates revenue from services, and from sales of handsets and accessories.
- Services:

Price plans and commercial services (mobile and fixed-line) are invoiced one month in advance, and the corresponding revenue is recognised on a straight-line basis over the service period.

Revenues from call charges other than price plans, roaming fees and interconnection fees are recognised as the service is used.

Revenues from prepaid cards are recorded when the card is sold to the distributor or retailer, but recognition is deferred until the card is activated and then adjusted for unused call time.

Services carried out on behalf of content providers in relation to SMS+ services, special numbers and i-mode® services are not included in income and expenses for the period. Only the margin charged as consideration for the service is recognised in sales.

- Sales of handsets and accessories:

Sales of handsets and SIM cards are recognised on sale to the distributor or retailer, but the margin on the sale is eliminated until the line is activated by the customer.

- Distributor/retailer commission:

All commission payable to distributors and retailers is recognised as an expense.

- Consumer loyalty programme:

Consumers earn points as and when they are billed, which they can then use to obtain a handset upgrade provided that they sign up again for a minimum period of 12 months.

In accordance with IFRIC 13, the Group has measured the fair value of the loyalty points awarded under its consumer loyalty programme, and has not deferred any revenues as a result.

## 2.13.2 Accounting for long-term contracts

### Construction activities

All activities related to construction contracts are accounted for using the percentage of completion method.

Under this method, the revenue recognised equals the latest estimate of the total selling price of the contract multiplied by the actual completion rate determined by reference to the physical state of progress of the works. The latest estimate of the total selling price takes account of claims accepted by the client.

If it is regarded as probable that a contract will generate a loss on completion, a provision for expected losses on completion is recognised as a current provision in the balance sheet. The loss is provided for in full as soon as it is can be reliably measured, irrespective of the completion rate.

### Property development

#### Accounting treatment for property development projects:

Revenues and profits are recognised using the percentage of completion method once the following conditions have been met:

- building permit with no appeal;
- signature of notarised deed of sale or development contract;
- construction contract signed (order given to start works).

The percentage of completion represents costs recognised to date as a proportion of the total estimated costs to completion of the project.

Accrued expenses are recognised for finishing costs on this type of project, based on the percentage of

completion; residual expenses on delivered projects are also recognised in "Trade payables".

Overheads, including sales force costs and all advertising costs, are expensed as incurred.

#### IAS 23, "Borrowing costs":

The amended version of IAS 23 was endorsed in the European Union via regulation EC 1260/2008 of 10 December 2008.

The amended standard, which applies to accounting periods beginning on or after 1 January 2009, requires all borrowing costs directly attributable to the construction or production of a qualifying asset to be capitalised. Consequently, the portion of the cost of net debt attributable to the average inventory of projects under construction during the period has been capitalised as part of that inventory. The transitional provisions stipulate that the new treatment must only be applied to borrowing costs relating to projects for which the capitalisation commencement date is on or after the date of adoption of the amended standard.

Borrowing costs are capitalised in inventory on the basis of average consolidated inventory for the previous quarter. The effect of the revised IAS 23 as at 31 December 2009 was marginal. Consolidated net debt and the average inventory of projects on which construction has started since January 2009 were both immaterial as regards the application of the amended IAS 23.

## 2.13.3 Profits/losses from joint operations

These profits and losses are included in "Other operating income and expenses", and represent the Group's share of profits or losses from non-consolidated companies involved in the operation of production facilities for road-building and asphalt products; they are included in current operating profit.

## 2.13.4 Share-based payment

In accordance with IFRS 2, stock subscription options granted to corporate officers or employees of the Group are accounted for in the financial statements as follows: the fair value of the options granted (corresponding to the fair value of the services rendered by the employees as consideration for the options) is recognised as an employee benefit under "Personnel costs" in the income statement, with the matching entry credited to shareholders' equity.

The amount of the employee benefit is measured at the grant date of the option using the Black & Scholes model, and is charged to the income statement over the vesting period of the rights. In accordance with IFRS 2, this treatment applies only to plans awarded after 7 November 2002.

## 2.13.5 Changes to French business tax

The 2010 French Finance Bill introduced a new business tax: *Contribution Économique Territoriale* (CET). The CET will replace the old tax, known as *Taxe Professionnelle* (TP), for tax years commencing on or after 1 January 2010.

The Bouygues group believes that the value added component of the CET, known as the *Cotisation sur la Valeur Ajoutée des Entreprises* (CVAE) and equal to 1.5% of the value added produced by the business, has similar characteristics to the minimum TP contribution (also capped by reference to value added). The CVAE component will therefore be recognised in the income statement using the same account postings as those used for the old TP. Consequently, no deferred tax liability has been recognised in the consolidated financial statements as at 31 December 2009 (see also the statement issued by the CNC, now called ANC, on 14 January 2010).

## 2.14 Cash flow statement

The cash flow statement is presented in accordance with IAS 7 and with CNC (now called ANC) recommendation 2009-R-03 of 2 July 2009, using the indirect method.

The net profit of consolidated entities is adjusted to eliminate the impact of transactions with no cash effect, and of income and expenses related to investing or financing activities.

### Cash flow:

The Bouygues group defines cash flow as:

Consolidated net profit before: net depreciation and amortisation expense, net changes in provisions and impairment losses, gains and losses on asset disposals, cost of net debt (included in financing activities in the cash flow statement), and net income tax expense for the period.

The cash flow statement explains changes in the Group's net cash position, which is defined as the net total of the following balance sheet items:

- cash and equivalents;
- overdrafts and short-term bank borrowings.

## 2.15 Financial indicators

Definitions of key financial indicators:

### 2.15.1 EBITDA

Operating profit excluding net depreciation and amortisation expense and changes in provisions, and impairment losses (after reversals of utilised and non-utilised provisions and of impairment losses).

### 2.15.2 Free cash flow

Cash flow (as defined in Note 2.14 above) minus (i) cost of net debt, (ii) net income tax expense, and (iii) net capital expenditure for the period.

### 2.15.3 Net debt

This represents the aggregate of:

- cash and equivalents;
- overdrafts and short-term bank borrowings;
- non-current and current debt;
- financial instruments (used to hedge financial liabilities measured at fair value).

## 2.16 Statement of recognised income and expense

The Bouygues group presents a statement of recognised income and expense, disclosing a comparative net profit figure on the line "Total recognised income and expense" which includes income and expenses recognised directly in equity.

## 2.17 Comparability of the financial statements

Changes in the scope of consolidation during the year ended 31 December 2009 did not have a material effect on the consolidated financial statements as presented for the year then ended, and do not impair comparisons with the previous financial year.

**Year ended 31 December 2008: deconsolidation of Finagestion (in accordance with IFRS 5): impact on the 2008 financial statements (change from full consolidation to equity method)**

Consolidated income statement	
(€ million)	2008 full-year impact
Sales	(280)
<b>Operating profit</b>	<b>(34)</b>
• Cost of net debt	2
• Income tax expense	12
<b>Net profit</b>	<b>(20)</b>
Net profit for the year reclassified to:	
• Net profit of discontinued and held-for-sale operations (IFRS 5)	20

Consolidated cash flow statement (impact of Finagestion, 2008)	
(€ million)	2008 full-year impact
<b>Operating cash flows</b>	
• Cash flow	(73)
• Changes in working capital related to operating activities	7
<b>A – Net cash generated by operating activities</b>	<b>(66)</b>
<b>Investing cash flows</b>	
• Capital expenditure, net of disposals	48
• Acquisitions of financial assets, net of disposals	2
<b>B – Net cash used in investing activities</b>	<b>50</b>
<b>Financing cash flows</b>	
• Dividends paid during the period	5
• Other cash flows related to financing activities	(3)
<b>C – Net cash generated by financing activities</b>	<b>2</b>
<b>Impact on change in cash position during 2008</b>	<b>(14)</b>

## Note 3 • Non-current assets

17,700

### 3.1 Acquisitions of non-current assets during the year, net of disposals

	2009	2008 <sup>a</sup>
Acquisitions of property, plant and equipment	1,219	1,635
Acquisitions of intangible assets	146	198
<b>Capital expenditure</b>	<b>1,365</b>	<b>1,833</b>
Acquisitions of non-current financial assets (investments in consolidated and non-consolidated companies, other long-term investments)	62	354
<b>Acquisitions of non-current assets</b>	<b>1,427</b>	<b>2,187</b>
Disposals of non-current assets	(904)	(241)
<b>Acquisitions of non-current assets, net of disposals</b>	<b>523<sup>b</sup></b>	<b>1,946</b>

<sup>a</sup>Excluding Finagestion

<sup>b</sup>- Includes net acquisitions of €684m by Bouygues Telecom and €370m by Colas

- Includes the disposal of the equity interest in Canal+ France: (€744m)

For a breakdown of non-current assets by business segment see Note 16, "Segment Information".



## 3.2 Non-current assets: movements during the period

### 3.2.1 Property, plant and equipment

5,927

	Land and buildings	Industrial plant and equipment	Other property, plant and equipment	PP&E under construction and advance payments	Total
<b>Gross</b>					
<b>1 January 2008</b>	1,776	8,757	2,049	347	<b>12,929</b>
<b>Movements during 2008</b>					
Translation adjustments	(16)	(50)	(11)		<b>(77)</b>
Changes in scope of consolidation	55	55	17	1	<b>128</b>
Acquisitions during the period	82	958	280	363	<b>1,683</b>
Disposals, transfers and other movements	28	(186)	(110)	(262)	<b>(530)</b>
<b>31 December 2008</b>	<b>1,925</b>	<b>9,534</b>	<b>2,225</b>	<b>449</b>	<b>14,133</b>
of which finance leases	27	117	103		<b>247</b>
<b>Movements during 2009</b>					
Translation adjustments	8	25	6		<b>39</b>
Changes in scope of consolidation	(133)	(197)	(106)	(73)	<b>(509)</b>
Acquisitions during the period	56	612	260	291	<b>1,219<sup>a</sup></b>
Disposals, transfers and other movements	4	(194)	(97)	(297)	<b>(584)</b>
<b>31 December 2009</b>	<b>1,860</b>	<b>9,780</b>	<b>2,288</b>	<b>370</b>	<b>14,298</b>
of which finance leases	24	107	92		<b>223</b>
<b>Depreciation and impairment</b>					
<b>1 January 2008</b>	<b>(564)</b>	<b>(5,448)</b>	<b>(1,353)</b>		<b>(7,365)</b>
<b>Movements during 2008</b>					
Translation adjustments	2	21	6		<b>29</b>
Changes in scope of consolidation	(8)	(17)	(6)		<b>(31)</b>
Net expense for the period	(64)	(838)	(250)		<b>(1,152)</b>
Disposals, transfers and other movements	18	360	128		<b>506</b>
<b>31 December 2008</b>	<b>(616)</b>	<b>(5,922)</b>	<b>(1,475)</b>		<b>(8,013)</b>
of which finance leases	(10)	(63)	(85)		<b>(158)</b>
<b>Movements during 2009</b>					
Translation adjustments	(2)	(11)	(4)		<b>(17)</b>
Changes in scope of consolidation	51	117	84		<b>252</b>
Net expense for the period	(70)	(849)	(257)		<b>(1,176)</b>
Disposals, transfers and other movements	16	447	120		<b>583</b>
<b>31 December 2009</b>	<b>(621)</b>	<b>(6,218)</b>	<b>(1,532)</b>		<b>(8,371)</b>
of which finance leases	(9)	(65)	(81)		<b>(155)</b>
<b>Carrying amount</b>					
<b>31 December 2008</b>	<b>1,309</b>	<b>3,612</b>	<b>750</b>	<b>449</b>	<b>6,120</b>
of which finance leases	17	54	18		<b>89</b>
<b>31 December 2009</b>	<b>1,239</b>	<b>3,562</b>	<b>756</b>	<b>370</b>	<b>5,927<sup>b</sup></b>
of which finance leases	15	42	11		<b>68</b>

### Operating commitments not yet recognised involving future outflows of resources:

Falling due:	within less than 1 year	within 1 to 5 years	after more than 5 years	Total 2009	Total 2008
Colas: orders in progress for plant & equipment	23	11	1	<b>35</b>	51
Bouygues Telecom: orders in progress for network equipment assets (PP&E)	178			<b>178</b>	257
<b>TOTAL</b>	<b>201</b>	<b>11</b>	<b>1</b>	<b>213</b>	<b>308</b>

<sup>a</sup>Includes Bouygues Telecom: network investments of €409m <sup>b</sup>Includes investment grants netted off property, plant and equipment: -€3m

Analyses by business segment and geographical area of the carrying amount of intangible assets and property, plant and equipment, and of net capital expenditure, are provided in Note 16, "Segment Information".

### 3.2.2 Intangible assets

988

Overall decrease in carrying amount: €108 million

	Development expenses <sup>a</sup>	Concessions, patents and similar rights	Other intangible assets	Total
<b>Gross value</b>				
<b>1 January 2008</b>	<b>185</b>	<b>1,030</b>	<b>1,338</b>	<b>2,553</b>
<b>Movements during 2008</b>				
Translation adjustments	0	0	(3)	(3)
Changes in scope of consolidation	0	0	(1)	(1)
Acquisitions during the period	18	134	47	199
Disposals, transfers and other movements	0	26	(21)	5
<b>31 December 2008</b>	<b>203</b>	<b>1,190</b>	<b>1,360</b>	<b>2,753</b>
<b>Movements during 2009</b>				
Translation adjustments	0	0	1	1
Changes in scope of consolidation	0	(9)	(48)	(57)
Acquisitions during the period	22	68	54	144
Disposals, transfers and other movements	(5)	(22)	(10)	(37)
<b>31 December 2009</b>	<b>220</b>	<b>1,227</b>	<b>1,357</b>	<b>2,804</b>
<b>Amortisation and impairment</b>				
<b>1 January 2008</b>	<b>(122)</b>	<b>(351)</b>	<b>(1,007)</b>	<b>(1,480)</b>
<b>Movements during 2008</b>				
Translation adjustments	0	1	1	2
Changes in scope of consolidation	0	1	1	2
Net expense for the period	(26)	(80)	(84)	(190)
Disposals, transfers and other movements	0	4	5	9
<b>31 December 2008</b>	<b>(148)</b>	<b>(425)</b>	<b>(1,084)</b>	<b>(1,657)</b>
<b>Movements during 2009</b>				
Translation adjustments	0	0	0	0
Changes in scope of consolidation	0	0	17	17
Net expense for the period	(27)	(89)	(84)	(200)
Disposals, transfers and other movements	5	3	16	24
<b>31 December 2009</b>	<b>(170)</b>	<b>(511)</b>	<b>(1,135)</b>	<b>(1,816)</b>
<b>Carrying amount</b>				
<b>31 December 2008</b>	<b>55</b>	<b>765</b>	<b>276</b>	<b>1,096</b>
<b>31 December 2009</b>	<b>50</b>	<b>716<sup>b</sup></b>	<b>222</b>	<b>988</b>

<sup>a</sup>Development expenses:

- software development expenses are usually capitalised (relates mainly to Bouygues Telecom);

- development expenses of a permanent and recurring nature that do not meet the IAS 38 capitalisation criteria are expensed (relates mainly to Colas).

<sup>b</sup>Includes Bouygues Telecom's UMTS licence: gross value €619m, carrying amount €457m (see Note 2 for amortisation method)

### 3.2.3 Goodwill

5,156

Overall decrease in carrying amount during the year: €1 million (fully consolidated entities only; amounts for associates are disclosed in Note 3.2.4.1, "Investments in associates")

	Gross value	Impairment	Carrying amount
<b>1 January 2008</b>	<b>5,160</b>	<b>(37)</b>	<b>5,123</b>
<b>Movements during 2008</b>			
Changes in scope of consolidation	65		65
Impairment losses charged during the period		(6)	(6)
Translation adjustments and other movements	(25)		(25)
<b>31 December 2008</b>	<b>5,200</b>	<b>(43)</b>	<b>5,157</b>
<b>Movements during 2009</b>			
Changes in scope of consolidation	(19) <sup>a</sup>	9 <sup>b</sup>	(10)
Impairment losses charged during the period		(2)	(2)
Translation adjustments and other movements	9	2	11
<b>31 December 2009</b>	<b>5,190</b>	<b>(34)</b>	<b>5,156</b>

<sup>a</sup>Includes deconsolidation of Finagestion: (€9m) <sup>b</sup>Includes deconsolidation of Finagestion: €9m

Acquisitions (excluding Alstom) during 2009 had an immaterial effect when taken individually, and an aggregate effect of €19 million.

#### Split of goodwill by cash generating unit (CGU)

CGU	31 December 2009		31 December 2008	
	Total	% (Bouygues or subsidiaries)	Total	% (Bouygues or subsidiaries)
Bouygues Construction <sup>a</sup>	326	99.97	325	99.97
Colas <sup>b</sup>	1,086	96.62	1,089	96.78
TF1 <sup>b</sup>	1,091	43.02	1,090	43.02
Bouygues Telecom <sup>b</sup>	2,651	89.55	2,651	89.55
Other activities	2		2	
<b>Total Bouygues group</b>	<b>5,156</b>		<b>5,157</b>	

<sup>a</sup>Only includes goodwill on subsidiaries acquired by the CGU

<sup>b</sup>Includes goodwill on subsidiaries acquired by the CGU and on acquisitions made by the parent company (Bouygues SA)

#### Consolidated carrying value of listed shares as at 31 December 2009 (€)

	Consolidated carrying value per share	Closing quoted share price at 31/12/2009 <sup>a</sup>
TF1	12.83	12.89
Colas	95.09	174.49
Alstom	48.26	49.06

Impairment tests carried out using the methodology described in Note 2 showed no evidence that the recoverable amount of any CGU had fallen below the carrying amount of the assets tested.

<sup>a</sup>Before adjustment to reflect a control premium (TF1/Colas)

### 3.2.4 Non-current financial assets

5,629

Non-current financial assets comprise:

- investments in associates (companies accounted for by the equity method);
- other non-current financial assets (loans, receivables, investments in non-consolidated companies, etc).

	Gross value			Total gross value	Amortisation and impairment	Carrying amount	Non-current deferred tax assets
	Investments in associates <sup>a</sup>	Other non-current assets Investments in non-consolidated companies	Other non-current assets				
<b>1 January 2008</b>	<b>4,413</b>	<b>272</b>	<b>1,126</b>	<b>5,811</b>	<b>(195)</b>	<b>5,616</b>	<b>225</b>
<b>Movements during 2008</b>							
Changes in scope of consolidation	92	2	9	103		103	
Acquisitions and other increases	418	58	142	618		618	12
Amortisation and impairment, net					(17)	(17)	
Disposals and other reductions	(82)	(26)	(51)	(159)		(159)	
Income and expense recognised directly in equity	(85)	3	(21)	(103)		(103)	14
Transfers between items and other	(9)	2	(8)	(15)	8	(7)	(5)
<b>31 December 2008</b>	<b>4,747</b>	<b>311</b>	<b>1,197</b>	<b>6,255</b>	<b>(204)</b>	<b>6,051</b>	<b>246</b>
<b>Amortisation and impairment</b>	<b>(5)</b>	<b>(128)</b>	<b>(71)</b>	<b>(204)</b>			
<b>Carrying amount</b>	<b>4,742</b>	<b>183</b>	<b>1,126</b>	<b>6,051</b>			
<b>Movements during 2009</b>							
Changes in scope of consolidation	31	(33)	156	154	(9)	145	(9)
Acquisitions and other increases	408	14	68	490		490	
Amortisation and impairment, net					2	2	
Disposals and other reductions	(138)	(15)	(927)	(1,080)		(1,080)	
Income and expense recognised	(100) <sup>b</sup>	(2)	5	(97)		(97)	(2)
Transfers between items and other directly in equity	14	1	(168)	(153)	(2)	(155)	38
<b>31 December 2009</b>	<b>4,962</b>	<b>276</b>	<b>331</b>	<b>5,569</b>	<b>(213)</b>	<b>5,356</b>	<b>273</b>
<b>Amortisation and impairment</b>	<b>(5)</b>	<b>(135)</b>	<b>(73)</b>	<b>(213)</b>			
<b>Carrying amount</b>	<b>4,957</b>	<b>141</b>	<b>258</b>	<b>5,356</b>			<b>273</b>

<sup>a</sup>Includes goodwill on associates of €2,816m

<sup>b</sup>Mainly actuarial gains/losses on lump-sum retirement obligations of Alstom, including net movement in the translation reserve of -€8m

5,629

### 3.2.4.1 Investments in associates

4,957

Components of carrying amount at 31 December 2009	Share of net assets held	Share of profit for the period	Goodwill	Carrying amount
<b>1 January 2008</b>	<b>1,422</b>	<b>257</b>	<b>2,714</b>	<b>4,393</b>
<b>Movements during 2008</b>				
Translation adjustments	(5)			(5)
Acquisitions and share issues	103		90	193
Profit for the period		360		360
Impairment losses		(3)		(3)
Appropriation of prior-year profit	257	(257)		
Disposals, transfers and other movements	(187)		(9)	(196)
<b>31 December 2008</b>	<b>1,590</b>	<b>357</b>	<b>2,795</b>	<b>4,742</b>
<b>Movements during 2009</b>				
Translation adjustments	(9)			(9)
Acquisitions and share issues	25		21 <sup>b</sup>	46
Profit for the period		393		393
Impairment losses				
Appropriation of prior-year profit	357	(357)		
Disposals, transfers and other movements	(215)			(215)
<b>31 December 2009</b>	<b>1,748</b>	<b>393</b>	<b>2,816</b>	<b>4,957<sup>a</sup></b>

<sup>a</sup>Includes: - Alstom = €4,054m  
- Cofiroute (Colas) = €469m  
(see below)

<sup>b</sup>Includes: - Alstom, increase of €14m (additional goodwill on acquisitions during 2009); total goodwill = €2,463m

A list of associates in which the Bouygues group holds an interest is provided in Note 24 (Detailed list of consolidated companies at 31 December 2009).

#### Principal associates

	31 December 2008	Net movement in 2009	31 December 2009	Includes: share of profit/(loss) for the period
<b>Alstom</b>	<b>3,865</b>	<b>189</b>	<b>4,054</b>	<b>329<sup>a</sup></b>
<b>Construction</b>				
Concession companies	101	(24)	<b>77</b>	(8)
Other associates	4		<b>4</b>	
<b>Roads</b>				
Cofiroute	448	21	<b>469</b>	52
Other associates	51	6	<b>57</b>	2
<b>Media</b>				
	259	16	<b>275</b>	15
<b>Other associates</b>				
	14	7	<b>21</b>	3
<b>Total</b>	<b>4,742</b>	<b>215</b>	<b>4,957</b>	<b>393</b>

<sup>a</sup>Contribution net of amortisation of €17m charged against fair value remeasurements in 2009

Summary information about the assets, liabilities, income and expenses of the Bouygues group's two principal associates is provided below:

Amounts shown are for 100% of the associate	31 December 2009	
	Alstom <sup>a</sup>	Cofiroute
Non-current assets	8,557	5,934
Current assets	15,357	498
<b>Total assets</b>	<b>23,914</b>	<b>6,432</b>
Shareholders' equity	3,099	2,022
Non-current liabilities	2,572	3,720
Current liabilities	18,243	690
<b>Total liabilities and equity</b>	<b>23,914</b>	<b>6,432</b>
<b>Sales</b>	<b>9,683</b>	<b>1,284</b>
<b>Current operating profit</b>	<b>828</b>	<b>593</b>
<b>Net profit</b>	<b>572</b>	<b>312</b>
<b>Net profit attributable to the Group</b>	<b>562</b>	<b>312</b>

Amounts shown are for 100% of the associate	31 December 2008	
	Alstom <sup>b</sup>	Cofiroute
Non-current assets	8,625	5,808
Current assets	15,619	594
<b>Total assets</b>	<b>24,244</b>	<b>6,402</b>
Shareholders' equity	2,884	1,902
Non-current liabilities	2,092	3,696
Current liabilities	19,268	804
<b>Total liabilities and equity</b>	<b>24,244</b>	<b>6,402</b>
<b>Sales</b>	<b>18,739</b>	<b>1,350</b>
<b>Current operating profit</b>	<b>1,536</b>	<b>580</b>
<b>Net profit</b>	<b>1,118</b>	<b>324</b>
<b>Net profit attributable to the Group</b>	<b>1,109</b>	<b>324</b>

<sup>a</sup>Interim financial statements published by Alstom for the six months ended 30 September 2009 (Alstom's financial year-end is 31 March)

<sup>b</sup>Financial statements for the year ended 31 March 2009



### 3.2.4.2 Other non-current financial assets

- Investments in non-consolidated companies: 141
- Other non-current financial assets: 258

#### Principal investments in non-consolidated companies at 31 December 2009

Investment	31 December 2009							31 December 2008	
	Gross value	Impairment	Carrying amount	% interest	Total assets	Total current & non-current liabilities	Total sales	Net profit/(loss)	Carrying amount
<b>French companies</b>									
CERF (Colas quarry, France) <sup>a</sup>			0						34
Sofica valor	8		8	43.4					3
Sylver	4		4	49.0					4
Asphalt and binder companies (Colas) <sup>b</sup>	15	2	13						12
Other investments in French companies	55	40	15						16
<b>Sub-total</b>	<b>82</b>	<b>42</b>	<b>40</b>						<b>69</b>
<b>Foreign companies</b>									
IEC Investments (Hong Kong)	49		49	15.0	165	11	21	(51)	51
Socoprime (Ivory Coast)	14		14	64.0	22				13
A1- International (Netherlands)	13	13	0	50.0					7
Bombela (South Africa)	9		9	17.0	339	328			9
CCIB (Romania)	6	6	0	22.0					0
VSL Corporation (United States)	22	22	0	100.0					0
Asphalt and binder companies (Colas) <sup>b</sup>	2	1	1						1
Other investments in foreign companies	79	51	28						33
<b>Sub-total</b>	<b>194</b>	<b>93</b>	<b>101</b>						<b>114</b>
<b>Total</b>	<b>276</b>	<b>135</b>	<b>141</b>						<b>183</b>

<sup>a</sup>Company acquired at the end of 2008, and consolidated in 2009

<sup>b</sup>The information provided for Colas asphalt & binder companies and other investments in French and foreign companies relates to a large number of companies, for which individual information is not disclosed on grounds of immateriality.

### Other non-current financial assets

The main items included in this heading are:

- advances to non-consolidated companies 54
- non-current loans and receivables 47
- other long-term investments: 157
  - deposits and caution money 134
  - other long-term investment securities 23<sup>a</sup>

<sup>a</sup>Main components of "Other long-term investment securities":

- mutual funds 14
- other investments individually less than €2m 9
- 23

## Analysis of investments in non-consolidated companies and other non-current financial assets (excluding associates) by type

399

	Measured at fair value				Total
	Available-for-sale financial assets <sup>a</sup>	Other financial assets measured at fair value <sup>b</sup>	Loans and receivables <sup>c</sup>	Held-to-maturity financial assets <sup>c</sup>	
31 December 2008	146	712	249	202	1,309
Movements during 2009	(4)	(708) <sup>d</sup>	(175) <sup>e</sup>	(23)	(910)
31 December 2009	142	4	74	179	399
Due within less than 1 year	4		15	6	25
Due within 1 to 5 years	18		34	26	78
Due after more than 5 years	120	4	25	147	296

<sup>a</sup>Impact of fair value remeasurements recognised in equity

<sup>b</sup>Impact of fair value remeasurements recognised in profit or loss

<sup>c</sup>Measured at amortised cost

<sup>d</sup>Includes disposal of the equity interest in Canal+ France: -€705m

<sup>e</sup>Includes reclassification of the Alstom Hydro Holding financial asset as a current asset: -€168m

### Investments in joint ventures

The Bouygues group holds a number of interests in joint ventures, which are listed in Note 24 (Detailed list of consolidated companies at 31 December 2009).

Aggregate amounts of assets/liabilities and key income statement indicators are shown below:

Bouygues share in joint ventures	31 December 2009	31 December 2008
Non-current assets	147	144
Current assets	712	825
<b>Total assets</b>	<b>859</b>	<b>969</b>
Shareholders' equity	(62)	63
Non-current liabilities	158	121
Current liabilities	763	785
<b>Total liabilities and equity</b>	<b>859</b>	<b>969</b>
<b>Sales</b>	<b>1,230</b>	<b>1,638</b>
<b>Operating profit/(loss)</b>	<b>(48)</b>	<b>29</b>
<b>Net profit/(loss)</b>	<b>(50)</b>	<b>34</b>

### 3.2.5 Non-current tax assets

See Note 7 for details.

273

## Note 4 • Current assets

16,235

### 4.1 Inventories

2,680

Inventories	31 December 2009			31 December 2008		
	Gross value	Impairment <sup>a</sup>	Carrying amount	Gross value	Impairment <sup>a</sup>	Carrying amount
Property development inventories	1,483	(117)	1,366	1,777	(91)	1,686
Raw materials and finished goods	757	(32)	725	835	(40)	795
Programmes and broadcasting rights (TF1)	746	(157)	589	722	(180)	542
<b>Total</b>	<b>2,986</b>	<b>(306)</b>	<b>2,680</b>	<b>3,334</b>	<b>(311)</b>	<b>3,023</b>

<sup>a</sup>Includes: impairment charged during the period: (130)  
impairment reversed during the period: 133

(157)  
108

### Operating commitments not yet recognised involving future outflows of resources:

#### TF1: Programming schedules for future years

The maturities of broadcasting and sports transmission rights contracts are as follows:

	Maturity			Total 2009	Total 2008
	within less than 1 year	within 1 to 5 years	after more than 5 years		
Programmes and broadcasting rights <sup>a</sup>	534	823	167	1,524	1,382
Sports transmission rights	188	339		527	693
<b>Total</b>	<b>722</b>	<b>1,162</b>	<b>167</b>	<b>2,051</b>	<b>2,075</b>

<sup>a</sup>2009: some of these contracts are denominated in foreign currencies: €17.9m in Swiss francs, €14.9m in pounds sterling, and €230.4m in US dollars.

	Maturity			Total 2009	Total 2008
	within less than 1 year	within 1 to 5 years	after more than 5 years		
<b>Bouygues Immobilier</b>					
Reciprocal operating off balance sheet commitments relating to the acquisition of land banks	170	21		191	311
<b>Bouygues Telecom</b>					
Agreements to secure handset supplies	219			219	84

## 4.2 Advances and down-payments on orders

400

	31 December 2009			31 December 2008		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Advances and down-payments on orders	421	(21)	400	433	(4)	429

## 4.3 Trade receivables, tax assets and other receivables

8,220

	31 December 2009			31 December 2008		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Trade receivables (including unbilled receivables)	6,509	(377)	6,132	7,456	(359)	7,097
Current tax assets (tax receivable)	73	(2)	71	102	(3)	99
Other receivables and prepaid expenses:						
• Other operating receivables (employees, social security, government and other)	1,426	(60)	1,366	1,664	(48)	1,616
• Sundry receivables	536	(83)	453	494	(86)	408
• Prepaid expenses	198		198	223		223
<b>Sub-total</b>	<b>2,160</b>	<b>(143)</b>	<b>2,017</b>	<b>2,381</b>	<b>(134)</b>	<b>2,247</b>
<b>Total</b>	<b>8,742</b>	<b>(522)</b>	<b>8,220</b>	<b>9,939</b>	<b>(496)</b>	<b>9,443</b>

### Split of trade receivables between non-past due and past due balances at 31 December 2009 and 31 December 2008

	Non-past due balances	Balances past due by:			Total
		0-6 months	6-12 months	>12 months	
Trade receivables	4,513	1,335	283	378	6,509
Impairment of trade receivables	(34)	(67)	(47)	(229)	(377)
<b>Carrying amount of trade receivables at 31 December 2009</b>	<b>4,479</b>	<b>1,268</b>	<b>236</b>	<b>149</b>	<b>6,132</b>
<b>Carrying amount of trade receivables at 31 December 2008</b>	<b>4,978</b>	<b>1,763</b>	<b>219</b>	<b>137</b>	<b>7,097</b>

An analysis of unimpaired trade receivables more than 12 months past due revealed no additional credit risk (recoverable VAT, offset with trade creditors, etc.).

## 4.4 Cash and equivalents

4,713

Cash and equivalents	31 December 2009			31 December 2008		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Cash	1,690		1,690	792		792
Cash equivalents	3,030	(7)	3,023 <sup>a</sup>	3,054	(6)	3,048
<b>Sub-total</b>	<b>4,720</b>	<b>(7)</b>	<b>4,713</b>	<b>3,846</b>	<b>(6)</b>	<b>3,840</b>

<sup>a</sup> - Bouygues SA holds €2,888m of these cash equivalents.  
- Surplus cash is invested with high-quality French and foreign banks.  
- Cash equivalents are readily convertible into cash.  
- Cash and cash equivalents are measured at fair value.

All investments of cash and equivalents were available as at 31 December 2009.

The net cash position shown in the cash flow statement comprises the following items:

	31 December 2009	31 December 2008
<b>Assets</b>		
Cash	1,690	792
Cash equivalents	3,023	3,048
<b>Sub-total: assets</b>	<b>4,713</b>	<b>3,840</b>
<b>Liabilities</b>		
Overdrafts and short-term bank borrowings	(258)	(393)
<b>Sub-total: liabilities</b>	<b>(258)</b>	<b>(393)</b>
<b>Total</b>	<b>4,455</b>	<b>3,447</b>

Split of cash position by currency at 31 December 2009	Euro	Pound sterling	Swiss franc	Other European currencies	US dollar	Other currencies	Total
Cash	965	92	36	22	99	476	1,690
Cash equivalents	3,012		1			10	3,023
Financial instruments							
Overdrafts and short-term bank borrowings	(137)			(73)		(48)	(258)
<b>Total at 31 December 2009</b>	<b>3,840</b>	<b>92</b>	<b>37</b>	<b>(51)</b>	<b>99</b>	<b>438</b>	<b>4,455</b>
<b>Total at 31 December 2008</b>	<b>3,189</b>	<b>44</b>	<b>45</b>	<b>(36)</b>	<b>13</b>	<b>192</b>	<b>3,447</b>

## 4.5 Analysis of depreciation, amortisation, provisions and impairment in the balance sheet and income statement

	Charges and write-backs (operating)						31 December 2009
	1 January 2009	Translation adjustments	Depreciation and amortisation	Impairment and provisions	Write-backs (no longer required)	Other movements <sup>a</sup>	
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets	(9,671)	(18)	(1,361)			862	<b>(10,188)</b>
Impairment of goodwill	(42)			(1)		9	<b>(34)</b>
Impairment of investments in non-consolidated companies	(128)					(7)	<b>(135)</b>
Impairment of other non-current financial assets	(76)					(1)	<b>(77)</b>
Impairment of inventories	(311)			(6)	10	1	<b>(306)</b>
Impairment of trade receivables	(359)	1		(108)	40	49	<b>(377)</b>
Impairment of cash equivalents	(6)					(1)	<b>(7)</b>
Impairment of other current assets	(141)			(32)	2	4	<b>(167)</b>
<b>Total deducted from assets</b>	<b>(10,734)</b>	<b>(17)</b>	<b>(1,361)</b>	<b>(147)</b>	<b>52</b>	<b>916</b>	<b>(11,291)</b>
Current and non-current provisions	(2,310)	(11)		(510)	205	68	(2,558)
<b>Total recognised as liabilities</b>	<b>(2,310)</b>	<b>(11)</b>		<b>(510)</b>	<b>205</b>	<b>68</b>	<b>(2,558)</b>

<sup>a</sup>Write-backs on disposals and changes in scope of consolidation, and net movement recognised in financial income/expenses

## 4.6 Other current financial assets

222

	31 December 2009	31 December 2008
Financial instruments used to hedge financial liabilities	21	24
Other financial assets (financial assets due within < 1 year, financial instruments related to working capital items, etc.)	201 <sup>a</sup>	59
<b>Total</b>	<b>222</b>	<b>83</b>

<sup>a</sup>Includes €175m relating to Alstom Hydro Holding:

- In October 2006, Bouygues acquired 50% of Alstom Hydro Holding (Alstom's hydro-power division) from Alstom for €150 million. Under the terms of the agreements with Alstom signed at that time, Bouygues had an option to sell its shares back to Alstom in November 2009:
  - for €175 million, or
  - in exchange for 4.4 million Alstom shares, or the equivalent value in euros.
- In November 2009, Bouygues exercised its option to exchange for Alstom shares; this transaction is pending clearance from the competition authorities in some countries, and will be completed in 2010 (see Note 1.1).
- At 31 December 2009, Alstom exercised exclusive control over Alstom Hydro Holding, and the equity interest in the company was not consolidated by the Bouygues group; instead, it was recognised as a current financial asset with a carrying amount of €175 million as of that date.

The impact of the unwinding of the discount on this asset, amounting to €7 million in the year ended 31 December 2009, was recognised in "Other financial income".

Because of the long-term industrial strategy underpinning relations between Bouygues and Alstom, the Bouygues group continued during 2009 not to account for the option entitling it to exchange this asset for Alstom shares as a financial instrument.

If this item had been accounted for as a financial instrument, the resulting volatility would have had an estimated positive impact of €24 million in the year ended 31 December 2009, giving a cumulative favourable fair value impact of €41 million since 2006 (excluding tax effects).

Because the option to exchange expired in 2009, this asset was reclassified to "Other current financial assets".



## Note 5 • Consolidated shareholders' equity

### 5.1 Share capital of Bouygues SA (€)

€354,267,911

As of 31 December 2009, the share capital of Bouygues SA consisted of 354,267,911 shares with a par value of €1. Movements during 2009 were as follows:

	1 January 2009	Movements during 2009		31 December 2009
		Reductions	Increases	
Shares	342,818,079	(1,068,181)	12,518,013	354,267,911
<b>Number of shares</b>	<b>342,818,079</b>	<b>(1,068,181)</b>	<b>12,518,013</b>	<b>354,267,911</b>
Par value	€1			€1
<b>Share capital (€)</b>	<b>342,818,079</b>	<b>(1,068,181)</b>	<b>12,518,013</b>	<b>354,267,911</b>

### 5.2 Shareholders' equity as of 31 December 2009 attributable to the Group and to minority interests

	Share capital	Share premium	Reserves related to capital	Retained earnings	Consolidated reserves and profit for the year	Items recognised directly in equity	Total 31 December 2009
Attributable to the Group	354	2,069	806	1,017	4,485	(195)	8,536
Attributable to minority interests					1,194	(4)	1,190
<b>Total shareholders' equity</b>	<b>354</b>	<b>2,069</b>	<b>806</b>	<b>1,017</b>	<b>5,679</b>	<b>(199)<sup>a</sup></b>	<b>9,726</b>

<sup>a</sup>Cumulative balance of items recognised directly in equity as of 31 December 2009

### 5.3 Analysis of income and expense recognised directly in equity (change in the period)

	Ref.	Attributable to the Group 2009	Attributable to the Group 2008 <sup>a</sup>
Translation reserve	1	6	(22)
Fair value remeasurement reserve (financial instruments)	2	(16)	(49)
Actuarial gains/(losses)	3	38	(43)
Taxes on items recognised directly in equity		25	18
Share of remeasurements of associates		(100)	(85)
Other movements during the period			
<b>Sub-total</b>		<b>(47)</b>	<b>(181)</b>
		<b>Minority interests</b>	<b>Minority interests</b>
Other income and expenses relating to minority interests		2	(4)
<b>Total</b>		<b>(45)</b>	<b>(185)</b>

<sup>a</sup>Income and expenses relating to associates have been reclassified to a separate line, "Share of remeasurements of associates"

These items are reported in the statement of recognised income and expense, presented immediately after the consolidated income statement

#### 5.3.1 Translation reserve

Principal translation differences in the year ended 31 December 2009 arising on foreign companies reporting in:

	31 December 2008	Movements during 2009	31 December 2009
US dollar	(22)	(12)	(34)
Canadian dollar	(16)	23	7
Pound sterling	(18)	5	(13)
South African rand	3	(20)	(17)
Other currencies	(1)	2	1
<b>Total</b>	<b>(54)</b>	<b>(2)</b>	<b>(56)<sup>a</sup></b>

<sup>a</sup>Includes the cumulative translation difference on associates: -€11m

### 5.3.2 Fair value remeasurement reserve (portion attributable to the Group)

Amounts recognised directly in equity on the remeasurement at fair value of financial instruments used for hedging purposes and available-for-sale financial assets

	31 December 2008	Movements during 2009	31 December 2009
Gross movement (excluding associates)	49	(17)	32

Mainly currency hedging instruments and fair value remeasurement of financial instruments.

### 5.3.3 Actuarial gains and losses on employee benefits (IAS 19) (portion attributable to the Group)

	31 December 2008	Movements during 2009	31 December 2009
Gross movement (excluding associates)	(37)	38 <sup>a</sup>	1

<sup>a</sup>The movement during the year was mainly due to the updating of calculation parameters, especially the discount rate applied to the lump-sum retirement benefit obligation

## 5.4 Analysis of "Other transactions with shareholders"

### Share-based payment (IFRS 2): impact on consolidated shareholders' equity

	2009	2008	(matching entry charged to profit or loss)
<b>Stock options: TF1 and Bouygues SA</b>			
Transfer to reserves:			
• TF1	1		
• Bouygues SA	25	21	Based on plans awarded since March 2004
<b>Consolidated expense</b>	<b>26</b>	<b>21</b>	
<b>2009 employee share ownership plan</b>			
• Bouygues Partage 2 plan	8		Cost of the employee benefit
<b>Total</b>	<b>34</b>	<b>21</b>	

## Note 6 • Non-current and current provisions

### 6.1 Non-current provisions = 1,727

	Long-term employee benefits <sup>a</sup>	Litigation and claims <sup>b</sup>	Guarantees given <sup>c</sup>	Other non-current provisions <sup>d</sup>	Total
<b>1 January 2008</b>	<b>425</b>	<b>295</b>	<b>296</b>	<b>477</b>	<b>1,493</b>
<b>Movements during 2008</b>					
Translation adjustments	(4)	(1)	(4)		(9)
Changes in scope of consolidation	2	2	1	1	6
Charges to provisions	51	106	104	118	379
Write-backs (utilised or no longer required)	(23)	(70)	(80)	(95)	(268) <sup>e</sup>
Actuarial gains and losses	44				44
Transfers and other movements	(2)		2	37	37
<b>31 December 2008</b>	<b>493</b>	<b>332</b>	<b>319</b>	<b>538</b>	<b>1,682</b>
<b>Movements during 2009</b>					
Translation adjustments	2		2		4
Changes in scope of consolidation	(17)	(1)	1	(54)	(71)
Charges to provisions	41	118	127	136	422
Write-backs (utilised or no longer required)	(25)	(108)	(83)	(86)	(302) <sup>f</sup>
Actuarial gains and losses	(39)				(39)
Transfers and other movements		2	2	27	31
<b>31 December 2009</b>	<b>455</b>	<b>343</b>	<b>368</b>	<b>561</b>	<b>1,727</b>

Provisions are based on management's best estimate of the risk, including risks relating to tax inspections.

		<b>Principal segments involved</b>	
<sup>a</sup> <b>Long-term employee benefits</b>	<b>455</b>	- Bouygues Construction	124
Lump-sum retirement benefits	311	- Colas	248
Long-service awards	104	- TF1	30
Other long-term employee benefits	40	- Bouygues Telecom	32
<sup>b</sup> <b>Litigation and claims</b>	<b>343</b>	- Bouygues Construction	173
Provisions for customer disputes	186	- Bouygues Immobilier	34
Subcontractor claims	34	- Colas	118
Employee-related litigation and claims	123		
<sup>c</sup> <b>Guarantees given</b>	<b>368</b>	- Bouygues Construction	255
Provisions for guarantees given	256	- Bouygues Immobilier	24
Provisions for additional building/civil engineering/civil works guarantees	112	- Colas	89
<sup>d</sup> <b>Other non-current provisions</b>	<b>561</b>	- Bouygues Construction	186
Risks related to official inspections	136	- Colas	208
Provisions for miscellaneous foreign risks	111	- Bouygues Telecom	124
Provisions for subsidiaries and affiliates	24		
Other non-current provisions	290		

<sup>e</sup>Including write-backs of provisions no longer required: -€110m

<sup>f</sup>Including write-backs of provisions no longer required: -€101m

## 6.2 Current provisions = 831

Provisions related to the operating cycle (see Note 2):

	Provisions for customer warranties	Provisions for project risks and project completion	Provisions for expected losses to completion	Other current provisions	Total
<b>1 January 2008</b>	<b>50</b>	<b>181</b>	<b>131</b>	<b>235</b>	<b>597</b>
<b>Movements during 2008</b>					
Translation adjustments	(1)		(3)		(4)
Changes in scope of consolidation	1	1	(1)		1
Charges to provisions	33	70	114	122	339
Write-backs (utilised or no longer required)	(31)	(73)	(97)	(95)	(296) <sup>d</sup>
Transfers	3	(2)		(10)	(9)
<b>31 December 2008</b>	<b>55</b>	<b>177</b>	<b>144</b>	<b>252</b>	<b>628</b>
<b>Movements during 2009</b>					
Translation adjustments			6	1	7
Changes in scope of consolidation	(1)	(3)		(2)	(6)
Charges to provisions	34	153	168	134	489
Write-backs (utilised or no longer required)	(26)	(82)	(84)	(135)	(327) <sup>e</sup>
Transfers	(3)	8		35	40
<b>31 December 2009</b>	<b>59</b>	<b>253<sup>a</sup></b>	<b>234<sup>c</sup></b>	<b>285<sup>b</sup></b>	<b>831</b>

<sup>a</sup>Including:

- provisions for risks on completed projects 102
- provisions for final settlement on projects 151

**Segments involved**

Mainly Bouygues Construction and Colas

<sup>b</sup>Including:

- reinsurance costs 21
- rental guarantees (Bouygues Immobilier) 31
- current customer disputes and vendor's liability guarantee (TF1) 18
- other current provisions 215

- Challenger Réassurance 21
- Bouygues Construction 54
- Bouygues Immobilier 59
- Colas 80
- TF1 34
- Bouygues Telecom 32

<sup>c</sup>Provisions relating to the Construction segment, mainly Bouygues Construction and Colas (individual project provisions are not disclosed for confidentiality reasons)

<sup>d</sup>Including write-backs of provisions no longer required: -€87m

<sup>e</sup>Including write-backs of provisions no longer required: -€104m

## Note 7 • Non current tax assets and liabilities

273/89

### 7.1 Non-current tax assets

	31/12/2008	Movements during 2009	31/12/2009
<b>Deferred tax assets</b>	<b>246</b>	<b>27</b>	<b>273</b>
Bouygues Telecom	22	(3)	19
Colas	91	11	102
Bouygues Construction	85	5	90
Bouygues Immobilier	32	10	42
Other business segments	16	4	20
<b>Long-term tax receivable</b>			
<b>Total non-current tax assets</b>	<b>246</b>	<b>27</b>	<b>273</b>

Deferred tax assets mainly derived from:

- temporary differences (provisions temporarily non-deductible for tax purposes, etc);
- tax losses with a genuine probability of recovery (see Note 7.4)

### 7.2 Non-current tax liabilities

	31/12/2008	Movements during 2009	31/12/2009
<b>Deferred tax liabilities</b>	<b>89</b>		<b>89<sup>a</sup></b>
Other non-current tax liabilities			
<b>Total non-current tax liabilities</b>	<b>89</b>		<b>89</b>

<sup>a</sup>Includes €82m for Colas

### 7.3 Net deferred tax asset/liability by business segment

Type of deferred taxation by business segment	Net deferred tax asset/(liability) at 31/12/2008	Changes in scope of consolidation	Translation adjustments	Movements during 2009			Net deferred tax asset/(liability) at 31/12/2009
				Gain	Expense	Other items	
<b>A - Tax losses available for carry-forward</b>							
Bouygues Construction	7				(1)	(1)	5
Bouygues Immobilier	2						2
Colas	10			8			18
TF1	13				(5)		8
<b>Sub-total</b>	<b>32</b>			<b>8</b>	<b>(6)</b>	<b>(1)</b>	<b>33</b>
<b>B - Temporary differences</b>							
Bouygues Construction	76			11		(3)	84
Bouygues Immobilier	28	(1)		12			39
Colas	2	(2)	(1)	13	(6)	(4)	2
TF1	1			3		(2)	2
Bouygues Telecom	22				(1)	(2)	19
Bouygues SA and other activities	(4)	(8)		12	(1)	6	5
<b>Sub-total</b>	<b>125</b>	<b>(11)</b>	<b>(1)</b>	<b>51</b>	<b>(8)</b>	<b>(5)</b>	<b>151</b>
<b>Total</b>	<b>157</b>	<b>(11)</b>	<b>(1)</b>	<b>59</b>	<b>(14)</b>	<b>(6)</b>	<b>184<sup>a</sup></b>

<sup>a</sup> • Breakdown of net deferred tax asset:

- Deferred tax assets	273	184
- Deferred tax liabilities	(89)	

• Main sources of deferred taxation:

	2009	2008
- Deferred tax assets on employee benefits (mainly lump-sum retirement benefits)	137	144
- Deferred taxation on provisions temporarily non-deductible for tax purposes	100	88
- Restricted provisions booked solely for tax purposes	(106)	(106)
- Other	53	31
	184	157

### 7.4 Period to recovery of deferred tax assets

31 December 2009	Less than 2 years	2-5 years	More than 5 years	Total
Expected period to recovery of deferred tax assets	85	54	134 <sup>a</sup>	273

<sup>a</sup>Mainly Colas

### 7.5 Unrecognised deferred tax assets

Amount of deferred tax assets not recognised due to low probability of recovery at 31 December 2009 (mainly tax loss carry-forwards): applies solely to companies not included in the Bouygues SA group tax election.

	31 December 2008	Movements during 2009	31 December 2009
Bouygues Construction	73	(7)	66
Bouygues Immobilier	37	3	40
Colas	28	6	34
TF1	28	(4)	24
Other	9	(5)	4
<b>Total unrecognised deferred tax assets</b>	<b>175</b>	<b>(7)</b>	<b>168</b>



## Note 8 • Non-current and current debt

7,160

Non-current debt 6,434

Current debt 726

### 8.1 Interest-bearing debt by maturity

	Current debt (maturing 2010)				Non-current debt						Total 31/12/2009	Total 31/12/2008
	Accrued interest	1 to 3 months	4 to 12 months	Total maturing 2010	1 to 2 years 2011	2 to 3 years 2012	3 to 4 years 2013	4 to 5 years 2014	5 to 6 years 2015	6 or more years 2016 and later		
Bond issues	143		497	640	750		1,149	993	996	2,177	6,065	6,557
Bank borrowings		6	38	44	70	66	14	12	8	114	284	316
Finance lease obligations		5	15	20	17	13	6	2	1	1	40	58
Other borrowings		2	20	22	11	14	2	2	3	13	45	94
<b>Total debt</b>	<b>143</b>	<b>13</b>	<b>570</b>	<b>726</b>	<b>848</b>	<b>93</b>	<b>1,171</b>	<b>1,009</b>	<b>1,008</b>	<b>2,305</b>	<b>6,434</b>	<b>7,025</b>
Comparative at 31 December 2008	175	49	1,113	1,337	646	894	38	1,174	1,009	3,264		7,025

Finance lease obligations by business segment	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
Non-current, 31 December 2009	1		29		10		40
Current, 31 December 2009			16	1	3		20
Non-current, 31 December 2008	1		43	1	12	1	58
Current, 31 December 2008	1		21		4		26

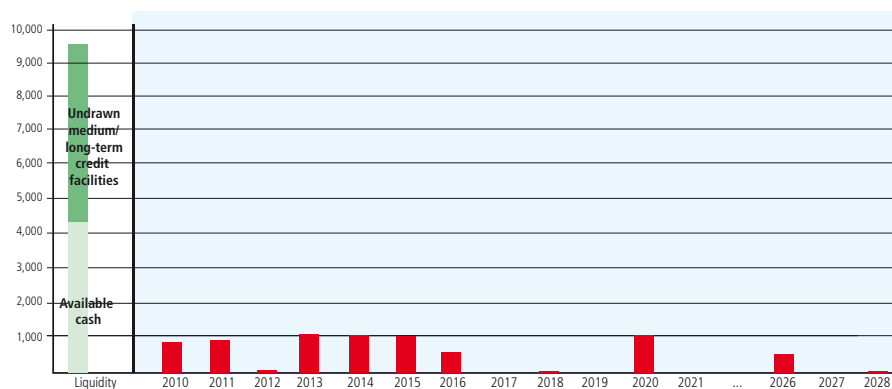
### 8.2 Confirmed credit facilities and drawdowns

Description	Confirmed facilities - Maturity				Drawdowns - Maturity			
	Less than 1 year	1 to 5 years	Over 5 years	Total	Less than 1 year	1 to 5 years	Over 5 years	Total
Bond issues (primarily Bouygues SA)	640	2,892	3,173	6,705	640	2,892	3,173	6,705
Bank borrowings	708	4,342	394	5,444	44	162	122	328
Finance lease obligations	20	38	2	60	20	38	2	60
Other borrowings	22	29	16	67	22	29	16	67
<b>Total credit facilities</b>	<b>1,390</b>	<b>7,301</b>	<b>3,585</b>	<b>12,276</b>	<b>726</b>	<b>3,121</b>	<b>3,313</b>	<b>7,160</b>

Undrawn confirmed credit facilities = €5,116 million

### 8.3 Liquidity at 31 December 2009

As at 31 December 2009, available cash stood at €4,456 million (including +€1 million of financial instruments contracted to hedge net debt). The Group also had €5,116 million of undrawn confirmed medium-term credit facilities as at the same date.



The bond issues maturing in 2013, 2015, 2016 and 2026 all contain a change of control clause relating to Bouygues SA.

The credit facilities contracted by Bouygues SA and its subsidiaries contain no financial covenants or trigger event clauses.

### 8.4 Split of current and non-current debt by interest rate type

Split of current and non-current debt, including the effect of all open interest rate hedging contracts at the balance sheet date:

	31/12/2009	31/12/2008
Fixed rate <sup>a</sup>	95%	94%
Variable rate	5%	6%

<sup>a</sup>Rates fixed for more than one year

### 8.5 Interest rate risk

The split of financial assets and financial liabilities by interest rate type at 31 December 2009 was as follows:

	Variable rate	Fixed rate	Total
Financial liabilities (debt)	594	6,566	7,160
Financial assets <sup>a</sup> (net cash position)	4,456		4,456
Net position before hedging	(3,862)	6,566	2,704
Interest rate hedges	(259)	259	
<b>Net position after hedging</b>	<b>(4,121)</b>	<b>6,825</b>	<b>2,704</b>
Adjustment for seasonal nature of certain activities	450		
<b>Net position after hedging and adjustment</b>	<b>(3,671)</b>		

<sup>a</sup>Includes +€1m for the fair value of financial instruments contracted to hedge net debt

The effect of an immediate 1% rise in short-term interest rates on the net position described above would be to reduce net interest expense by €36.7m over a full year.

### 8.6 Split of current and non-current debt by currency

	Europe					US dollar	CFA franc	Other currencies	Total
	Euro	Pound sterling	Other currencies						
<b>Non-current, 31 December 2009</b>	5,659	670	60	4			41	<b>6,434</b>	
<b>Current, 31 December 2009</b>	698	6	14				8	<b>726</b>	
Non-current, 31 December 2008	6,132	654	65	39	82		53	<b>7,025</b>	
Current, 31 December 2008	1,250	9	63	2	5		8	<b>1,337</b>	

An analysis of debt by business segment is provided in Note 16.

An analysis of collateral and pledges given by the Bouygues group is provided in Note 18.1 (breakdown by business segment).

## Note 9 • Main components of change in net debt (2,704)

### 9.1 Change in net debt

	31 December 2008	Movements in 2009	31 December 2009
Cash and equivalents	3,840	873	4,713
Overdrafts and short-term bank borrowings	(393)	135	(258)
<b>Net cash and equivalents</b>	<b>3,447</b>	<b>1,008</b>	<b>4,455<sup>a</sup></b>
Non-current debt	(7,025)	591	(6,434)
Current debt	(1,337)	611	(726)
Financial instruments, net	(1)	2	1
<b>Total debt</b>	<b>(8,363)</b>	<b>1,204</b>	<b>(7,159)</b>
<b>Net debt</b>	<b>(4,916)</b>	<b>2,212</b>	<b>(2,704)</b>

<sup>a</sup>Net cash position as analysed in the 2009 cash flow statement (net cash flows + non-monetary movements)

### 9.2 Principal net debt transactions in the year ended 31 December 2009

<b>Net debt at 31 December 2008</b>	<b>(4,916)</b>
Acquisitions/disposals	843 <sup>a</sup>
Dividends paid	(671)
Transactions involving share capital	217 <sup>b</sup>
Changes in scope of consolidation	184 <sup>c</sup>
Operating items	1,639
<b>Net debt at 31 December 2009</b>	<b>(2,704)</b>

<sup>a</sup>Includes +€744m relating to the disposal of the equity interest in Canal+ France

<sup>b</sup>Includes +€192m relating to the capital increase for the Bouygues Partage 2 employee share ownership plan

<sup>c</sup>Relates mainly to the Axione and Finagestion disposals

## Note 10 • Current liabilities

15,959

### Breakdown of current liabilities:

	31 December 2009	31 December 2008
Advances and down-payments received	1,276	1,301
<b>Current debt<sup>a</sup></b>	<b>726</b>	<b>1,337</b>
<b>Current taxes payable</b>	<b>132</b>	<b>163</b>
<b>Trade payables</b>	<b>6,479</b>	<b>7,577</b>
<b>Current provisions<sup>b</sup></b>	<b>831</b>	<b>628</b>
<b>Other current liabilities, deferred income and similar</b>		
Other operating liabilities (employees, social security, government)	2,457	2,646
Deferred income	1,934	1,921
Other non-financial liabilities, deferred income and similar	1,828	1,901
<b>Overdrafts and short-term bank borrowings</b>	<b>258</b>	<b>393</b>
<b>Financial instruments</b>	<b>20</b>	<b>25</b>
<b>Other current financial liabilities</b>	<b>18</b>	<b>35</b>
<b>Total</b>	<b>15,959</b>	<b>17,927</b>

<sup>a</sup>See analysis in Note 8, "Non-current and current debt"

<sup>b</sup>See analysis in Note 6.2

## Note 11 • Analysis of sales and other revenues from operations

### 11.1 Analysis by accounting classification

	2009	2008 <sup>a</sup>
Sales of goods	2,469	2,684
Sales of services	12,286	12,370
Construction contracts	16,598	17,405
<b>Sales</b>	<b>31,353</b>	<b>32,459</b>
Royalties		
Other revenues from operations	139	124
<b>Other revenues from operations</b>	<b>139</b>	<b>124</b>
<b>Total revenues</b>	<b>31,492</b>	<b>32,583</b>

<sup>a</sup>After reclassification of the Finagestion group

There were no material exchanges of goods or services in the year ended 31 December 2009.

## Consolidated balance sheet: information about construction contracts

	Bouygues Construction	Colas	Total
Unbilled works	329	376	705
Warranty retentions	65	55	120
Works billed in advance	1,438	339	1,777
Advance payments received	809	119	928

## 11.2 Analysis by business segment

Sales reported by consolidated companies (excluding associates) include accounting revenues from works contracts and sales of goods and services.

Business segment	2009 sales				2008 sales			
	France	International	Total	%	France	International	Total	%
Construction	4,978	4,187	9,165	29	5,063	4,097	9,160	28
Property	2,719	252	2,971	9	2,732	177	2,909	9
Roads	6,629	4,882	11,511	37	7,208	5,518	12,726	39
Media	1,991	348	2,339	7	2,237	338	2,575	8
Telecoms	5,352		5,352	16	5,073		5,073	15
Bouygues SA & other activities	9	6	15		10	6	16	
<b>Consolidated sales</b>	<b>21,678</b>	<b>9,675</b>	<b>31,353</b>	<b>100</b>	<b>22,323</b>	<b>10,136</b>	<b>32,459</b>	<b>100</b>
<b>% change 2009 vs. 2008</b>	<b>-3%</b>	<b>-5%</b>	<b>-3%</b>					

## 11.3 Analysis by geographical area

	2009 sales		2008 sales	
	Total	%	Total	%
France	21,678	69	22,323	69
European Union (27 members)	3,820	12	4,175	13
Rest of Europe	1,012	3	1,015	3
Africa	1,396	5	1,361	4
Middle East	140	0	254	1
United States, Canada	1,956	6	2,140	6
Central and South America	188	1	188	1
Asia-Pacific	1,048	3	910	3
Oceania	115	1	93	
<b>Total</b>	<b>31,353</b>	<b>100</b>	<b>32,459</b>	<b>100</b>

## 11.4 Split by type of contract, France/International (%)

	2009			2008		
	France	International	Overall	France	International	Overall
<b>Public-sector contracts<sup>a</sup></b>	32	51	38	32	50	38
<b>Private-sector contracts</b>	68	49	62	68	50	62

<sup>a</sup>Sales billed directly to government departments or local authorities (mainly works and maintenance contracts) in France and abroad



## Note 12 • Operating profit

1,855

	2009	2008
<b>Current operating profit</b>		
Sales	31,353	32,459
Other revenues from operations	139	124
Purchases used in production and external charges	(20,681)	(22,360)
Taxes other than income tax	(706)	(650)
Personnel costs	(6,474)	(6,397)
Net depreciation, amortisation, provisions and impairment		
Depreciation and amortisation <sup>1</sup>	(1,361)	(1,310)
Net charge to provisions and impairment losses <sup>1</sup>	(657) <sup>b</sup>	(483)
Change in production & property development inventories	(286)	78
Other income from operations	1,119	1,398
Reversals of provisions no longer required <sup>1</sup>	257	239
Other miscellaneous income <sup>1</sup>	862	1,159
Other expenses on operations <sup>1</sup>	(591)	(663)
<b>Current operating profit<sup>a</sup></b>	<b>1,855</b>	<b>2,196</b>
Other operating income and expenses	0	0
<b>Operating profit</b>	<b>1,855</b>	<b>2,196</b>

<sup>1</sup>Components used in the calculation of EBITDA

See Note 16 for an analysis by business segment.

<sup>a</sup>Includes €61m of net gains on disposals

<sup>b</sup>Includes -€347m for Bouygues Construction, -€183m for Colas and -€81m for Bouygues Immobilier

## Note 13 • Cost of net debt Financial income and expenses

(344)  
25

### 13.1 Components of cost of net debt

	2009	2008
Financial expenses	(425)	(432)
Financial income	81	157
<b>Including:</b>		
- on finance leases	(3)	(4)
- on financial instruments	0	6
<b>Total cost of net debt</b>	<b>(344)</b>	<b>(275)</b>

	2009	2008
Interest expense on net debt	(381)	(380)
Interest expense related to treasury management	(35)	(43)
Interest expense on finance leases	(3)	(4)
Net effect of financial instruments	0	6
Income from cash equivalents	75	146
<b>Total cost of net debt</b>	<b>(344)</b>	<b>(275)</b>

### 13.2 Other financial income and expenses

	2009	2008
Other financial income	117	123
Other financial expenses	(92)	(142)
<b>Other financial income/(expenses), net</b>	<b>25</b>	<b>(19)</b>

"Other financial income and expenses" include gains arising from the unwinding of discount on the Canal+ France and Alstom Hydro Holding financial assets, interest paid to investors on calls for funds (commercial property), commitment fees, fair value remeasurements of "Other current financial assets", and other items.

## Note 14 • Income tax expense

(487)

### 14.1 Analysis of income tax expense

	2009			2008		
	France	Other countries	Total	France	Other countries	Total
Tax payable to the tax authorities	(395)	(137)	(532)	(470)	(123)	(593)
Change in deferred tax liabilities	2	3	5	1	(8)	(7)
Change in deferred tax assets	42	(2)	40	11	(4)	7
<b>Total</b>	<b>(351)</b>	<b>(136)</b>	<b>(487)</b>	<b>(458)</b>	<b>(135)</b>	<b>(593)</b>

See Note 16 for an analysis by business segment.

### 14.2 Tax proof (reconciliation between standard tax rate and effective tax rate)

Differences between the standard corporate income tax rate applicable in France and the effective tax rate based on the consolidated financial statements are as follows:

	2009	2008
<b>Net profit (100%)</b>	<b>1,456</b>	<b>1,686</b>
<b>Eliminations:</b>		
Income tax expense	487	593
Net profit of discontinued and held-for-sale operations	(14)	(20)
Share of profits and losses of associates	(393)	(357)
<b>Net pre-tax profit from continuing operations excluding associates</b>	<b>1,536</b>	<b>1,902</b>
Standard tax rate in France	34.43%	34.43%
Recognition and utilisation of tax loss carry-forwards	(0.88%)	1.63%
Effect of permanent differences	0.69%	(2.39%)
Flat-rate taxes, dividend taxes and tax credits	0.07%	0.31%
Taxes at rates not linked to profits: differential tax rates, long-term capital gains, foreign taxes	(2.60%)	(2.80%)
<b>Effective tax rate</b>	<b>31.71%</b>	<b>31.18%</b>

## Note 15 • Net profit from continuing operations and basic/diluted earnings per share from continuing operations

### 15.1 Net profit from continuing operations

Net profit from continuing operations for the period was €1,442 million; the portion attributable to the Bouygues group fell by 13% compared to the previous year. An analysis is provided below:

	2009	2008	Change
Net profit from continuing operations (100%)	1,442	1,666	(13%)
Minority interest in net profit from continuing operations	(137)	(174)	(21%)
<b>Net profit from continuing operations attributable to the Group</b>	<b>1,305</b>	<b>1,492</b>	<b>(13%)</b>

### 15.2 Basic and diluted earnings per share from continuing operations

Basic earnings per share from continuing operations is calculated by dividing net profit from continuing operations attributable to the Group by the weighted average number of shares outstanding during the year, excluding the average number of ordinary shares bought and held as treasury shares.

	2009	2008
Net profit from continuing operations attributable to the Group (€m)	1,305	1,492
Weighted average number of shares outstanding	345,165,830	342,609,161
<b>Basic earnings per share from continuing operations (€)</b>	<b>3.78</b>	<b>4.35</b>

Diluted earnings from continuing operations per share is calculated by reference to the weighted average number of shares outstanding, adjusted for the conversion of all potentially dilutive shares (ie stock subscription options legally exercisable and in the money at the balance sheet date).

	2009	2008
Net profit from continuing operations used to calculate diluted earnings per share (€m)	1,305	1,492
Weighted average number of shares outstanding	345,165,830	342,609,161
Adjustment for potentially dilutive effect of stock options	1,056,524	3,567,732
<b>Diluted earnings per share from continuing operations (€)</b>	<b>3.77</b>	<b>4.31</b>

## Note 16 • Segment information

Segment information is provided in two forms: **1. By business segment (CGU):** Construction (Bouygues Construction), Property (Bouygues Immobilier), Roads (Colas), Media (TF1), Telecoms (Bouygues Telecom), Bouygues SA and other activities. **2. By geographical area:** France, European Union, Rest of Europe, Africa, Asia-Pacific, Americas and Middle East. (Sales are allocated by the location where the sale is generated, and property, plant and equipment by the location of the asset). Inter-segment sales are generally conducted on an arm's length basis.

### 16.1 Analysis by business segment – Year ended 31 December 2009

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total 2009
<b>INCOME STATEMENT</b>							
Total sales	9,546	2,989	11,580	2,365	5,368	135	31,983
Inter-segment sales	(381)	(18)	(69)	(26)	(16)	(120)	(630)
<b>Third-party sales</b>	<b>9,165</b>	<b>2,971</b>	<b>11,511</b>	<b>2,339</b>	<b>5,352</b>	<b>15</b>	<b>31,353</b>
Net depreciation and amortisation expense	(162)	(6)	(482)	(100)	(604)	(7)	(1,361)
Net charges to provisions	(347)	(81)	(183)	(14)	(25)	(7)	(657)
<b>Current operating profit</b>	<b>335</b>	<b>203</b>	<b>541</b>	<b>101</b>	<b>730</b>	<b>(55)</b>	<b>1,855</b>
Cost of net debt	26	(6)	(34)	(22)	(10)	(298)	(344)
Income tax expense	(124)	(49)	(172)	(15)	(246)	119	(487)
Share of profits/(losses) of associates	(7)		55	15		330	393
<b>Net profit from continuing operations</b>	<b>241</b>	<b>113</b>	<b>391</b>	<b>115</b>	<b>471</b>	<b>111</b>	<b>1,442</b>
Net profit of discontinued and held-for-sale operations						14	14
<b>Net profit</b>	<b>241</b>	<b>113</b>	<b>391</b>	<b>115</b>	<b>471</b>	<b>125</b>	<b>1,456</b>
<b>Net profit attributable to the Group</b>	<b>240</b>	<b>110</b>	<b>374</b>	<b>49</b>	<b>422</b>	<b>124<sup>a</sup></b>	<b>1,319</b>
<b>BALANCE SHEET</b>							
Property, plant and equipment	411	15	2,312	191	2,737	261	5,927
Intangible assets	48	3	60	136	739	2	988
Goodwill	326		1,086	1,091	2,651	2	5,156
Deferred tax assets and long-term tax receivable	90	42	102	12	19	8	273
Investments in associates	81		526	275		4,075 <sup>b</sup>	4,957
Other non-current assets	161	14	166	20	8	30	399
Cash and equivalents	519	97	498	124	15	3,460	4,713
Other assets							11,522
<b>Total assets</b>							<b>33,935</b>
Non-current debt	347	91	212		293	5,491	6,434
Non-current provisions	738	83	663	46	167	30	1,727
Deferred tax liabilities and non-current tax liabilities	1	1	84	1		2	89
Current debt	8	17	45	502	15	139	726
Overdrafts and short-term bank borrowings	(3,121)	(156)	115	(443)		3,863	258
Other liabilities							24,701
<b>Total liabilities</b>							<b>33,935</b>
<b>Net debt</b>	<b>3,285</b>	<b>146</b>	<b>116</b>	<b>73</b>	<b>(294)</b>	<b>(6,030)</b>	<b>(2,704)</b>
<b>CASH FLOW STATEMENT</b>							
<b>Cash flow</b>	<b>569</b>	<b>181</b>	<b>1,066</b>	<b>186</b>	<b>1,340</b>	<b>88</b>	<b>3,430</b>
Acquisitions of property, plant and equipment and intangible assets, net of disposals	(142)	(6)	(362)	(70)	(683)	(7)	(1,270)
Acquisitions of investments in consolidated companies and other investments, net of disposals	20		(8)	739 <sup>d</sup>	(1)	(3)	747
<b>OTHER INDICATORS</b>							
<b>EBITDA</b>	<b>746</b>	<b>269</b>	<b>1,109</b>	<b>194</b>	<b>1,344</b>	<b>(46)</b>	<b>3,616</b>
<b>Free cash flow</b>	<b>329</b>	<b>120</b>	<b>498</b>	<b>79</b>	<b>401</b>	<b>(98)</b>	<b>1,329</b>

<sup>a</sup>Includes €329m for Alstom <sup>b</sup>Includes €4,054m for Alstom <sup>c</sup>Contribution at business segment level, including Bouygues Relais and Uniservice internal current accounts (these inter-segment accounts are eliminated in the "Bouygues SA & other activities" column)

<sup>d</sup>Includes €744m on the disposal of the equity interest in Canal+ France

## 16.2 Analysis by business segment – Year ended 31 December 2008

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total 2008
<b>INCOME STATEMENT</b>							
							<sup>a</sup>
Total sales	9,497	2,924	12,789	2,595	5,089	174	33,068
Inter-segment sales	(337)	(15)	(63)	(20)	(16)	(158)	(609)
<b>Third-party sales</b>	<b>9,160</b>	<b>2,909</b>	<b>12,726</b>	<b>2,575</b>	<b>5,073</b>	<b>16</b>	<b>32,459</b>
Net depreciation and amortisation expense	(154)	(6)	(466)	(95)	(585)	(4)	(1,310)
Net charges to provisions	(168)	(86)	(153)	(53)	(24)	1	(483)
<b>Current operating profit</b>	<b>308</b>	<b>247</b>	<b>681</b>	<b>177</b>	<b>817</b>	<b>(34)</b>	<b>2,196</b>
Cost of net debt	93	(17)	(21)	(23)	(3)	(304)	(275)
Income tax expense	(114)	(89)	(217)	(41)	(279)	147	(593)
Share of profits/(losses) of associates	2		46	10		299	357
<b>Net profit from continuing operations</b>	<b>294</b>	<b>111</b>	<b>495</b>	<b>164</b>	<b>534</b>	<b>68</b>	<b>1,666</b>
Net profit of discontinued and held-for-sale operations						20	20
<b>Net profit</b>	<b>294</b>	<b>111</b>	<b>495</b>	<b>164</b>	<b>534</b>	<b>88</b>	<b>1,686</b>
<b>Net profit attributable to the Group</b>	<b>297</b>	<b>105</b>	<b>474</b>	<b>71</b>	<b>478</b>	<b>76</b>	<b>1,501</b>
<b>BALANCE SHEET</b>							
Property, plant and equipment	574	16	2,346	178	2,600	406	6,120
Intangible assets	86	3	66	166	770	5	1,096
Goodwill	325		1,089	1,090	2,651	2	5,157
Deferred tax assets and long-term tax receivable	85	32	91	17	22	(1)	246
Investments in associates	105		499	259		3,879	4,742
Other non-current assets	147	16	195	741	5	205	1,309
Cash and equivalents	379	107	371	17	14	2,952	3,840
Other assets							12,978
<b>Total assets</b>							<b>35,488</b>
Non-current debt	375	61	186	695	105	5,603	7,025
Non-current provisions	646	78	648	59	139	112	1,682
Deferred tax liabilities and non-current tax liabilities	2	1	79	3		4	89
Current debt	26	77	53	4	7	1,170	1,337
Overdrafts and short-term bank borrowings	(2,614)	(33)	130	19	9	2,882	393
Other liabilities							24,962
<b>Total liabilities</b>							<b>35,488</b>
<b>Net debt</b>	<b>2,592</b>	<b>1</b>	<b>(7)</b>	<b>(699)</b>	<b>(107)</b>	<b>(6,696)</b>	<b>(4,916)</b>
<b>CASH FLOW STATEMENT</b>							
							<sup>a</sup>
Cash flow	452	222	1,185	270	1,409	4	3,542
Acquisitions of property, plant and equipment and intangible assets, net of disposals	(253)	(8)	(540)	(58)	(872)	1	(1,730)
Acquisitions of investments in consolidated companies and other investments, net of disposals	54	(9)	(114)	(7)		(140)	(216)
<b>OTHER INDICATORS</b>							
<b>EBITDA</b>	<b>534</b>	<b>312</b>	<b>1,219</b>	<b>317</b>	<b>1,405</b>	<b>(37)</b>	<b>3,750</b>
<b>Free cash flow</b>	<b>178</b>	<b>108</b>	<b>409</b>	<b>149</b>	<b>255</b>	<b>(155)</b>	<b>944</b>

<sup>a</sup>After adjusting for the disposal of Finagestion



## 16.3 Analysis by geographical area

Year ended 31 December 2009	France <sup>1</sup>	European Union (27 members)	Rest of Europe	Africa	Asia-Pacific Oceania	Americas	Middle East	Total
<b>Income statement</b>								
Third-party sales	21,678	3,820	1,012	1,396	1,163	2,144	140	31,353
<b>Balance sheet</b>								
Property, plant and equipment <sup>a</sup>	4,643	387	77	164	142	510	4	5,927
Intangible assets	952	24				12		988
<b>Cash flow statement</b>								
Purchase price of property, plant & equipment and intangible assets	(1,067)	(55)	(17)	(74)	(63)	(87)	(2)	(1,365)

<sup>1</sup>Includes French overseas departments

<sup>a</sup>Includes assets held under finance leases

Year ended 31 December 2008	France <sup>1</sup>	European Union (27 members)	Rest of Europe	Africa	Asia-Pacific Oceania	Americas	Middle East	Total
<b>Income statement</b>								
Third-party sales	22,323	4,175	1,015	1,361	1,003	2,328	254	32,459
<b>Balance sheet</b>								
Property, plant and equipment <sup>a</sup>	4,711	412	85	307	109	488	8	6,120
Intangible assets	1,056	25		4		11		1,096
<b>Cash flow statement</b>								
Purchase price of property, plant & equipment and intangible assets	(1,451)	(91)	(18)	(74)	(66)	(124)	(9)	(1,833)

<sup>1</sup>Includes French overseas departments

<sup>a</sup>Includes assets held under finance leases

## 16.4 Income statement by function

Year ended 31 December 2009	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
<b>Consolidated sales</b>	<b>9,165</b>	<b>2,971</b>	<b>11,511</b>	<b>2,339</b>	<b>5,352</b>	<b>15</b>	<b>31,353</b>
Cost of sales	(7,816)	(2,559)	(9,862)	(1,902)	(3,870)	(9)	(26,018)
<b>Gross profit</b>	<b>1,349</b>	<b>412</b>	<b>1,649</b>	<b>437</b>	<b>1,482</b>	<b>6</b>	<b>5,335<sup>a</sup></b>
Research and development expenses	(12)	(1)	(70)	(21)	(19)	(2)	(125)
Selling expenses	(438)	(149)		(110)	(185)		(882)
Administrative expenses	(564)	(59)	(1,036)	(211)	(548)	(56)	(2,474)
Goodwill impairment			(2)				(2)
Other current operating income and expenses				6		(3)	3
<b>Current operating profit</b>	<b>335</b>	<b>203</b>	<b>541</b>	<b>101</b>	<b>730</b>	<b>(55)</b>	<b>1,855</b>

<sup>a</sup>Gross margin rate =17%

Year ended 31 December 2008	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
<b>Consolidated sales</b>	<b>9,160</b>	<b>2,909</b>	<b>12,726</b>	<b>2,575</b>	<b>5,073</b>	<b>16</b>	<b>32,459</b>
Cost of sales	(7,837)	(2,409)	(10,944)	(2,082)	(3,500)	(13)	(26,785)
<b>Gross profit</b>	<b>1,323</b>	<b>500</b>	<b>1,782</b>	<b>493</b>	<b>1,573</b>	<b>3</b>	<b>5,674<sup>a</sup></b>
Research and development expenses	(11)	(1)	(70)	(14)	(24)	(1)	(121)
Selling expenses	(406)	(175)		(124)	(181)	(1)	(887)
Administrative expenses	(606)	(77)	(1,025)	(178)	(548)	(31)	(2,465)
Goodwill impairment			(6)				(6)
Other current operating income and expenses	8				(3)	(4)	1
<b>Current operating profit</b>	<b>308</b>	<b>247</b>	<b>681</b>	<b>177</b>	<b>817</b>	<b>(34)</b>	<b>2,196</b>

<sup>a</sup>Gross margin rate =17.5%

## Note 17 • Financial instruments

The tables presented below show the aggregate notional amounts at 31 December 2009 for each type of financial instrument used, split by residual maturity for interest rate hedges and by currency for currency hedges.

### 17.1 Interest rate hedges

#### Analysis by maturity

Maturity	Notional amounts at 31/12/2009			Total	Notional amounts 31/12/2008
	2010	2011 to 2014	After 2014		
<b>Interest rate swaps</b>					
- on financial assets	850	1		851 <sup>a</sup>	30
- on financial liabilities	910	500	159	1,569 <sup>b</sup>	1,773
<b>Caps/floors</b>					
- on financial assets					-
- on financial liabilities		150		150	48

<sup>a</sup>Of which rate paid = fixed rate: €851m

<sup>b</sup>Of which rate paid = fixed rate: €1,269m

#### Analysis by business segment

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Notional amounts 31 December 2009	Notional amounts 31 December 2008
<b>Interest rate swaps</b>								
- on financial assets						851	851	30
- on financial liabilities			184 <sup>a</sup>	500	885 <sup>a</sup>		1,569	1,773
<b>Caps/floors</b>								
- on financial assets								-
- on financial liabilities		150					150	48

<sup>a</sup>Includes forward interest rate swaps used for hedging purposes

In the case of renewable interest rate hedges, the amounts shown in each column relate to the longest maturity.

## 17.2 Currency hedges

### Analysis by original currency

Currency	31 December 2009 (equivalent value in € million)					Notional amount	Notional amount 31/12/2008
	US dollar	Pound sterling	Swiss franc	South African rand	Other currencies		
<b>Forward purchases/sales</b>							
- forward purchases	293	8	1	11	106	<b>419</b>	519
- forward sales	100	59		3	85	<b>247</b>	519
<b>Currency swaps</b>	(2)	181	57	17	148	<b>401</b>	414
<b>Currency options</b>							
- forward purchases			34			<b>34</b>	27
- forward sales							27

### Analysis by business segment

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Notional amount 31/12/2009	Notional amount 31/12/2008
<b>Forward purchases/sales</b>								
- forward purchases	225		59	89	46		<b>419</b>	519
- forward sales	171		61	15			<b>247</b>	519
<b>Currency swaps</b>	28			(15)		388	<b>401</b>	414
<b>Currency options</b>								
- forward purchases						34	<b>34</b>	27
- forward sales								27

## 17.3 Market value of hedging instruments

At 31 December 2009, the market value (net present value) of the hedging instruments portfolio was -€14.2 million. This amount mainly comprises the net present value of interest rate swaps contracted to hedge the Group's debt (fair value hedges and cash flow hedges), and the net present value of forwards and futures contracted to hedge currency risk arising on commercial transactions.

The split of this market value by type of hedge is as follows:

- fair value hedges of components of net debt: -€5.7m
- cash flow hedges: -€8.5m

In the event of a +1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€6.5 million; in the event of a -1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€22 million.

In the event of a uniform 1% depreciation in the euro against all other currencies, the hedging instruments portfolio would have a market value of -€19.3 million.

These calculations were prepared by the Bouygues group, or obtained from the banks with whom the instruments were contracted.



## Note 18 • Off balance sheet commitments

Notes 18.1 and 18.2 disclose information about guarantee commitments and sundry contractual commitments. Operating lease obligations are shown separately in Note 18.3.

### 18.1 Guarantee commitments

	31 December 2009	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity			31 December 2008
								Less than 1 year	1 to 5 years	Over 5 years	
Pledges, mortgages and collateral	136	33		103				10	40	86	85
Guarantees and endorsements given	150	54	6	82	8			37	96	17	332
<b>Total guarantee commitments given</b>	<b>286</b>	<b>87</b>	<b>6</b>	<b>185</b>	<b>8</b>			<b>47</b>	<b>136</b>	<b>103</b>	<b>417</b>
Guarantees and endorsements received	3				3			1	2		185
<b>Total guarantee commitments received</b>	<b>3</b>				<b>3</b>			<b>1</b>	<b>2</b>		<b>185</b>
<b>Balance</b>	<b>283</b>	<b>87</b>	<b>6</b>	<b>185</b>	<b>5</b>			<b>46</b>	<b>134</b>	<b>103</b>	<b>232</b>

### 18.2 Sundry contractual commitments

	31 December 2009	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity			31 December 2008
								Less than 1 year	1 to 5 years	Over 5 years	
Image transmission	160				160			78	80	2	191
Network maintenance	152					152		93	59		141
Retirement benefit obligations	45	18	2	22			3	4	14	27	52
Other commitments	459	1	6		246 <sup>a</sup>	202	4	408	42	9	165
<b>Total sundry contractual commitments given</b>	<b>816</b>	<b>19</b>	<b>8</b>	<b>22</b>	<b>406</b>	<b>354</b>	<b>7</b>	<b>583</b>	<b>195</b>	<b>38</b>	<b>549</b>
Image transmission	160				160			78	80	2	191
Network maintenance	152					152		93	59		141
Retirement benefit obligations	45	18	2	22			3	4	14	27	52
Other commitments	451	1	2		246 <sup>a</sup>	202		400	42	9	155
<b>Total sundry contractual commitments received</b>	<b>808</b>	<b>19</b>	<b>4</b>	<b>22</b>	<b>406</b>	<b>354</b>	<b>3</b>	<b>575</b>	<b>195</b>	<b>38</b>	<b>539</b>
<b>Balance</b>	<b>8</b>		<b>4</b>				<b>4</b>	<b>8</b>			<b>10</b>

<sup>a</sup>Includes firm or optional commitments to deliver or receive securities, including the agreement signed with Groupe AB (€192m)

The presentation of sundry contractual commitments has been harmonised across the Group's business segments.

No material off balance sheet commitments have been omitted from this disclosure, in accordance with applicable accounting standards.

## 18.3 Operating leases

	31 December 2009	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Less than 1 year	1 to 5 years	Over 5 years	31 December 2008
<b>Operating lease commitments</b>											
Commitments given	1,518	33	32	145	164	1,144		246	784	488	1,553
Commitments received	1,518	33	32	145	164	1,144		246	784	488	1,553
<b>Operating lease commitments, net</b>											

Minimum future lease payments due until the normal renewal date of the lease (or earliest potential termination date) under operating leases relating to current operations (land, buildings, plant & equipment, etc). After revaluation (projected increase in rentals), these amounts mainly take account of a discounting calculation (incremental borrowing rate).

Bouygues Telecom: commitments given in connection with operating activities, primarily commercial leases of property and land intended to house technical installations for the network: includes site rentals of €694 million, and property and other rentals of €450 million (including the new corporate HQ and the new Technical centre).

## 18.4 Finance leases (already recognised as liabilities in the balance sheet)

	31 December 2009	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Less than 1 year	1 to 5 years	Over 5 years	31 December 2008
<b>Finance leases</b>	59	1		45	1	12		20	37	2	76

## 18.5 Other commitments

TF1 commitments	
	Under the agreements between Vivendi, TF1 and M6, the commitments and guarantees provided by TF1 and M6 in respect of the obligations of TPS were covered by a counter-guarantee issued by Vivendi taking effect from 4 January 2007. Consequently, the commitments entered into by TF1 and M6 are disclosed neither in "Commitments given" nor in "Commitments received".
Bouygues Telecom	
<b>UMTS licence</b>	The order of 3 December 2002 authorising Bouygues Telecom to establish and operate a UMTS network requires compliance with a number of obligations regarding the date of opening the network for commercial use, the rollout timetable and coverage of the French population, and the services offered. Bouygues Telecom is required to achieve 75% population coverage by 12 December 2010.
<b>Blind spots</b>	The agreement signed in 2003 by the three operators, the French government, the French regional authorities and ARCEP stipulated that coverage be provided in blind spots in some 3,000 communities. By the end of 2009, coverage had been extended to nearly 98% of the communities included in this initial agreement. The operators have also agreed, in addition to their initial commitment, to extend coverage to a further 364 communities, taking the final target to over 3,300 communities that must have coverage by 2011.

## 18.6 Contingent assets and liabilities

Bouygues Telecom	
Contingent assets:	
Litigation	The French Competition Authority ruling of 30 November 2005, which ordered Bouygues Telecom to pay a fine of €58 million for alleged collusion, was upheld by the Paris Appeal Court on 12 December 2006. Bouygues Telecom appealed against the Appeal Court's decision. In a ruling dated 29 June 2007, the <i>Cour de Cassation</i> (Supreme Court) upheld the fine imposed on the three mobile operators for alleged collusion, but overturned the ruling on the sharing of information between 1997 and 2003 (fine imposed on Bouygues Telecom: €16 million). The <i>Cour de Cassation</i> referred the case back to the Paris Appeal Court, which in a ruling dated 11 March 2009 upheld the fine for sharing of information. Bouygues Telecom has lodged a fresh appeal with the <i>Cour de Cassation</i> against this new ruling; a decision is expected during 2010.
Audiovisual Services Tax	The French Audiovisual Law (No. 2009-258 of 5 March 2009) introduced a tax on services payable by all electronic communications operators, levied at 0.9% on the portion of annual taxable revenues above €5 million (before VAT). Operators who are members of the French telecoms federation (FFT) have filed a complaint about this new tax with the European Commission, which has recently instituted an infringement procedure against the French government in respect of this tax.

## Note 19 • Headcount, employee benefit obligations and employee share ownership

### 19.1 Average headcount

	2009	2008
Managerial staff	21,804	21,450
Supervisory, technical and clerical staff	21,246	21,466
Site workers	31,143	32,586
<b>Sub-total: France</b>	<b>74,193</b>	<b>75,502</b>
Expatriates and local contract staff	70,161	72,250
<b>Total average headcount</b>	<b>144,354<sup>a</sup></b>	<b>147,752</b>

<sup>a</sup>Including Finagestion until 30 September 2009.

### 19.2 Employee benefit obligations

	31/12/2008	Movement in 2009	31/12/2009
Lump-sum retirement benefits	358	(47)	311
Long-service awards	106	(2)	104
Other post-employment benefits (pensions)	29	11	40
<b>Total</b>	<b>493</b>	<b>(38)</b>	<b>455</b>

### 19.3 Employee benefit obligations: post-employment benefits (excluding long-service awards)

The tables below disclose information about the Bouygues group's post-employment benefit obligations.

#### 19.3.1 Defined-contribution plans

	2009	2008
Amounts recognised as expenses	(1,679)	(1,683)

These defined-contribution expenses comprise contributions to:

- health insurance and mutual insurance funds
- pension funds (compulsory and top-up schemes)
- unemployment insurance funds

For related-party information, see Note 20.

#### 19.3.2 Defined-benefit plans

##### Net expense recognised in the income statement (as an operating item)

	Lump-sum retirement benefits		Pensions <sup>b</sup>	
	2009	2008	2009	2008
Current service cost	2	11		(1)
Interest expense on obligation	11	12	11	5
Expected return on plan assets			(10)	(6)
Past service cost <sup>a</sup>	4	6	(1)	1
<b>Net expense recognised in the income statement</b>	<b>17</b>	<b>29</b>	<b>0</b>	<b>(1)</b>

<sup>a</sup>Primarily amortisation under master agreements

<sup>b</sup>Colas: pensions are managed by independent funds

### Amounts recognised in the balance sheet

	Lump-sum retirement benefits		Pensions <sup>c</sup>		Total 2009	Total 2008
	31/12/2009	31/12/2008	31/12/2009	31/12/2008		
Present value of obligation <sup>a</sup>	363	418	283	221	646	639
Fair value of plan assets (dedicated funds)	(5) <sup>b</sup>	(5) <sup>b</sup>	(246)	(195)	(251)	(200)
Unrecognised past service cost	(47)	(55)	3	3	(44)	(52)
Ratio of dedicated funds to present value of obligation			87%	88%		
<b>Net obligation recognised (provision)</b>	<b>311</b>	<b>358</b>	<b>40</b>	<b>29</b>	<b>351</b>	<b>387</b>

<sup>a</sup>Total present value of obligation relating to lump-sum retirement benefits and pensions

<sup>b</sup>Residual TF1 fund covering a portion of the obligation

<sup>c</sup>Relates primarily to Colas group pension funds located in the United Kingdom

### Movement in balance sheet items (non-current provisions)

	Lump-sum retirement benefits		Pensions	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
<b>Position at 1 January</b>	<b>358</b>	<b>294</b>	<b>29</b>	<b>33</b>
Expense recognised	20	29		(1)
Changes in scope of consolidation				1
Translation adjustment				(5)
Transfers between items and other movements	(22)	(7)	0	(1)
Actuarial gains/losses recognised directly in equity	(45)	42	11	2
<b>Position at 31 December</b>	<b>311</b>	<b>358</b>	<b>40</b>	<b>29</b>

### Analysis by business segment: year ended 31 December 2009

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
Net lump-sum retirement benefit expense	8	1	7	(3)	3	1	17
Non-current provisions (balance sheet):							
- Lump-sum retirement benefits	99	7	147	22	25	11	311
- Pensions	2		38				40

### Analysis by geographical area: year ended 31 December 2009

	France (incl. overseas departments)	European Union	Rest of Europe	Africa	Americas	Asia-Pacific	Middle East	Total
Net lump-sum retirement benefit expense <sup>a</sup>	17							17
Non-current provisions (balance sheet):								
- Lump-sum retirement benefits	305			1	1	3	1	311
- Pensions		39			1			40

<sup>a</sup>Pension expense for the year ended 31 December 2009 is not material



## Main actuarial assumptions used to measure lump-sum retirement benefit obligations

	2009	2008
Discount rate	4.89% (iBoxx A10)	3.66%
Mortality table	INSEE	INSEE
Retirement age (depending on business segment):		
- managerial staff	62/65 years	62/65 years
- technical, supervisory & clerical staff, site workers	60/65 years	60/65 years
Salary inflation rate (depending on business segment) <sup>a</sup>	2% to 4%	2% to 5.5%

<sup>a</sup>Includes general inflation

## 19.4 Employee share ownership

### 19.4.1 Stock options

Total number of effectively exercisable options: 6,785,691

Quoted share price on 31 December 2009: €36.425

Plan	Outstanding options at 31/12/2009	Date of grant	Earliest normal exercise date	Earliest company savings scheme exercise date	Exercise price (€)	Number of effectively exercisable options
2003.06	1,167,582	17/06/2003	17/06/2007	17/06/2004	19.37	1,167,582
2004.03	2,820,143	15/03/2004	15/03/2008	15/03/2005	25.15	2,820,143
2005.06	2,797,966	21/06/2005	21/06/2009	21/06/2006	31.34	2,797,966
2006.09	3,552,889	05/09/2006	05/09/2010	05/09/2007	40.00	-
2007.06	4,253,400	05/06/2007	05/06/2011	05/06/2008	63.44	-
2008.03	4,301,450	31/03/2008	31/03/2012	31/03/2009	43.23	-
2009.04	4,643,200	01/04/2009	01/04/2013	01/04/2010	25.95	-
<b>Total</b>						<b>6,785,691</b>

To be regarded as effectively exercisable, stock options must meet two conditions:

- 1) They must be legally exercisable at 31 December 2009, either by normal exercise or by partial exercise ahead of the normal exercise date under the terms of the company savings scheme; for plans awarded since June 2002, options are exercisable in annual 25% tranches after the first year.
- 2) They must be in the money at 31 December 2009, in other words the exercise price must be less than the closing share price on 31 December 2009 (€36.425).

## Note 20 • Disclosures on related parties and on remuneration of directors and senior executives

### 20.1 Related-party disclosures

	Expenses		Income		Receivables		Liabilities	
	2009	2008	2009	2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Parties with an ownership interest	6	6	1	1				
Joint ventures	53	55	170	208	179	107	123	99
Associates	13	18	257	431	57	21	22	38
Other related parties	29	16	10	31	32	33	31	32
<b>Total</b>	<b>101</b>	<b>95</b>	<b>438</b>	<b>671</b>	<b>268</b>	<b>161</b>	<b>176</b>	<b>169</b>
Maturity								
less than 1 year					231	148	173	166
1 to 5 years					20	12	3	3
more than 5 years					17	1		
of which impairment of doubtful receivables (mainly non-consolidated companies)					<b>77</b>	68		

Identity of related parties:

- Parties with an ownership interest: SCDM
- Joint ventures: primarily quarry companies, project joint ventures and property development companies
- Associates: includes in particular transactions with concession companies
- Other related parties: mainly comprises transactions with non-consolidated companies in which the Group has an interest

### 20.2 Disclosures about remuneration and benefits paid to directors and senior executives (Bouygues)

These disclosures cover members of the Group's Management Committee who were in post on 31 December 2009.

**Direct remuneration:** €15,757,114, comprising basic remuneration of €7,994,036; €7,763,078 of variable remuneration paid in 2010 on the basis of 2009 performance; and €504,774 of directors' fees.

Directors' fees paid to non-executive and non-voting directors amounted to €455,396.

**Short-term benefits:** none.

**Post-employment benefits:** Members of the Management Committee belong to a top-up retirement plan based on 0.92% of their reference salary for each year's membership of the plan. This top-up plan is capped at eight times the annual French social security ceiling, and is contracted out to an insurance company. Contributions paid into the fund managed by the insurance company amounted to €3,200,000 in 2009.

**Long-term benefits:** none.

**Termination benefits:** these comprise lump-sum retirement benefits of €896,799.

**Share-based payment:** A total of 1,200,000 stock options were awarded to directors and senior executives on 1 April 2009, at an exercise price of €25.95. The earliest exercise date is 1 April 2013, and the expense recognised for these options in the year ended 31 December 2009 was €1,178,096.

## Note 21 • Additional cash flow statement information

### 21.1 Cash flows of acquired and divested subsidiaries

Breakdown by business segment of net cash flows resulting from acquisitions and divestments of subsidiaries.

#### On continuing operations

Acquired/divested subsidiaries	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total 2009
Cash and equivalents	24	8	(10)	2			24
Inventories		(1)	3				2
Trade and other receivables	(12)	(24)	(12)	(2)		1	(49)
Non-current assets	38	3	(28)	2			15
Goodwill	(2)		9	(2)			5
Trade payables & other current liabilities	(28)	18	16	(1)		(1)	4
Non-current liabilities		(4)	3				(1)
Non-current provisions			6				6
Non-current taxes			3				3
<b>Net acquisition/divestment cost</b>	<b>20</b>	<b>0</b>	<b>(10)</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>9</b>
Cash acquired or divested	(24)	(8)	10	(7)		(56)	(85)
Net debt on long-term investments			(2)			(1)	(3)
<b>Net cash inflow/(outflow) resulting from acquisitions &amp; divestments of subsidiaries</b>	<b>(4)</b>	<b>(8)</b>	<b>(2)</b>	<b>(8)</b>	<b>0</b>	<b>(57)</b>	<b>(79)</b>

#### Discontinued and held-for-sale operations

Acquired/divested subsidiaries	Finagestion	Total 2009
Cash and equivalents	20	20
Inventories	45	45
Trade and other receivables	504	504
Non-current assets	147	147
Goodwill		0
Trade payables & other current liabilities	(561)	(561)
Non-current liabilities	(88)	(88)
Non-current provisions	(77)	(77)
Non-current taxes	10	10
<b>Net acquisition/divestment cost</b>	<b>0</b>	<b>0</b>
Cash acquired or divested	(20)	(20)
Net debt on long-term investments		0
<b>Net cash inflow/(outflow) resulting from acquisitions &amp; divestments of subsidiaries</b>	<b>(20)</b>	<b>(20)</b>

## Note 22 • Auditors' fees (€ '000)

The table below shows fees paid to the auditors (and member firms of their networks) responsible for the audit of the consolidated financial statements of Bouygues and consolidated companies (excluding associates), as expensed through the income statement in 2009.

Engagement	Mazars network			Ernst & Young network			Other firms <sup>a</sup>			Total charge	
	2009	%	2008	2009	%	2008	2009	%	2008	2009	2008
<b>A - Audit</b>											
Audit of consolidated and individual company financial statements <sup>b</sup>	5,379	96	5,757	3,696	92	3,408	8,024	87	8,565	17,099	17,730
- Bouygues SA	216		229	217		213				433	442
- Consolidated companies	5,163		5,528	3,479		3,195	8,024		8,565	16,666	17,288
Related engagements <sup>c</sup>	236	4	230	311	8	469	77	1	627	624	1,326
- Bouygues SA			34	10		89				10	123
- Consolidated companies	236		196	301		380	77		627	614	1,203
<b>Sub-total 1</b>	<b>5,615</b>	<b>100</b>	<b>5,987</b>	<b>4,007</b>	<b>100</b>	<b>3,877</b>	<b>8,101</b>	<b>88</b>	<b>9,192</b>	<b>17,723</b>	<b>19,056</b>
<b>B - Other services<sup>d</sup></b>											
Legal, tax, employment law	0	0	140	0	0	27	638	7	470	638	637
Other	0	0		0	0		450	5	159	450	159
<b>Sub-total 2</b>	<b>0</b>	<b>0</b>	<b>140</b>	<b>0</b>	<b>0</b>	<b>27</b>	<b>1,088</b>	<b>12</b>	<b>629</b>	<b>1,088</b>	<b>796</b>
<b>Total fee expense</b>	<b>5,615</b>	<b>100</b>	<b>6,127</b>	<b>4,007</b>	<b>100</b>	<b>3,904</b>	<b>9,189</b>	<b>100</b>	<b>9,821</b>	<b>18,811</b>	<b>19,852</b>

<sup>a</sup>In the interests of comprehensiveness, this table includes fees paid to other firms

<sup>b</sup>Includes services provided by independent experts and member firms to the auditors in connection with their audit engagement

<sup>c</sup>Includes procedures and directly related services provided to the issuer or its subsidiaries:

- by the auditors, in compliance with article 10 of the Code of Ethics

- by a member firm of the auditor's network, in compliance with articles 23 and 24 of the Code of Ethics

<sup>d</sup>Non-audit services provided, in compliance with article 24 of the Code of Ethics, by member firms to subsidiaries of the issuer on whose financial statements an audit opinion is issued



## Note 23 • Principal exchange rates

Convention: 1 local currency unit = x euros

Country	Currency unit	Closing rate		Annual average rate	
		2009	2008	2009	2008
<b>EUROPE</b>					
Denmark	Danish krone	<b>0.134376</b>	0.134217	<b>0.134299</b>	0.134124
United Kingdom	Pound sterling	<b>1.125999</b>	1.049869	<b>1.123622</b>	1.246022
Hungary	Hungarian forint	<b>0.003698</b>	0.003750	<b>0.003553</b>	0.003983
Poland	Polish zloty	<b>0.243635</b>	0.240761	<b>0.230048</b>	0.283465
Czech Republic	Czech koruna	<b>0.037774</b>	0.037209	<b>0.037742</b>	0.039938
Romania	Romanian leu	<b>0.236055</b>	0.248602	<b>0.235754</b>	0.270235
Switzerland	Swiss franc	<b>0.674036</b>	0.673401	<b>0.663291</b>	0.633459
<b>NORTH AMERICA</b>					
United States	US dollar	<b>0.694155</b>	0.718546	<b>0.716174</b>	0.679075
Canada	Canadian dollar	<b>0.661026</b>	0.588305	<b>0.632161</b>	0.638723
<b>REST OF THE WORLD</b>					
Morocco	Moroccan dirham	<b>0.088464</b>	0.088822	<b>0.088884</b>	0.088098
Thailand	Thai baht	<b>0.020839</b>	0.020710	<b>0.020901</b>	0.020518
Hong Kong	Hong Kong dollar	<b>0.089518</b>	0.092714	<b>0.092393</b>	0.087240
African Financial Community	CFA franc	<b>0.001524</b>	0.001524	<b>0.001524</b>	0.001524
South Africa	South African rand	<b>0.093756</b>	0.076530	<b>0.086801</b>	0.082737

## Note 24 • List of principal consolidated companies at 31 December 2009

Company	City/Country	% interest		% direct and indirect control <sup>a</sup>	
		2009	2008	2009	2008
<b>A - TELECOMS – MEDIA</b>					
<b>1 – TELECOMMUNICATIONS – BOUYGUES TELECOM group</b>					
<b>Full consolidation</b>					
Bouygues Telecom SA and its subsidiaries	Paris/France	89.55	89.55		
<b>2 – MEDIA – TF1 group</b>					
<b>Full consolidation</b>					
Télévision Française 1 SA	Boulogne-Billancourt/France	43.02	43.02		
La Chaîne Info	Boulogne-Billancourt/France	43.02	43.02	100.00	100.00
Téléshopping	Boulogne-Billancourt/France	43.02	43.02	100.00	100.00
TF1 Droits Audiovisuels (formerly TF1 International)	Boulogne-Billancourt/France	43.02	43.02	100.00	100.00
TF1 Publicité	Boulogne-Billancourt/France	43.02	43.02	100.00	100.00
TF1 Vidéo	Boulogne-Billancourt/France	43.02	43.02	100.00	100.00
Une Musique	Boulogne-Billancourt/France	43.02	43.02	100.00	100.00
e-TF1	Boulogne-Billancourt/France	43.02	43.02	100.00	100.00
Eurosport SA and its subsidiaries	Issy-les-Moulineaux/France	43.02	43.02	100.00	100.00
Dujardin and its subsidiaries	La Teste de Buch/France	43.02	43.02	100.00	100.00
TV Breizh	Lorient/France	43.02	43.02	100.00	100.00
TF1 Entreprises	Boulogne-Billancourt/France	43.02	43.02	100.00	100.00
<b>Proportionate consolidation</b>					
Télé Monte Carlo	Monaco	17.21	17.21	40.00	40.00
<b>Associates (equity method)</b>					
Métron France Publications	Paris/France	14.76	14.76	34.30	34.30
Groupe AB (including WB TV)	La Plaine Saint-Denis/France	14.41	14.41	33.50	33.50
<b>B - CONSTRUCTION</b>					
<b>1 – CONSTRUCTION – BOUYGUES CONSTRUCTION group</b>					
<b>Full consolidation</b>					
Bouygues Construction SA	Saint-Quentin-en-Yvelines/France	99.97	99.97		
<b>Bouygues Bâtiment Ile-de-France</b>					
Bouygues Bâtiment Ile-de-France SA	Saint-Quentin-en-Yvelines/France	99.97	99.97		
<b>Bâtiment France subsidiaries</b>					
Bati-Rénov SA	Orly/France	99.32	99.32		
Brézillon SA	Noyon/France	99.32	99.32		
Sodéarif SA	Saint-Quentin-en-Yvelines/France	99.96	99.96		

<sup>a</sup>Where percentage of control differs from percentage interest

Company	City/Country	% interest		% direct and indirect control <sup>a</sup>	
		2009	2008	2009	2008
<b>Bouygues Bâtiment International</b>					
Bouygues Bâtiment International SA	Saint-Quentin-en-Yvelines/France	99.97	99.97		
<b>Bâtiment International subsidiaries</b>					
Bouygues Thai Ltd	Bangkok/Thailand	48.98	48.98		
Bymaro	Casablanca/Morocco	99.96	99.96		
DTP Singapour Pte Ltd	Singapore	99.97	99.97		
VCES Holding s.r.o. and its subsidiaries	Pardubice/Czech Republic	99.97	50.98		
Karmar SA	Warsaw/Poland	99.97	99.97		
Kohler Investment SA	Luxembourg	99.97	99.97		
<b>Entreprises France-Europe subsidiaries</b>					
DV Construction SA	Mérignac/France	99.97	99.97		
GTB Construction SA (formerly Bouyer Duchemin SA)	Nantes/France	99.97	99.97		
GFC Construction SA	Caluire et Cuire/France	99.97	99.97		
Norpac SA	Villeneuve d'Ascq/France	99.97	99.97		
Pertuy Construction SA	Maxeville/France	99.97	99.97		
Quille SA	Rouen/France	99.97	99.97		
Acieroid SA	Barcelona/Spain	99.97	99.97		
Bouygues UK Ltd	London/United Kingdom	99.97	99.97		
Losinger Construction AG	Koniz/Switzerland	99.97	99.97		
Marazzi Holding AG and its subsidiaries	Bern/Switzerland	99.97	99.97		
Warings Construction Group Holding Ltd and its subsidiaries	Portsmouth/United Kingdom	99.97	99.97		
Westminster Local Education Partnership Ltd	London/United Kingdom	79.98	79.98		
<b>Bouygues Travaux Publics</b>					
Bouygues TP SA	Saint-Quentin-en-Yvelines/France	99.97	99.97		
Prader Losinger SA	Sion/Switzerland	99.64	99.64		
<b>Other Bouygues Construction subsidiaries</b>					
DTP Terrassement SA	Saint-Quentin-en-Yvelines/France	99.97	99.97		
Dragages et TP (Hong-Kong) Ltd	Hong Kong/China	99.97	99.97		
VSL International Ltd	Bern/Switzerland	99.82	99.82		
<b>Entreprise Transport &amp; Distribution d'Électricité Group (ETDE)</b>					
ETDE SA	Saint-Quentin-en-Yvelines/France	99.97	99.97		
Axione	Malakoff/France	99.97	99.97		
Exprimm IT	Villebon-sur-Yvette/France	99.97	99.97		
Exprimm SA	Saint-Quentin-en-Yvelines/France	99.97	99.97		
Gallet Delage SA	Saint-Quentin-en-Yvelines/France	Absorption	99.97		
Mainguy SAS	Vertou/France	99.97	99.97		
Serma SAS	Champforgeuil/France	99.97	99.97		
Stefal SAS and its subsidiaries	Ivry-sur-Seine/France	Absorption	99.97		
Transel SAS	Saint-Quentin-en-Yvelines/France	Absorption	99.97		
David Webster Lighting and its subsidiaries	Harlow/United Kingdom	99.97	99.97		

Company	City/Country	% interest		% direct and indirect control <sup>a</sup>	
		2009	2008	2009	2008
Ecovert FM	London/United Kingdom	99.97	99.97		
Icel Maidstone Ltd and its subsidiaries	London/United Kingdom	99.97	99.97		
Société gabonaise d'électrification et de canalisation (Sogec)	Libreville/Gabon	84.39	84.39		
Szigma Coop	Gyor/Hungary	99.97	99.97		
ETDE Contracting Ltd (formerly Thermal Transfer Ltd)	Derbyshire/United Kingdom	99.97	99.97		
<b>Proportionate consolidation</b>					
<b>Bouygues TP</b>					
Bombela Civils Jv Ltd	Johannesburg/South Africa	44.99	44.99		
<b>Associates (equity method)</b>					
<b>Bouygues Construction</b>					
Consortium Stade de France SA	Saint-Denis/France	33.32	33.32		
<b>Bouygues Bâtiment International</b>					
Hermes Airports Ltd	Nicosia/Cyprus	21.99	21.99		
<b>Groupe Entreprise Transport &amp; Distribution d'Électricité (ETDE)</b>					
Axione Infrastructures SAS and its subsidiaries	Saint-Quentin-en-Yvelines/France	15.00	-		
<b>Bouygues TP</b>					
Adelac SAS	Beaumont/France	45.86 <sup>b</sup>	45.87		
Autoroute de liaison Seine-Sarthe SA	Bourg-Achard/France	33.16	33.16		
Bina Fincom	Zagreb/Croatia	44.99	44.99		
<b>2 – ROADS – COLAS group</b>					
<b>Full consolidation</b>					
Colas SA and its regional subsidiaries (Colas, Sreg and Sacer)	Boulogne-Billancourt/France	96.62	96.78		
Grands Travaux Océan Indien (GTOI) SA	Le Port (Reunion Island)/France	96.61	96.77	99.99	99.99
Spac and its subsidiaries	Clichy/France	96.61	96.77	100.00	100.00
Aximum	Chatou/France	96.61	96.77	100.00	100.00
Colas Guadeloupe	Baie-Mahault (Guadeloupe)/France	96.61	96.77	100.00	100.00
Colas Martinique	Le Lamentin (Martinique)/France	96.61	96.77	100.00	100.00
Smac and its subsidiaries	Boulogne-Billancourt/France	96.61	96.77	100.00	100.00
Colas Rail	Maisons-Laffitte/France	96.61	96.77	100.00	100.00
Colas Hungaria and its subsidiaries	Budapest/Hungary	96.62	96.78	100.00	100.00
Colas Danmark A/S	Virum/Denmark	96.62	96.78	100.00	100.00
Colas SA and its subsidiaries	Lausanne/Switzerland	95.87	96.03	99.22	99.22
Colas Inc. and its subsidiaries	Morristown New Jersey/USA	96.62	96.78	100.00	100.00
Colas du Maroc and its subsidiaries	Casablanca/Morocco	96.61	96.77	100.00	100.00
Colas Ltd and its subsidiaries	Rowfant/United Kingdom	96.62	96.78	100.00	100.00
Colas Polska	Sroda-Wielkopol/Poland	96.62	96.78	100.00	100.00

<sup>a</sup>Where percentage of control differs from percentage interest

<sup>b</sup>39.19% Bouygues Construction, 6.67% Colas

Company	City/Country	% interest		% direct and indirect control <sup>b</sup>	
		2009	2008	2009	2008
Routière Colas du Gabon	Libreville/Gabon	86.86	87.01	89.90	89.90
Colas Belgium and its subsidiaries	Brussels/Belgium	96.61	96.77	100.00	100.00
Colas Cz	Prague/Czech Republic	96.62	96.78	100.00	100.00
Colas Canada Inc.	Montreal Quebec/Canada	96.62	96.78	100.00	100.00
<b>Proportionate consolidation</b>					
Carrières Roy	Saint-Varent/France	48.29	48.37	49.98	49.98
<b>Associates (equity method)</b>					
Cofiroute	Sèvres/France	16.11	16.13	16.67	16.67
<b>3 – PROPERTY – BOUYGUES IMMOBILIER group</b>					
<b>Full consolidation</b>					
Bouygues Immobilier	Issy-les-Moulineaux/France	100.00	100.00		
SNC Bouygues Immobilier					
Entreprises Île-de-France	Issy-les-Moulineaux/France	100.00	100.00		
SNC Bouygues Immobilier Paris	Issy-les-Moulineaux/France	100.00	100.00		
SNC Bouygues Immobilier Est	Strasbourg/France	100.00	100.00		
SLC and its subsidiaries	Lyon/France	100.00	100.00		
Parque Empresarial Cristalia SL	Madrid/Spain	100.00	100.00		
Bouygues Inmobiliaria SA	Madrid/Spain	100.00	100.00		
<b>C - OTHER SUBSIDIARIES</b>					
<b>Full consolidation</b>					
Finagestion and its subsidiaries (Africa)	Saint-Quentin-en-Yvelines/France	Change of method	70.70		
		100.00	100.00		
Bouygues Relais SNC	Paris/France	100.00	100.00		
Challenger SNC	Paris/France	100.00	100.00		
Société Française de Participation & Gestion (SFPG) SA and its subsidiaries	Paris/France	99.76	99.76		
GIE 32 Hoche	Paris/France	90.00	90.00		
Challenger Réassurance	Luxembourg	99.99	99.99		
Uniservice	Geneva/Switzerland	99.99	99.99		
<b>Proportionate consolidation</b>					
Serendipity and its subsidiaries	Paris/France	50.00	50.00		
<b>Associates (equity method)</b>					
Finagestion and its subsidiaries (Africa)	Saint-Quentin-en-Yvelines/France	21.50	Fully consolidated in 2008		
Alstom	Levallois-Perret/France	29.80	29.78		

# PARENT COMPANY FINANCIAL STATEMENTS FRENCH GAAP

## Parent company balance sheet at 31 December 2009

### Assets

(€ million)	Gross 2009	Amortisation depreciation & impairment 2009	Net 2009	Net 2008	Net 2007
Intangible assets	3	2	1	1	1
Property, plant and equipment					
Long-term investments	11,263	7	11,256	11,232	11,055
Holdings in subsidiaries & affiliates	11,085	4	11,081	11,061	10,828
Loans/advances to subsidiaries & affiliates	12		12	6	44
Other	166	3	163	165	183
<b>NON-CURRENT ASSETS</b>	<b>11,266</b>	<b>9</b>	<b>11,257</b>	<b>11,233</b>	<b>11,056</b>
Inventories and work in progress					
Advances and down-payments made					
Trade receivables	18		18	20	20
Other receivables	74	2	72	112	275
Short-term investments	3,006	28	2,978	2,955	2,258
Cash	556		556	8	9
<b>CURRENT ASSETS</b>	<b>3,654</b>	<b>30</b>	<b>3,624</b>	<b>3,095</b>	<b>2,562</b>
Other assets	37		37	42	42
<b>TOTAL ASSETS</b>	<b>14,957</b>	<b>39</b>	<b>14,918</b>	<b>14,370</b>	<b>13,660</b>

### Liabilities and shareholders' equity

(€ million)	Net 2009	Net 2008	Net 2007
Share capital	354	343	348
Share premium and reserves	2,875	2,668	2,944
Retained earnings	1,017	679	438
Net profit for the year	1,017	882	751
Restricted provisions	4	3	2
<b>SHAREHOLDERS' EQUITY</b>	<b>5,267</b>	<b>4,575</b>	<b>4,483</b>
Provisions	83	100	82
Debt	6,238	7,285	6,244
Advances and down-payments received			
Trade payables	21	31	32
Other payables	33	25	37
<b>LIABILITIES</b>	<b>6,375</b>	<b>7,441</b>	<b>6,395</b>
<b>BANK OVERDRAFTS AND CURRENT ACCOUNTS</b>	<b>3,234</b>	<b>2,299</b>	<b>2,750</b>
Other liabilities	42	55	32
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>14,918</b>	<b>14,370</b>	<b>13,660</b>



## Income statement for the year ended 31 December 2009

(€ million)	2009	2008	2007
<b>SALES</b>	<b>69</b>	<b>80</b>	<b>68</b>
Other operating revenues	2	1	2
Purchases and changes in inventory			
Taxes other than income tax	(3)	(3)	(2)
Personnel costs	(44)	(61)	(44)
Other operating expenses	(49)	(49)	(44)
Depreciation, amortisation, impairment and provisions, net	(2)	4	(10)
<b>OPERATING PROFIT/(LOSS)</b>	<b>(27)</b>	<b>(28)</b>	<b>(30)</b>
Financial income and expenses	889	752	623
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>	<b>862</b>	<b>724</b>	<b>593</b>
Exceptional items	20	14	(7)
Income taxes and profit-sharing	135	144	165
<b>NET PROFIT</b>	<b>1,017</b>	<b>882</b>	<b>751</b>

## Cash flow statement

(€ million)	2009	2008	2007
<b>A - OPERATING ACTIVITIES</b>			
<b>Cash flow from operations before changes in working capital</b>	<b>981</b>	<b>913</b>	<b>760</b>
Net profit for the period	1,017	882	751
Amortisation, depreciation and impairment of non-current assets, net	7	4	6
Charges to/reversals of provisions, net	(17)	18	8
Transfers of deferred charges	(9)	18	(5)
Gains/losses on disposals of non-current assets	(17)	(9)	
<b>Change in working capital</b>	<b>34</b>	<b>157</b>	<b>(168)</b>
Current assets	41	143	(150)
Current liabilities	(7)	14	(18)
<b>NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES</b>	<b>1,015</b>	<b>1,070</b>	<b>592</b>
<b>B - INVESTING ACTIVITIES</b>			
<b>Increases in non-current assets</b>			
Acquisitions of intangible assets and property, plant and equipment	(1)		
Acquisitions of long-term investments	(22)	(239)	(1,389)
	<b>(23)</b>	<b>(239)</b>	<b>(1,389)</b>
Disposals of non-current assets	21	14	3
<b>Investments during the period, net</b>	<b>(2)</b>	<b>(225)</b>	<b>(1,386)</b>
Other long-term investments, net	(6)	37	(2)
Amounts receivable/payable in respect of non-current assets, net		(21)	25
<b>NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES</b>	<b>(8)</b>	<b>(209)</b>	<b>(1,363)</b>
<b>C - FINANCING ACTIVITIES</b>			
Change in shareholders' equity	221	(239)	411
Dividends paid during the period	(545)	(510)	(400)
Change in debt	(1,048)	1,035	
<b>NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES</b>	<b>(1,372)</b>	<b>286</b>	<b>11</b>
<b>CHANGE IN NET CASH POSITION (A + B + C)</b>	<b>(365)</b>	<b>1,147</b>	<b>(760)</b>
Cash position at 1 January	664	(483)	277
Other non-monetary flows			
Change during the period	(365)	1,147	(760)
<b>CASH POSITION AT 31 DECEMBER</b>	<b>299</b>	<b>664</b>	<b>(483)</b>

## Notes to the parent company financial statements

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Figures in millions of euros

## Note 1 • Significant events of the year

### 1.1 Holdings in subsidiaries and affiliates

#### 1.1.1 Alstom

During 2009, Bouygues acquired 664,169 Alstom shares on the stock market for a total of €25 million in order to maintain its percentage interest at close to 30%.

As of 31 December 2009, Bouygues held a 29.80% interest in the capital of Alstom, with a total carrying amount of €3,479 million.

The interest in Alstom was not impaired, based on the closing stock market price at end December 2009.

At the end of November 2009, Bouygues exercised the put option over its 50% equity interest in the hydro-electric power solutions and services company Alstom Hydro Holding, in exchange for 4.4 million Alstom shares (representing approximately 1.3% of the capital). This transaction was carried out further to the agreements reached with Alstom in 2006 on the creation of this jointly-owned company. Bouygues will receive new Alstom shares, created by a reserved share issue and ranking equally with the existing shares. This transaction had not been finalised as at 31 December 2009, pending clearance from the competition authorities in some of the countries where the company has operations.

The European Commission approved the transaction on 13 January 2010. Final completion will occur later in 2010 once all the required clearances are obtained.

Consequently, there is no impact on the Bouygues parent company financial statements as of 31 December 2009.

#### 1.1.2 Finagestion

In order to broaden the representation of employees and regional investors in the shareholder base of Finagestion, in 2009 Bouygues divested a 49.2% interest in the company for €21 million. Finagestion is a holding company which owns water management businesses in Senegal and Ivory Coast, and a power generation and distribution business in Ivory Coast.

Following this divestment, Bouygues held a 21.50% interest in Finagestion as of 31 December 2009.

### 1.2 Treasury shares

As of 31 December 2008, Bouygues held 116,483 treasury shares with a carrying amount of €3 million.

During 2009, Bouygues acquired 951,698 treasury shares for a total of €30 million, recognised in "Other long-term investment securities". Further to decisions taken by the Board of Directors on 27 August and 1 December 2009, the company cancelled 1,068,181 shares with a carrying amount of €33 million.

As of 31 December 2009, Bouygues held 2,178,500 treasury shares via a liquidity account.

### 1.3 Bond issues

#### 1.3.1 May 2002 bond issue

This €1-billion bond issue was redeemed in full in May 2009.

#### 1.3.2 Significant events since 31 December 2009

In February 2010, Bouygues launched a €500-million bond issue with an eight-year maturity, an issue price of 99.651% and an interest rate of 4%.

## Note 2 • Accounting policies

The financial statements have been prepared in accordance with the current provisions of French law.

### 2.1 Intangible assets

Expenditure on intangible assets is recognised in accordance with the historical cost convention.

As a general principle, software acquired from third parties is recognised as an intangible asset and amortised on a straight-line basis over a maximum of five years.

### 2.2 Property, plant and equipment

Property, plant and equipment is recognised at acquisition cost net of reclaimable taxes. Transaction costs that do not form part of the market value of the acquired asset are expensed as incurred.

Depreciation is calculated on a straight-line basis, according to the nature and estimated useful life of each asset component.

### 2.3 Long-term investments

#### 2.3.1 Holdings in subsidiaries and affiliates and other long-term investment securities

Holdings in subsidiaries and affiliates and other long-term investment securities are recognised at cost, including directly attributable acquisition costs.

Holdings in subsidiaries and affiliates and other long-term investment securities are also measured at value in use, determined using objective criteria (stock market price for quoted companies, shareholders'

equity, profitability), forecast data (economic outlook, earnings prospects), or any other information indicative of the actual value of the asset.

If value in use is less than cost, a provision for impairment is recorded to cover the difference.

#### 2.3.2 Long-term receivables

Long-term receivables are shown in the balance sheet at face value. If the realisable value (taking into account the probability of recovery) is less than the carrying amount, a provision for impairment is recorded to cover the difference.

### 2.4 Receivables and payables expressed in foreign currencies

Receivables and payables expressed in foreign currencies are translated at the exchange rate prevailing on the balance sheet date, or at the hedged rate if the item is covered by a currency hedge.

Unrealised foreign exchange gains and losses are taken to suspense accounts in the balance sheet; unrealised losses are covered by a provision.

### 2.5 Short-term investments

The short-term investment portfolio is measured in accordance with French accounting standards.

The realisable value of unlisted securities (equities, negotiable debt instruments, and money-market mutual funds) was determined by reference to the latest estimate as at 31 December 2009. In the case of quoted securities, the average quoted stock market price over the last month of the financial year is used.

## 2.6 Other assets

Deferred charges mainly comprise the portion of bond issue costs not covered by the issue premium. In the case of convertible bonds, any unamortised issue costs relating to bonds converted into shares are offset against the share premium on the newly-issued shares.

Bond redemption premium relates to bond issues priced at the following percentages of nominal value: 99.348% (November 2003 issue), 99.05% (October 2004 issue), 99.804% (July 2005 issue), 97.203% (February 2006 issue), 99.657% (May 2006 issue), 99.812% (May 2006 issue), 98.662% (October 2006 issue), and 99.441% (July 2008 issue).

## 2.7 Provisions

These mainly comprise:

- provisions for income taxes, in particular split taxes;
- provisions for miscellaneous risks (including tax inspections) and provisions for additional risks relating to loss-making subsidiaries, established where the negative net assets of a subsidiary are not wholly covered by provisions for impairment of Bouygues SA's investment in and loans and/or advances to that subsidiary;
- provisions for charges, including employee benefits (bonuses, lump-sum retirement benefits, long-service awards, etc.).

## 2.8 Hedging instruments

Bouygues SA uses hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates.

These instruments share the following characteristics:

- they are limited to the following products: forward currency purchases and sales, currency swaps, cross currency swaps and purchases of currency options for currency risk hedging purposes, and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes;
- they are used solely for hedging and pre-hedging purposes;
- they are contracted solely with high-quality French and foreign banks;
- they carry no liquidity risk in the event of a downturn.

Gains and losses on financial instruments used for hedging purposes are recognised in the income statement symmetrically with gains and losses arising on the hedged item.

## 2.9 Retirement benefit obligations

Methods and assumptions used in calculating the obligation:

- projected unit credit method based on final salary;
- benefits as defined in agreements or established by custom within the company, taking into account applicable collective agreements for managerial, administrative, clerical, technical and supervisory grade staff;
- obligation measured in accordance with opinions and recommendations issued by the CNC (now called ANC);
- vested rights as of 31 December 2009;
- employees classified in groups with similar characteristics in terms of grade, age and length of service;
- average monthly salary for each employee group, uplifted by a percentage to reflect the applicable rate of employer's social security charges;
- salary increase rate and discount rate: rates revised annually to reflect actual trends;
- average employee turnover rate calculated on the basis of average number of leavers over the last five years;
- life expectancy by reference to 1993 mortality tables.

## 2.10 Consolidation

Bouygues SA is the ultimate parent company in the consolidation.



## Note 3 • Non-current assets

	Balance at 01/01/2009	Increases	Decreases	Balance at 31/12/2009
<b>Intangible assets</b>				
Software	2			2
Other				
<b>Gross value</b>	<b>2</b>			<b>2</b>
Accumulated amortisation	(1)			(1)
<b>Net value</b>	<b>1</b>			<b>1</b>
<b>Property, plant and equipment</b>				
Land and buildings				
Other				
<b>Gross value</b>				
Accumulated depreciation				
<b>Net value</b>				
<b>Long-term investments</b>				
Holdings in subsidiaries and affiliates	11,065	25	4	11,086
Loans and advances to subsidiaries and affiliates <sup>a</sup>	6	5		11
Other	168	31	33	166
<b>Gross value</b>	<b>11,239</b>	<b>61</b>	<b>37</b>	<b>11,263</b>
Impairment	(7)			(7)
<b>Net value</b>	<b>11,232</b>	<b>61</b>	<b>37</b>	<b>11,256</b>
<b>Total net value</b>	<b>11,233</b>	<b>61</b>	<b>37</b>	<b>11,257</b>

<sup>a</sup>Of which amounts falling due after more than one year  
Loans and advances to subsidiaries and affiliates

Gross value  
11

## Note 4 • Current assets by maturity

	Gross value	< 1 year	> 1 year
Advances and down-payments made			
Operating receivables	28	22	6
Other receivables	63	60	3
<b>Total</b>	<b>91</b>	<b>82</b>	<b>9</b>

## Note 5 • Other assets and liabilities

	Balance at 01/01/2009	Increases	Decreases	Balance at 31/12/2009	Amount due in < 1 year
<b>Other assets</b>					
Bond issue costs	13		2	11	1
Bond redemption premium	28		4	24	4
Other	1	2	1	2	2
<b>Total</b>	<b>42</b>	<b>2</b>	<b>7</b>	<b>37</b>	<b>7</b>
<b>Other liabilities</b>					
Deferred income (cash payment received on interest rate swap)	50		9	41	9
Other	5		5		
<b>Total</b>	<b>55</b>		<b>14</b>	<b>41</b>	<b>9</b>

## Note 6 • Changes in shareholders' equity

Shareholders' equity at 31 December 2008 (before appropriation of profits)	4,575
Dividends paid	(545)
<b>Shareholders' equity after appropriation of profits</b>	<b>4,030</b>
Changes in share capital	11
Changes in share premium and reserves	208
Net profit for the period	1,017
Restricted provisions	1
<b>Shareholders' equity at 31 December 2009</b>	<b>5,267</b>

## Note 7 • Composition of share capital

	Number of voting rights	Number of shares
Start of period	448,594,717	342,818,079
Movement during the period	25,531,310	11,449,832 <sup>a</sup>
End of period	474,126,027	354,267,911
<b>Par value:</b>		<b>€1</b>

Maximum number of potentially dilutive shares: 6,785,691

<sup>a</sup>Movements in number of shares during the period:

Increases: 12,518,013 by exercise of stock options and implementation of the Bouygues Partage 2 employee share ownership plan  
Decreases: 1,068,181 by cancellation of treasury shares further to the Board decisions of 27 August and 1 December 2009

## Note 8 • Provisions

	Balance at 01/01/2009	Charge for the year	Reversals during the year		Balance at 31/12/2009
			Used	Unused	
Provisions for subsidiaries	2				2
Provisions for income taxes	14		2	1	11
Other provisions	37	7		19	25
<b>Provisions for risks</b>	<b>53</b>	<b>7</b>	<b>2</b>	<b>20</b>	<b>38</b>
<b>Provisions for charges</b>	<b>47</b>	<b>7</b>	<b>9</b>		<b>45</b>
<b>Total</b>	<b>100</b>	<b>14</b>	<b>11</b>	<b>20</b>	<b>83</b>
				<b>31</b>	
Operating items		6		7	
Financial items		1		12	
Exceptional items		7		12	
		<b>14</b>		<b>31</b>	

## Note 9 • Liabilities by maturity at the balance sheet date

Liabilities	Gross value	< 1 year	1 to 5 years	> 5 years
<b>Debt</b>				
Bond issues				
November 2003 bond issue <sup>a</sup>	779	29	750	
October 2004 bond issue <sup>b</sup>	1,008	8	1,000	
July 2005 bond issue <sup>c</sup>	764	14		750
February 2006 bond issue <sup>d</sup>	255	5		250
May 2006 bond issue <sup>e</sup>	617	17		600
May 2006 bond issue <sup>f</sup>	1,182	32	1,150	
October 2006 bond issue <sup>g</sup>	602	7		595
July 2008 bond issue <sup>h</sup>	1,031	31		1,000
Bank borrowings				
<b>Total debt</b>	<b>6,238</b>	<b>143</b>	<b>2,900</b>	<b>3,195</b>
<b>Trade payables</b>	<b>21</b>	<b>21</b>		
<b>Other payables</b>	<b>33</b>	<b>33</b>		
<b>Overdrafts and short-term bank borrowings</b>	<b>3,234</b>	<b>3,234</b>		
<b>Deferred income</b>	<b>42</b>	<b>9</b>	<b>29</b>	<b>4</b>
<b>Total</b>	<b>9,568</b>	<b>3,440</b>	<b>2,929</b>	<b>3,199</b>

### Original amounts, excluding accrued interest:

<sup>a</sup> November 2003 bond issue:  
Amount: €750 million - rate: 4.625%  
Redemption terms: redeemable in full at par on 25 February 2011

<sup>b</sup> October 2004 bond issue:  
Amount: €1 billion - rate: 4.375%  
Redemption terms: redeemable in full at par on 29 October 2014

<sup>c</sup> July 2005 bond issue:  
Amount: €750 million - rate: 4.25%  
Redemption terms: redeemable in full at par on 22 July 2020

<sup>d</sup> Supplementary issue to July 2005 bond issue:  
Amount: €250 million - rate: 4.25%  
Redemption terms: redeemable in full at par on 22 July 2020

<sup>e</sup> May 2006 bond issue:  
Amount: €600 million - rate: 4.75%  
Redemption terms: redeemable in full at par on 24 May 2016

<sup>f</sup> May 2006 bond issue:  
Amount: €1,150 million - rate: 4.5%  
Redemption terms: redeemable in full at par on 24 May 2013

<sup>g</sup> October 2006 bond issue:  
Amount: £400 million (€595.33 million) - rate: 5.5%  
Redemption terms: redeemable in full at par on 6 October 2026

<sup>h</sup> July 2008 bond issue:  
Amount: €1 billion - rate 6.125%  
Redemption terms: redeemable in full at par on 3 July 2015

## Note 10 • Details of amounts involving related companies

Amount		Amount	
<b>Assets</b>		<b>Liabilities</b>	
Long-term investments	11,247	Debt	
Operating receivables	18	Trade payables	5
Other receivables	30	Other payables	22
Cash and current accounts		Bank overdrafts and current accounts	3,233
<b>Total</b>	<b>11,295</b>	<b>Total</b>	<b>3,260</b>
<b>Expenses</b>		<b>Income</b>	
Operating expenses	12	Operating income	68
Financial expenses	25	Financial income	1,157
Income tax expense		Income tax credits	215
<b>Total</b>	<b>37</b>	<b>Total</b>	<b>1,440</b>

## Note 11 • Financial instruments

### 11.1 Interest rate hedges

Amount outstanding at 31/12/2009 by maturity	2010	2011 to 2014	After 2014	Total
<b>Interest rate swaps</b>				
On financial assets	850			850
On financial liabilities				

### 11.2 Currency hedges

Amount outstanding at 31/12/2009 by currency	CHF	GBP	USD	Other	Total
<b>Forward currency contracts</b>					
Forward purchases					
Forward sales			None		
<b>Currency swaps</b>					

As of 31 December 2009, the market value of the hedging instruments portfolio was €0.17 million.

## 11.3 Options

Calls : As of December 2009, Bouygues held 3,056,000 call options on Bouygues shares, in connection with the following employee share ownership plans: 1,556,301 for the *Bouygues Confiance 3* plan; 399,668 for the *Bouygues Partage* plan; 133,869 for the *Bouygues Confiance 4* plan; and 486 for the *Bouygues Partage 2* plan.

Impairment losses or provisions have been recognised for call options where the estimated realisable value is less than book value.

## Note 12 • Off balance sheet commitments given and received

	Amount of guarantee	of which related companies
<b>Commitments given (contingent liabilities)</b>		
Retirement benefit obligations	2	
Other commitments given		
<b>Total</b>	<b>2</b>	
<b>Commitments received (contingent assets)</b>		
Other commitments received		
<b>Total</b>	<b>0</b>	

## Note 13 • Sales

Sales recorded by Bouygues SA mainly comprise costs of shared support functions recharged to subsidiaries.

## Note 14 • Financial income and expenses

	2009	2008
Dividend income and shares of partnership profits	1,151	1,156
Interest income	36	93
Interest expense	(333)	(400)
Other financial income/(expenses), net: proceeds from disposals, impairment losses and provisions	35	(97)
<b>Total</b>	<b>889</b>	<b>752</b>

## Note 15 • Group tax election and income tax expense

Bouygues made a group tax election in 1997 under article 223 A-U of the General Tax Code; this election still applies. In addition to Bouygues SA, the group tax election included 74 subsidiaries in 2009.

Each company in the tax group recognises its own income tax expense as though the group election is not in place; the parent company recognises any tax savings.

At the end of the period, Bouygues SA recognised a net income tax credit, comprising:

	Short-term	Long-term	Total
<b>Net income tax expense on:</b>			
Profit before tax and exceptional items	124		124
Other non-exceptional items: reversal of provision for split taxes	3		3
Exceptional items	(209)	(7)	(216)
	(82)	(7)	(89)
<b>Tax credits from Group tax election</b> (income tax received from profit-making subsidiaries in the tax group)	216	7	223
<b>Total</b>	<b>134</b>		<b>134</b>

## Note 16 • Contingent tax position

	1 January 2009		Movements in the year		31 December 2009	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
<b>Non-deductible expenses</b>						
Provisions for income taxes	46			7		39
Other provisions	47		9	14		42
<b>Total</b>	<b>93</b>		<b>9</b>	<b>21</b>		<b>81</b>
<b>Expenses deductible for tax purposes/ income liable to tax but not recognised for accounting purposes</b>						
Unrealised foreign exchange losses						
Unrealised foreign exchange gains						
<b>Unrealised foreign exchange gains/losses, net</b>						
Deferred income	50			9		41
Capitalisation bonds						
Call options						
<b>Other income and expenses</b>	<b>50</b>			<b>9</b>		<b>41</b>
<b>Total</b>	<b>50</b>			<b>9</b>		<b>41</b>



## Note 17 • Average number of employees during the year

	2009	2008
Managerial staff	139	139
Administrative, clerical, technical and supervisory staff	40	40
<b>Total</b>	<b>179</b>	<b>179</b>

## Note 18 • Advances, loans and remuneration paid to directors and senior executives

Remuneration of directors and senior executives:

- The total amount of direct and indirect remuneration of all kinds received from French and foreign companies by senior executives (Chairman and Chief Executive Officer, and Deputy Chief Executive Officer) was as follows: €1.5 million of basic remuneration, €2.1 million of variable remuneration paid in March 2010 based on 2009 performance, and €0.16 million of directors' fees.
- Directors' fees paid to members of the Board of Directors (including non-voting directors): €0.53 million.

## Note 19 • List of investments

Holdings in subsidiaries and affiliates	Number of shares	% interest	Estimated realisable value
Alstom	86,143,867	29.796	4,226 <sup>b</sup>
Bouygues Construction	1,705,128	99.935	754 <sup>c</sup>
Bouygues Immobilier	90,923	99.992	508 <sup>c</sup>
Bouygues Telecom	36,086,799	89.184	4,600 <sup>a</sup>
Colas	31,499,647	96.619	2,199 <sup>c</sup>
TF1	91,806,565	43.019	1,183 <sup>b</sup>
Other holdings			399 <sup>a</sup>
<b>Total holdings in subsidiaries and affiliates</b>			<b>13,869</b>
Negotiable debt instruments and money-market mutual funds			2,780 <sup>a</sup>
Capitalisation bonds			106 <sup>b</sup>
Other investments			92 <sup>b</sup>
<b>Total short-term investments</b>			<b>2,978</b>
<b>Total investments</b>			<b>16,847</b>

The value shown is:

<sup>a</sup>Carrying amount in the balance sheet (net book value)

<sup>b</sup>Stock market value (closing price for equities, average price for the last month of the year for bonds)

<sup>c</sup>Share of consolidated net assets

## Note 20 • List of subsidiaries and affiliates

	Share capital <sup>a</sup>	Other shareholders' equity <sup>a &amp; b</sup>	%	Carrying amount <sup>c</sup>		Loans & advances	Guarantees <sup>c</sup>	Sales <sup>c</sup>	Net profit/(loss) <sup>c</sup>	Dividends received <sup>c</sup>	Comments
				Gross	Net						
<b>A - Detailed information</b>											
<b>1. Subsidiaries (interest &gt; 50%)</b>											
France											
Bouygues Construction	128	626	99.94	59	59			9,546	240	207	<sup>d</sup>
Bouygues Immobilier	139	369	99.99	315	315			2,989	110	74	<sup>d</sup>
Bouygues Telecom	617	1,754	89.18	4,600	4,600			5,369	471	446	<sup>d</sup>
Colas	49	2,227	96.62	1,706	1,706			11,580	387	276	<sup>d</sup>
<b>Total</b>				<b>6,680</b>	<b>6,680</b>			<b>29,484</b>	<b>1,208</b>	<b>1,003</b>	
Other countries											
Uniservice	51	19	99.99	32	32				3		
<b>Total</b>				<b>32</b>	<b>32</b>				<b>3</b>		
<b>2. Affiliates (interest &gt; 10%, ≤ 50%)</b>											
France											
Alstom	2,024	860	29.80	3,479	3,479			18,739	1,118	96	<sup>e</sup>
TF1	43	1,354	43.02	731	731			2,365	115	43	<sup>d</sup>
<b>Total</b>				<b>4,210</b>	<b>4,210</b>			<b>21,104</b>	<b>1,233</b>	<b>139</b>	
Other countries											
<b>Total</b>											
<b>B - Aggregate information</b>											
<b>3. Other subsidiaries</b>											
France											
				146	145			38	7	7	
Other countries											
				4				18	1		
<b>4. Other affiliates</b>											
France											
				14	14	12		431	13		
Other countries											
<b>Overall total</b>				<b>11,086</b>	<b>11,081</b>	<b>12</b>		<b>51,075</b>	<b>2,465</b>	<b>1,149</b>	

<sup>a</sup>In the local functional currency <sup>b</sup>Including net profit/loss for the year <sup>c</sup>In euros <sup>d</sup>Parent company of a business segment: consolidated reserves, sales and net profit/loss for the segment, for the year ended 31 December 2009 <sup>e</sup>Year ended 31 March



Philippe Chauvin (right), technical manager at Bouygues Immobilier in Nantes, with an architect from Cetrac, during a visit to a worksite in La Roche-sur-Yon, France

# COMBINED ANNUAL GENERAL MEETING OF 29 APRIL 2010

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# AGENDA

## 1. Ordinary general meeting

- Board of Directors' reports.
- Report of the Chairman of the Board of Directors.
- Auditors' reports.
- Approval of the parent company financial statements and transactions for the year ended 31 December 2009.
- Approval of the consolidated financial statements and transactions for the year ended 31 December 2009.
- Appropriation of earnings, setting of dividend.
- Approval of regulated agreements and commitments.
- Renewal of the term of office of Lucien Douroux as a director.
- Renewal of the term of office of Yves Gabriel as a director.
- Renewal of the term of office of Patrick Kron as a director.
- Renewal of the term of office of Jean Peyrelevade as a director.
- Renewal of the term of office of François-Henri Pinault as a director.
- Renewal of the term of office of a representative of the company SCDM as a director.
- Appointment of Colette Lewiner as a director.
- Election of Sandra Nombret as a director representing employee shareholders.
- Election of Michèle Vilain as a director representing employee shareholders.
- Renewal of the term of office of Alain Pouyat as non-voting director.
- Renewal of the appointment of Mazars as principal auditor.
- Appointment of Philippe Castagnac as alternate auditor.
- Authorisation to the Board of Directors with a view to enabling the company to deal in its own shares.

## 2. Extraordinary general meeting

- Board of Directors' reports and auditors' reports.
- Authorisation to the Board of Directors to reduce share capital by cancelling shares.
- Authorisation to the Board of Directors to proceed with the free allotment of new or existing shares to salaried employees and corporate officers of the company or of companies within the Group, or to certain categories thereof.
- Delegation of powers to the Board of Directors to issue equity warrants during the period of a public offer for the company's shares.
- Authorisation to the Board of Directors to increase share capital during the period of a public offer for the company's shares.
- Changes to the company's by-laws.
- Powers to carry out formalities.

# BOARD OF DIRECTORS' REPORTS

## Board of Directors' report and statement of the reasons for the resolutions introduced at the Combined Annual General Meeting

To the shareholders,

This report is part of the management report presented by the Board of Directors to the Combined Annual General Meeting of 29 April 2010.

### Resolutions within the authority of the ordinary general meeting

#### Approval of the parent company financial statements and the consolidated financial statements (first and second resolutions)

In these resolutions, we ask you to approve the parent and consolidated financial statements for the year ended 31 December 2009, as presented to the Annual General Meeting, as well as the transactions carried out in that period.

#### Appropriation of earnings (recommended dividend: €1.60 per share) (third resolution)

Distributable earnings for the year ended 31 December 2009 amounted to €2,033,542,429.13, comprising net profit for 2009 of €1,017,008,260.17 and retained earnings of €1,016,534,168.96.

We recommend that you allocate distributable earnings as follows:

- €676,533.30 to the legal reserve, thereby raising it to 10% of share capital;

- €566,828,657.60 to dividends;
- €1,466,037,238.23 to retained earnings.

The dividend amounts to a payout of €1.60 for each of the 354,267,911 shares issued and outstanding.

The recommended dividend is identical to the dividend for the previous financial period. The dividend will be payable on 7 May 2010, and the ex-rights date will be 4 May 2010.

In accordance with Article 243 *bis* of the General Tax Code, the recommended dividend entitles natural persons resident in France for income tax purposes to 40% tax relief as provided for by Article 158.3-2 of the General Tax Code, representing €0.64 per share. Article 117 *quater* of the General Tax Code also provides that natural persons resident in France for income tax purposes who are eligible for the 40% tax relief may, barring exceptions, opt for the 18% flat-rate withholding (excluding social charges).

The table below sets out dividends paid in the previous three financial years:

	2006	2007	2008
Number of shares at 31 December	334,777,583	347,502,578	342,818,079
Dividend per share	€1.20	€1.50	€1.60
Total dividend paid <sup>a &amp; b</sup>	€400,003,315.20	€509,751,964.50	€545,090,553.60

<sup>a</sup>The amounts shown represent the actual dividends paid out, as no dividends are due on shares bought back by the company

<sup>b</sup>Amounts eligible for 40% tax relief in accordance with paragraph 2, Article 158-3 of the General Tax Code

#### Approval of regulated agreements and commitments (fourth resolution)

In this resolution we ask you, after having acquainted yourselves with the auditors' special report on regulated agreements and commitments governed by Articles L. 225-38 *et seq.* of the Commercial Code, to approve those regulated agreements and commitments (excluding transactions falling within the ordinary course of business) between the company and the companies with which it has one or more directors or executives in common, or between the company and shareholders with an interest of more than 10% in the company's share capital.

The Board of Directors has already approved these agreements and commitments, which shareholders are now asked to approve.

#### Renewal of the term of office of directors (fifth to tenth resolutions)

We ask you to renew the terms of office as directors of Lucien Douroux, Yves Gabriel, Patrick Kron, Jean Peyrelevede, François-Henri Pinault and SCDM, which

expire after this Annual General Meeting. These terms of office shall be renewed for a period of three years, expiring after the 2013 Annual General Meeting called to approve the financial statements for 2012.

**Lucien Douroux** was born in 1933 and is a graduate of 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 between 1999 and 2001. Lucien Douroux has been a director of Bouygues since 1999. He has also been Chairman of the company's Ethics and Sponsorship Committee since 2001.

**Yves Gabriel** was born in 1950 and is a civil engineering graduate of École Nationale des Ponts et Chaussées. He joined the Bouygues group in 1976. His career began at Scred Île-de-France as works engineer; he then became sector head and manager of a regional branch office. In 1985, he created Scred 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 Scred group (France's third-largest road construction group). In November 1996, he joined the Saur group as executive vice president responsible for French operations and the merger with the Cise group. In June 2000, he was appointed CEO of the Saur group, and became Chairman and CEO of Bouygues Construction in September 2002. Yves Gabriel has been a director of Bouygues since 2002.

**Patrick Kron** was born in 1953 and is a graduate of École Polytechnique and an engineer of the Corps des Mines. He began his career at the Industry Ministry from 1979 to 1984, before joining the Péchiney group. From 1984 to 1993, he occupied various operational and financial positions at Péchiney,

notably President of the Electrometallurgy Division. In 1993, he became member of the executive committee of the Péchiney group and Chairman and CEO of Carbone Lorraine from 1993 to 1997. From 1995 to 1997, he ran Péchiney'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 appointed 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. Patrick Kron has been a director of Bouygues since 2006.

**Jean Peyrelevalde** was born in 1939. He is a graduate of École Polytechnique and Institut d'Études Politiques (IEP) and is a senior civil aviation engineer. He was deputy head of the private office of the Prime Minister in 1981, and in 1983 became Chairman of Compagnie Financière de Suez and, at the same time, of Banque Indosuez. He was appointed Chairman and CEO of Banque Stern, then in 1988 became Chairman of UAP, before becoming Chairman of Crédit Lyonnais in 1993 for ten years. He is currently a merchant banker at Banca Leonardo group. Jean Peyrelevalde has been a director of Bouygues since 1994, and Chairman of the Selection Committee since 1997.

**François-Henri Pinault** was born in 1962 and is a graduate of the 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 of Artémis, 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. François-Henri Pinault has been a director of Bouygues since 1998 and member of the Selection Committee since 2005. He has also been a member of Bouygues' Ethics and Sponsorship Committee since 2001.

**SCDM** is controlled by Martin Bouygues and Olivier Bouygues and held 18.58% of Bouygues' share capital and 27.17% of its voting rights at 31 December 2009. SCDM has been a director of Bouygues since 1991.

#### **Appointment of a new director (eleventh resolution)**

In this resolution, we ask you to appoint Colette Lewiner as a director for a three-year term expiring at the end of the 2013 Annual General Meeting called to approve the financial statements for 2012, to replace Charles de Croisset whose term of office expires at the end of this meeting.

Colette Lewiner, 65, is a graduate of École Normale Supérieure and holds the prestigious rank of "agrégée" in physics, as well as a PhD in science. She spent a large part of her career at EDF, where she was the first woman to be appointed executive vice president, in charge of development and commercial strategy. She was subsequently appointed CEO of SGN, Cogema's engineering subsidiary. In 1998, she joined Cap Gemini, where she now heads the Energy, Utilities and Chemicals sector. She is an Officer of the Legion of Honour and a Commander of the National Order of Merit. She is currently a director of Nexans and La Poste.

#### **Appointment of two directors representing employee shareholders (twelfth and thirteenth resolutions)**

Since the terms of office of Jean-Michel Gras and Thierry Jourdain as directors expire at the end of this Annual General Meeting, in these resolutions we ask you to appoint the two candidates listed below as

directors for a three-year term expiring at the end of the 2013 Annual General Meeting called to approve the financial statements for 2012. These candidates were unanimously recommended by the supervisory boards of the employee share ownership funds (FCPE), after an election held on 15 February 2009 in accordance with the procedure set out in Article 13.1 of the by-laws:

- Sandra Nombret, replacing Jean-Michel Gras

Sandra Nombret, 36, has a *DESS* post-graduate diploma in foreign trade law. She joined the Bouygues group in 1997, and is currently a department head with Bouygues Bâtiment International, where she is Senior Legal Officer for the Middle East, Africa and Cyprus.

- Michèle Vilain, replacing Thierry Jourdain

Michèle Vilain, 49, joined Bouygues Immobilier in 1989, holding various positions in the IT and Office Automation department, including responsibility for customer services. She is currently a department head with Bouygues Immobilier, where she is responsible for customer mediation at the Residential Property France division.

#### **Renewal of the appointment of a non-voting director (fourteenth resolution)**

As Alain Pouyat's term of office as non-voting director expires at the end of this Annual General Meeting, in this resolution we ask you to renew Alain Pouyat's term of office for a period of three years, expiring at the 2013 Annual General Meeting called to approve the financial statements for 2012.

**Alain Pouyat** was born in 1944 and 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 has been Executive Vice President, Information Systems and New Technologies since 1988.

#### **Renewal of the appointment as principal auditors (fifteenth resolution)**

As the appointment of the company's principal auditors, Mazars, expires after this Annual General Meeting, in this resolution we ask you to renew their appointment for the statutory six-year period, expiring after the 2016 Annual General Meeting called to approve the financial statements for 2015.

#### **Appointment of alternate auditors (sixteenth resolution)**

As Thierry Colin's term of office as alternate auditor expires at the end of this Annual General Meeting, in this resolution we ask you to appoint Philippe Castagnac to replace him for the statutory six-year term expiring at the end of the 2016 Annual General Meeting called to approve the financial statements for 2015.

Philippe Castagnac is Chairman and CEO of Mazars in France.

#### **Share buyback programme (seventeenth resolution)**

In 2009, pursuant to the authorisations granted by shareholders, Bouygues purchased 951,698 of its own shares for cancellation. A further 417,000 of the company's shares were purchased by an investment service provider acting within the scope of a liquidity contract that complies with a code of conduct approved by the AMF.

In light of the shares bought back and cancelled, at 31 December 2009 Bouygues held 2,178,500 of its own shares, representing 0.61% of the share capital, in connection with the liquidity contract.

As the authorisation granted by the Annual General Meeting of 23 April 2009 is due to expire, in this resolution we ask you to grant the Board of Directors a further eighteen-month authorisation to deal in the company's capital, at a maximum purchase price of

€60 per share and a minimum sale price of €30 per share, subject to adjustments for transactions in the company's equity.

The shares purchased may be sold under the conditions set by the AMF in its position announced on 19 November 2009 regarding new share buyback programmes.

The transactions may be carried out at any time, including during the period of a public offer for the company's shares, in accordance with applicable regulations.

The objectives of the share buyback programme are detailed in the seventeenth resolution and in the description of the buyback programme provided in the *Legal and Financial Information* section of the management report.

The share buybacks can be used, *inter alia*, to cancel shares, pursuant to the authorisation granted in the eighteenth resolution. Shares may be cancelled to offset the dilutive impact for existing shareholders of the exercise of stock options granted to employees and corporate officers. In compliance with the accepted market practice approved by the AMF, the purpose of share buybacks can also be to ensure the liquidity of and organise the market for the company's shares through an independent investment service provider.

By law, share buyback authorisations must respect the following limits:

- the company may not own, either directly or indirectly via a person or entity acting in its name but on behalf of the company, more than 10% of its own shares;
- the buybacks must not reduce shareholders' equity to a level below that of capital plus those reserves not available for distribution;
- the number of shares bought back to be retained and subsequently delivered as a medium of pay-

ment or exchange in a merger, spin-off or contribution, may not exceed 5% of the share capital;

- throughout the holding period, the company's reserves (excluding the legal reserve) must be at least equal to the value of the securities owned.

This draft resolution allows the Board to delegate the implementation of this buyback programme in accordance with paragraph 3, Article L. 225-209 of the Commercial Code.

We remind you that treasury stock does not carry any voting rights and that the corresponding dividends are allocated to retained earnings.

## Resolutions within the authority of the extraordinary general meeting

### Reduction of share capital by cancelling shares (eighteenth resolution)

In this resolution we ask you, in accordance with Article L. 225-209 of the Commercial Code, to grant the Board of Directors an eighteen-month authorisation to reduce share capital, on one or more occasions, up to a limit of 10% of the share capital in any twenty-four month period, by cancelling some or all of the shares that the company holds or may hold as a result of using the various share buyback authorisations given by the Annual General Meeting to the Board of Directors, particularly under the seventeenth resolution submitted to this Annual General Meeting for approval.

This authorisation would replace the authorisation given by the Combined Annual General Meeting of 23 April 2009, pursuant to which the Board of Directors cancelled 493,471 shares bought back at its meeting of 27 August 2009, and 574,710 shares bought back at its meeting of 1 December 2009.

### Free allotment of shares (nineteenth resolution)

In accordance with Article L. 225-197-1 *et seq.* of the Commercial Code, in this resolution we ask you to grant a thirty-eight month authorisation to the Board of Directors to carry out a free allotment of new or existing shares to employees and corporate officers of the company or of companies or economic interest groupings related to it within the meaning of Article L. 225-197-2 of the Commercial Code.

In accordance with the law, the free allotment of shares may not represent more than 10% of the company's share capital, and may not result in an employee or corporate officer owning more than 10% of the share capital.

The free allotment of shares to beneficiaries shall only be final at the end of a vesting period to be set by the Board of Directors, which may not be shorter than two years.

The beneficiaries are required to hold these shares for a minimum period of two years starting from the final vesting date. However, this holding obligation may be reduced or eliminated for shares vesting after a period of four years.

The free allotment of shares shall be made immediately, before the end of the vesting period, in the event of the beneficiary's disability corresponding to the second or third category defined in Article L. 341-4 of the Social Security Code. In this case, the shares shall also be immediately transferable.

### Authorisation to issue equity warrants during the period of a public offer for the company's shares (twentieth resolution)

In this resolution we ask you, in accordance with Articles L. 233-32 II and L. 233-33 of the Commercial

Code, to delegate powers to the Board of Directors for a period of eighteen months to issue equity warrants to shareholders on preferential terms during the period of a public offer for the company's shares, and to allot such warrants free of charge to all shareholders holding shares in the company prior to the expiry of the offer period. These warrants shall lapse automatically as soon as the offer or any other competing offer has failed, lapsed or been withdrawn.

This delegation of powers may only be used under the terms and conditions provided for by law. The possibility for the Board to issue such warrants during the period of a public offer without being required to seek authorisation from the Annual General Meeting during the public offer period, is subject to the reciprocity principle set forth by Article L. 233-33 of the Commercial Code. In brief, this principle allows the Board of Directors of a company whose shares are concerned by a public offer, to implement measures to frustrate the bid without being required to obtain authorisation from the Annual General Meeting during the offer period, if the offeror (or the entity controlling the offeror or an entity acting in concert with the controlling entity) is not itself subject to identical provisions or equivalent measures.

The purpose of this delegation is to allow the Board to increase the value of the company if it considers the offer price to be too low, and thereby encourage the offeror to raise its offer price.

The Board of Directors considers that it should be able to issue such warrants under the terms and conditions provided for by law, when faced with a tender offer that it believes goes against the interests of the company and its shareholders.

The number of warrants that can be issued shall be limited to the number of shares forming the capital at the issue date. The maximum nominal amount of any capital increase resulting from the exercise of such equity warrants shall not exceed four hundred million euros (€400,000,000).



### **Authorisation to increase share capital during the period of a public offer for the company's shares (twenty-first resolution)**

In this resolution we ask you to authorise the Board of Directors for a period of eighteen months to utilise, during the period of a public offer for the company's shares, the various delegations of power and authorisations granted by the Annual General Meeting to increase the share capital, provided that such utilisation is permitted during the period of a public offer by applicable laws and regulations.

As in the twentieth resolution, this entails the application of the reciprocity principle provided for in Article L. 233-33 of the Commercial Code, ie to waive the requirement for your company to seek the Annual General Meeting's authorisation during the offer period to implement measures to frustrate the bid if the offeror (or its controlling entity or entity acting in concert with its controlling entity) is not itself subject to identical provisions or equivalent measures.

The Board of Directors considers that it should be able to take such measures when faced with a tender offer that it believes goes against the interests of the company and its shareholders.

### **Amendments to the company's by-laws (twenty-second resolution)**

This resolution concerns amendments to the company's by-laws:

- the first is merely a formal amendment. The existing by-laws refer to the third paragraph of Article 228-1 of the Commercial Code, when in fact they should refer to the seventh paragraph of this article;
- the second amendment is designed to cancel a provision that is now obsolete: the term of office of directors had been reduced from six to three years by the Annual General Meeting of 28 April 2005, while sitting directors at that date were able to

retain their initial term of office of six years. Since the only term of office concerned by this transitional provision expires at the end of this Annual General Meeting, we recommend that you cancel this provision which is now obsolete;

- the third amendment concerns a similar provision: the term of office of non-voting directors had been reduced from six to three years by the Annual General Meeting of 27 April 2006, while sitting non-voting directors at that date were able to retain their initial term of office. As this provision is now obsolete, we recommend that it be cancelled;
- the fourth amendment concerns the cancellation for simplification purposes of the provision according to which shareholders, by way of a first dividend, are paid 5% of the paid-up and non-redeemed amount of their shares in dividends, representing €0.05 per share. The distinction between a first and an additional dividend does not seem to be useful for shareholders, which are primarily concerned with the total dividend paid.

### **Powers to carry out formalities (twenty-third resolution)**

The purpose of this final resolution is to allow all legal or administrative formalities to be carried out and all filings and publications to be made under and in accordance with applicable law.

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The statutory information concerning employee affairs is contained in the management report that was provided to you.

We kindly ask you to vote on the resolutions submitted for your approval.

### **The Board of Directors**

## **Board of Directors' management report**

This report is on pages 5 to 131, 149 to 175 and 245 to 248 of this Registration Document.

## **Report of the Chairman of the Board of Directors**

This report is on pages 132 to 148 of the *Legal and Financial Information* section of this Registration Document.

## **Board of Directors' special report on stock options**

This report is on pages 153 to 156 of the *Legal and Financial Information* section of this Registration Document.

## Board of Directors' supplementary report on the capital increase for the benefit of employees and corporate officers of French companies that are members of the Bouygues group savings scheme (Article R. 225-116 of the Commercial Code)

To the shareholders,

At the Combined Annual General Meeting of 23 April 2009 you granted the Board of Directors a twenty-six month authorisation to decide to increase share capital, on one or more occasions, by issuing new shares payable in cash representing up to 10% of the share capital, for the benefit of employees and corporate officers of Bouygues and companies related to it that are members of a company savings scheme.

For this purpose you delegated to the Board of Directors, with the power to sub-delegate to the Chief Executive Officer or, with the Chief Executive Officer's consent, to one or more Deputy Chief Executive Officers, full powers to carry out said capital increases and to set the final terms and conditions thereof.

Pursuant to this authorisation, the Board of Directors' meeting of 2 June 2009 resolved to carry out a capital increase for the benefit of employees and corporate officers of French companies that are members of the Bouygues group savings scheme, enabling them to build up their savings under attractive conditions, increase their stake in the Group's share capital and reinforce their position as major shareholders of Bouygues.

This transaction was carried out through two employee share ownership funds (*FCPE*): *Bouygues Partage 2* with a five-year option and *Bouygues Partage 2* with a 10-year option<sup>1</sup>. These plans were set up specifically for this purpose and their rules and regulations must be approved by the AMF. The share capital may be increased by up to €252 million as a result of this transaction, including the issue premium.

Employees who subscribe to the capital increase have the choice between two formulas, enabling them to cumulatively benefit from a discount on the share price, a matching employer contribution, and leverage.

Under the *Bouygues Partage 2* plan with a five-year option:

- the subscription price will be equal to the average opening share price over the 20 trading days preceding 2 June 2009, less a 20% discount, ie a subscription price of €25.12;
- the employer will contribute three times the employee's personal contribution, equal to the value of three Bouygues shares after application of a 20% discount;
- pursuant to the exchange agreement between the *Bouygues Partage 2* plan with a five-year option and the bank, each employee's contribution will be matched by a bank contribution equivalent to nine times the amount of the beneficiary's contribution (leverage).

Under the *Bouygues Partage 2* plan with a ten-year option:

- the subscription price will be equal to the average opening share price over the 20 trading days preceding 2 June 2009, less a 30% discount, ie a subscription price of €21.98;
- the employer will contribute three times the employee's personal contribution, equal to the

value of five Bouygues shares after application of a 30% discount;

- pursuant to the exchange agreement between the *Bouygues Partage 2* plan with a ten-year option and the bank, each employee's contribution will be matched by a bank contribution equivalent to nine times the amount of the beneficiary's contribution (leverage).

On its withdrawal from the share ownership fund, the employee will receive:

- the value of the shares acquired as a result of his or her personal contribution and the employer's matching contribution, ie 12 shares for the *Bouygues Partage 2* plan with a five-year option and 20 shares for the *Bouygues Partage 2* plan with a ten-year option;
- a percentage of the capital gain on the 108 shares (*Bouygues Partage 2* plan with a five-year option) or 180 shares (*Bouygues Partage 2* plan with a ten-year option) acquired as a result of the bank's contribution, representing the difference between the value of the share on the employee's withdrawal from the plan and the reference share price (before the 20% or 30% discount).

The transaction is associated with only a moderate risk for participating employees, as their investment is limited to the subscription price for three shares at a 20% discount (*Bouygues Partage 2* plan with a five-year option) or five shares at a 30% discount (*Bouygues Partage 2* plan with a ten-year option).

The shares subscribed via employee share ownership funds will be treated as existing shares, and will carry dividend rights as from 1 January 2009 (including the 2009 dividend).

The subscription period for the employee share ownership funds will run from 2 November 2009 at the earliest to 23 November 2009 at the latest. The Chairman and Chief Executive Officer will approve

the terms and conditions governing the payment of subscriptions.

The employee share ownership funds shall subscribe to the share capital increase within 15 days of the end of the beneficiaries' subscription period, ie 7 December 2009 at the latest.

In accordance with the decision of the Combined Annual General Meeting of 23 April 2009, the total number of shares created since that date for the benefit of employees and corporate officers of the company and companies related to it that are members of a company savings scheme, shall not represent more than 10% of the share capital at the date of the Board's decision. The maximum number of shares that may be created under the *Bouygues Partage 2* plan, based on the authorised share capital increase and a reference share price of €31.40 prior to the discount, is 11,464,968, or 3.3% of the share capital at 31 May 2009.

The impact of the issue of up to 11,464,968 new shares on shareholders with a 1% interest in Bouygues who do not subscribe to the capital increase is shown in the table below:

	Shareholding in %
Before issue	1.00%
After issue of up to 11,464,968 new shares	0.97%

The table below shows the impact of this issue on consolidated equity attributable to equity holders of the parent at 31 March 2009, for shareholders owning one Bouygues share:

	Equity (per share) attributable to equity holders of the parent at 31 March 2009
Before issue	€22.19
After issue of up to 11,464,968 new shares	€22.18

<sup>1</sup>The names of these plans may subsequently be modified

In light of the issue price and number of shares issued, the transaction should not have a material impact on the market price of the share.

We inform you that under the authorisations granted by the Annual General Meeting of 23 April 2009, your Board of Directors has granted full powers to the Chairman and Chief Executive Officer to postpone or cancel all or part of this transaction, or to opt for only one of the formulas put forward, by changing the period over which beneficiaries or employee share ownership funds may subscribe to the shares, the date on which new shares begin to carry dividend rights, the settlement dates or the subscription price.

Pursuant to the authorisations granted by the Annual General Meeting of 23 April 2009, the Board of Directors authorised the company to purchase a specified number of its own shares without reducing share capital. These shares may subsequently be cancelled pursuant to the Board's decision.

In accordance with Article R. 225-116 of the Commercial Code, this report will be available to shareholders at the company's head office, within fifteen days of the Board of Directors' meeting, and will be disclosed to shareholders at the next Annual General Meeting.

2 June 2009

### The Chairman of the Board of Directors

## Board of Directors' supplementary report on the capital increase for the benefit of employees and corporate officers of French companies that are members of the Bouygues group savings scheme (Article R. 225-116 of the Commercial Code)

To the shareholders,

At the Combined Annual General Meeting of 23 April 2009, you granted the Board of Directors a twenty-six month authorisation to decide to increase share capital, on one or more occasions, by issuing new shares payable in cash representing up to 10% of the share capital, for the benefit of employees and corporate officers of Bouygues and companies related to it that are members of a company savings scheme.

For this purpose, you delegated to the Board of Directors, with the power to sub-delegate to the Chief Executive Officer or, with the Chief Executive Officer's consent, to one or more Deputy Chief Executive Officers, full powers to carry out said capital increases and to set the final terms and conditions thereof.

Pursuant to this authorisation, the Board of Directors' meeting of 2 June 2009 resolved to carry out a capital increase for the benefit of employees and corporate officers of French companies that are members of the Bouygues group savings scheme, enabling them to build up their savings under attractive conditions, increase their stake in the Group's share capital and reinforce their position as major shareholders of Bouygues.

In accordance with the powers granted by the Board of Directors, the Chairman and Chief Executive Officer decided to postpone this transaction.

At its meeting of 26 June 2009, the Board of Directors decided to make further use of the authorisation granted by the Annual General Meeting to carry out a capital increase for the benefit of employees and corporate officers of French companies that are members of the Bouygues group savings scheme, subject to revised terms and conditions as regards the date and subscription price.

This transaction was carried out through two employee share ownership funds (*FCPE*): *Bouygues Partage 2* with a five-year option and *Bouygues Partage 2* with a ten-year option<sup>1</sup>. These plans were set up specifically for this purpose and their rules and regulations must be approved by the AMF. The share capital may be increased by up to €252 million as a result of this transaction, including the issue premium.

Employees and corporate officers who subscribe to the capital increase have the choice between two formulas, enabling them to benefit from a discount on the share price, a matching employer contribution, and leverage.

Under the *Bouygues Partage 2* plan with a five-year option:

- the subscription price will be equal to the average opening share price over the 20 trading days preceding 26 June 2009, less a 20% discount, ie a subscription price of €21.76;
- the employer will contribute three times the employee's personal contribution, equal to the value of three Bouygues shares after application of a 20% discount;
- pursuant to the exchange agreement between the *Bouygues Partage 2* plan with a five-year option and the bank, each employee's contribution will be leveraged by a bank contribution equivalent to nine

times the amount of the beneficiary's contribution.

Under the *Bouygues Partage 2* plan with a ten-year option:

- the subscription price will be equal to the average opening share price over the 20 trading days preceding 26 June 2009, less a 30% discount, ie a subscription price of €19.04;
- the employer will contribute three times the employee's personal contribution, equal to the value of five Bouygues shares after application of a 30% discount;
- pursuant to the exchange agreement between the *Bouygues Partage 2* plan with a ten-year option and the bank, each employee's contribution will be matched by a bank contribution equivalent to nine times the amount of the beneficiary's contribution (leverage).

On its withdrawal from the share ownership fund, the beneficiary will receive:

- the value of the shares acquired as a result of his or her personal contribution and the employer's matching contribution, ie 12 shares for the *Bouygues Partage 2* plan with a five-year option and 20 shares for the *Bouygues Partage 2* plan with a ten-year option;
- a percentage of the capital gain on the 108 shares (*Bouygues Partage 2* plan with a five-year option) or 180 shares (*Bouygues Partage 2* plan with a ten-year option) acquired as a result of the bank's contribution, representing the difference between the average value of the share on the employee's withdrawal from the plan and the reference share price (before the 20% or 30% discount).

The transaction is associated with only a moderate risk for participating employees and corporate officers, as their investment is limited to the subscription price for three shares at a 20% discount

<sup>1</sup>The names of these plans may subsequently be modified.

(*Bouygues Partage 2* plan with a five-year option) or five shares at a 30% discount (*Bouygues Partage 2* plan with a ten-year option).

The shares subscribed via employee share ownership funds will be treated as existing shares and will carry dividend rights as from 1 January 2009 (including the 2009 dividend).

The subscription period for beneficiaries will run from 2 November to 16 November 2009. The Chairman and Chief Executive Officer will approve the terms and conditions governing the payment of subscriptions.

The employee share ownership funds shall subscribe to the capital increase on 30 November 2009.

In accordance with the decision of the Combined Annual General Meeting of 23 April 2009, the total number of shares created since that date for the benefit of employees and corporate officers of the company and companies related to it that are members of a company savings scheme, shall not represent more than 10% of the share capital at the date of the Board's decision. The maximum number of shares that may be created under the *Bouygues Partage 2* plan, based on the authorised share capital increase and a reference share price of €27.20 prior to the discount, is 13.2 million, or 3.85% of the share capital at 31 May 2009.

The impact of the issue of up to 13.2 million new shares on shareholders with a 1% interest in Bouygues who do not subscribe to the capital increase is shown in the table below:

	<b>Shareholding in %</b>
Before issue	1.00%
After issue of up to 13.2 million new shares	0.96%

The table below shows the impact of this issue on consolidated equity attributable to equity holders of the parent at 31 March 2009, for shareholders owning one Bouygues share:

<b>Equity (per share) attributable to equity holders of the parent at 31 March 2009</b>	
Before issue	€22.19
After issue of up to 13.2 million new shares	€22.07

In light of the issue price and number of shares issued, the transaction should not have a material impact on the market price of the share.

We inform you that under the authorisations granted by the Annual General Meeting of 23 April 2009, your Board of Directors has granted full powers to the Chairman and Chief Executive Officer to postpone or cancel all or part of this transaction, or to opt for only one of the formulas put forward, by changing the period over which beneficiaries or employee share ownership funds may subscribe to the shares, the date on which new shares begin to carry dividend rights, the settlement dates or the subscription price.

Pursuant to the authorisations granted by the Annual General Meeting of 23 April 2009, the Board of Directors authorised the company to purchase a specified number of its own shares without reducing share capital. These shares may subsequently be cancelled pursuant to the Board's decision.

In accordance with Article R. 225-116 of the Commercial Code, this report will be available to shareholders at the company's head office, within fifteen days of the Board of Directors' meeting, and will be disclosed to shareholders at the next Annual General Meeting.

26 June 2009

**The Chairman of the Board of Directors**



# AUDITORS' REPORTS

## Auditors' report on the parent company financial statements

To the shareholders,

In accordance with the terms of our appointment at the Annual General Meeting, we present below our report for the year ended 31 December 2009 on:

- the audit of the accompanying financial statements of Bouygues SA;
- the basis of our opinion;
- the specific procedures and information required by law.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

### 1. Opinion on the financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform our

audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2009, and of the results of its operations for the year then ended, in accordance with French generally accepted accounting principles.

### 2. Basis of our opinion

Pursuant to the provisions of Article L. 823-9 of the Commercial Code requiring auditors to explain the basis of their opinion, we draw your attention to the following matters:

Holdings in subsidiaries and affiliates recognised as assets on the company's balance sheet are valued in accordance with the methods described in Note 2.3 to the financial statements. We reviewed the data used to estimate the carrying amounts of these investments and checked the calculations of impairment provisions where appropriate. We have no matters to report regarding the methods used, the reasonableness of the estimates made or the relevance of the information disclosed in the notes to the financial statements.

These assessments are an integral part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion expressed in the first part of this report.

### 3. Specific procedures and information

We also carried out the specific procedures required by law, in accordance with the auditing standards applicable in France.

We have no matters to report regarding the fairness of the information given in the management report prepared by the Board of Directors and the documents sent to shareholders on the company's financial position and financial statements, or its consistency with those financial statements.

We also verified that the disclosures provided in accordance with Article L. 225-102-1 of the Commercial Code on compensation and benefits accruing to corporate officers and on commitments granted to those corporate officers were consistent with the financial statements or with the data used in preparing the financial statements and, where appropriate, with the information collected by Bouygues from companies controlling it or controlled by it. Based on our work, we certify that this information is accurate and fair.

As required by law, we verified that the identity of shareholders (or holders of voting rights) is disclosed in the management report.

*Paris-La Défense and Courbevoie, 2 March 2010*  
The Auditors

**Ernst & Young Audit**  
Jean Bouquot

**Mazars**  
Gilles Rainaut

## Auditors' report on the consolidated financial statements

To the shareholders,

In accordance with the terms of our appointment at the Annual General Meeting, we present below our report for the year ended 31 December 2009 on:

- the audit of the accompanying consolidated financial statements of the Bouygues group;
- the basis of our opinion;
- the specific procedures and information required by law.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

### 1. Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform our audit to obtain reasonable assurance that the consolidated

financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities and financial position of the consolidated group at 31 December 2009, and of the results of its operations for the year then ended, in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union.

Without qualifying our opinion, we draw your attention to:

- Note 2.2 to the consolidated financial statements, which describes the non-material impacts of the new accounting standards effective as of 1 January 2009;

- Note 4.6 to the consolidated financial statements, which discusses the accounting treatment applied to the Group's interest in Alstom Hydro Holding.

### 2. Basis of our opinion

Pursuant to the provisions of Article L. 823-9 of the Commercial Code requiring auditors to explain the basis of their opinion, we draw your attention to the following matters:

- The company performs annual impairment tests on goodwill and other assets with an indefinite useful life, and also assesses whether there is any evidence that non-current assets may be impaired, in accordance with the methods described in Note 2.7.4 to the consolidated financial statements. We reviewed the methods used to carry out the tests and the underlying assumptions.
- Current and non-current provisions carried on the balance sheet were measured as described in Notes 2.11.2 and 2.12.2 to the consolidated financial statements. In light of available information, our assessment of these provisions was based pri-

marily on an analysis of the processes implemented by management to identify and evaluate risks.

- We assessed the impact on the consolidated financial statements of not recognising changes in the fair value of the embedded derivative described in Note 4.6 on Alstom Hydro Holding. The results and findings of our audit take into account this departure from IFRS as adopted by the European Union.

These assessments are an integral part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion expressed in the first part of this report.

### 3. Specific procedures

We also reviewed the information given in the Group's management report in accordance with auditing standards applicable in France.

We have no matters to report on its fairness or consistency with the consolidated financial statements.

*Paris-La Défense and Courbevoie, 2 March 2010*  
The Auditors

**Ernst & Young Audit**  
Jean Bouquot

**Mazars**  
Gilles Rainaut

## Auditors' report, prepared in accordance with Article L. 225-235 of the Commercial Code, on the report of the Chairman of Bouygues

To the shareholders,

In our capacity as auditors of Bouygues and in accordance with the requirements of Article L. 225-235 of the Commercial Code, we present below our report on the report compiled by the Chairman of Bouygues in accordance with Article L. 225-37 of the Commercial Code for the year ended 31 December 2009.

The Chairman is responsible for compiling and submitting a report to the Board of Directors for approval regarding the internal control and risk management procedures put in place within the company, and for providing the other information required by Article L. 225-37 of the Commercial Code, particularly in the area of corporate governance.

Our responsibility is to:

- report our comments on the information contained in the Chairman's report regarding risk management and internal control procedures relating to

the preparation and treatment of accounting and financial information; and

- certify that the Chairman's report contains the other information required by Article L. 225-37 of the Commercial Code, it being specified that that we are not responsible for verifying the fairness of that information.

We conducted our work in accordance with the professional practices applicable in France.

### 1. Information regarding risk management and internal control procedures relating to the preparation and treatment of accounting and financial information

Professional practices require that we perform procedures to assess the fairness of the information

provided in the Chairman's report on risk management and internal control procedures relating to the preparation and treatment of accounting and financial information. These procedures included:

- obtaining an understanding of the risk management and internal control procedures relating to the preparation and treatment of accounting and financial information described in the Chairman's report, and of other existing documentation;
- obtaining an understanding of the work underlying the information contained in the Chairman's report, and of other existing documentation;
- determining whether the Chairman's report contains the appropriate disclosures regarding any material weaknesses we might have identified in internal control procedures relating to the preparation and treatment of accounting and financial information.

Based on our work, we have no matters to report on

the information contained in the Chairman's report prepared in accordance with Article L. 225-37 of the Commercial Code on risk management and internal control procedures relating to the preparation and treatment of accounting and financial information.

### Other information

We certify that the report of the Chairman of the Board of Directors contains all of the other information required by Article L. 225-37 of the Commercial Code.

*Paris-La Défense and Courbevoie, 2 March 2010*

The Auditors

**Ernst & Young Audit**  
Jean Bouquot

**Mazars**  
Gilles Rainaut

## Auditors' special report on regulated agreements and commitments

To the shareholders,

In our capacity as auditors of your company, we present below our report on regulated agreements and commitments.

### 1. Agreements and commitments authorised during the year

Pursuant to Article L. 225-40 of the Commercial Code, we were informed of the agreements and commitments approved by your Board of Directors.

Our responsibility does not include identifying any undisclosed agreements or commitments. We are required to report to shareholders, based on the information provided, about the main terms and conditions of the agreements and commitments that have been disclosed to us, without commenting on their relevance or substance. Under the provisions of Article R. 225-31 of the Commercial Code, it is the responsibility of shareholders to determine whether the agreements and commitments are appropriate and should be approved.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved ensuring that the information disclosed to us was consistent with the source documents from which it was taken.

#### a. Shared service agreements

Bouygues has entered into shared service agreements with its main subsidiaries, under which it provides principally management, HR, IT and financial services to its various sub-groups.

These shared service agreements were approved for a one-year term, starting 1 January 2009.

Bouygues invoiced the following amounts in respect of these agreements in 2009:

Subsidiary	Amount excluding VAT
Bouygues Construction	€12,958,472
Bouygues Immobilier	€3,491,729
Bouygues Telecom	€7,378,898
Colas	€16,222,006
TF1	€3,338,211
Finagestion	€706,006

#### Directors concerned

- Bouygues Construction: Olivier Bouygues and Yves Gabriel,
- Bouygues Immobilier: François Bertière,
- Bouygues Telecom: Olivier Bouygues and Nonce Paolini,
- TF1: Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Nonce Paolini,
- Colas: Olivier Bouygues and Hervé Le Bouc,
- Finagestion: Olivier Bouygues.

#### b. Service agreements: use of Bouygues aircraft

Bouygues operates two aircraft (Hawker HS 900 and Global 5000) belonging to one of its sub-affiliates, Challenger Luxembourg, and has the possibility of operating a third craft (Hawker HS 800) belonging to Actify. These aircraft are made available to several Group companies as well as SCDM and Alstom Holdings. The service agreements setting the prices for the use of these aircraft were approved for a one-year term starting 1 January 2009.

Bouygues invoiced the following amounts in respect of these agreements in 2009:

Subsidiary	Amount excluding VAT
Bouygues Construction	€227,250
Bouygues Bâtiment International	€411,350
Bouygues Bâtiment Ile-de-France	€0
Bouygues Travaux Publics	€152,508
Bouygues Immobilier	€7,175
TF1	€0
Eurosport	€0
Colas	€387,833
Bouygues Telecom	€392,858
ETDE	€4,200
Finagestion	€131,208
SCDM	€377,175
Alstom Holdings	€289,656

#### Directors concerned

- Bouygues Construction: Olivier Bouygues and Yves Gabriel,
- Bouygues Bâtiment International: Yves Gabriel,

- Bouygues Bâtiment Ile-de-France: Yves Gabriel,
- Bouygues Travaux Publics: Yves Gabriel,
- Bouygues Immobilier: François Bertière,
- TF1: Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Nonce Paolini,
- Eurosport: Olivier Bouygues,
- Colas: Olivier Bouygues and Hervé Le Bouc,
- Bouygues Telecom: Olivier Bouygues and Nonce Paolini,
- ETDE: Yves Gabriel,
- Finagestion: Olivier Bouygues,
- SCDM: Olivier Bouygues and Martin Bouygues,
- Alstom Holdings: Patrick Kron.

#### c. Agreement between Bouygues and SCDM

Under the terms of this agreement, SCDM invoices Bouygues up to €8 million a year for costs incurred in relation to:

- salaries, mainly for Martin and Olivier Bouygues who are paid exclusively by SCDM;
- research and analysis relating to strategic developments and the expansion of the Bouygues group;
- miscellaneous services.

Under this agreement, Bouygues may invoice SCDM at arm's length for specific services provided.

During the year, SCDM invoiced Bouygues €5,939,252 excluding VAT in respect of the agreement, while Bouygues invoiced SCDM €621,379 excluding VAT.

#### Directors concerned

- Martin Bouygues and Olivier Bouygues.



#### **d. Agreement and amendment to the agreement with Zénith Optimédia**

Bouygues entered into an agreement with Zénith Optimédia under which Zénith purchases newspaper, internet and television advertising space from TF1 Publicité and Sebdo Le Point on its behalf.

An amendment to this agreement was signed at the end of 2009 in connection with the company's corporate advertising campaign.

In 2009, Zénith Optimédia invoiced Bouygues €4,637,160 excluding VAT on behalf of TF1 Publicité and €50,646 on behalf of Sebdo Le Point in respect of these agreements.

##### **Directors concerned**

- Patricia Barbizet and Nonce Paolini.

#### **e. Supplementary pension benefits granted to management**

Members of the Group's Management Committee, including corporate officers and salaried directors of Bouygues, are eligible for supplementary pension benefits equal to 0.92% of their reference salary for each year they have belonged to the plan. This supplementary plan has been transferred to an insurance company. Contributions paid into the plan set up by the insurance company totalled €3,200,000 in 2009.

Since this agreement concerns commitments granted to the company's Chairman and Chief Executive Officer and Deputy Chief Executive Officer, the Board was asked to approve its renewal in 2009, pursuant to Article L. 225-42-1 of the Commercial Code.

##### **Directors concerned**

- François Bertière, Martin Bouygues, Olivier Bouygues, Yves Gabriel, Hervé Le Bouc and Nonce Paolini.

#### **f. Trademark licence agreement with Bouygues Telecom**

A new licence agreement concerning the Bouygues Telecom, Bouygtel and Bouynet trademarks came into force on 9 December 2009 for a period of 15 years, ie until 9 December 2024. This agreement replaces the previous agreements which expired on 8 December 2009.

As consideration for the rights granted, Bouygues Telecom will pay Bouygues fixed royalties of €700,000 per annum excluding VAT.

In 2009, Bouygues invoiced Bouygues Telecom an amount of €44,109 under this agreement excluding VAT.

##### **Directors concerned**

- Olivier Bouygues and Nonce Paolini.

#### **g. Amendment to the trademark licence agreement with Bouygues Bâtiment International**

A fifth amendment was signed to the trademark licence agreement dated 21 December 2000 between Bouygues and Bouygues Bâtiment (now Bouygues Bâtiment International). The amendment provides Bouygues Bâtiment International with the right to use its exclusive licence to the Bouygues Bâtiment trademark in Bahrain and Malaysia and to use its non-exclusive right to the Minorange ellipse logo in South Africa, Bahrain, UAE and Malaysia.

This amendment also authorises Bouygues Bâtiment International, under the control of Bouygues, to sub-licence the Bouygues Bâtiment trademark and/or the Minorange ellipse logo to third parties on a temporary, limited and provisional basis.

In 2009, Bouygues invoiced Bouygues Bâtiment International €1,829 excluding VAT in respect of this agreement.

##### **Director concerned**

- Yves Gabriel.

#### **h. Amendments to the trademark licence agreement with Bouygues Construction**

A second and third amendment to the 16 October 2000 trademark licence agreement between Bouygues and Bouygues Construction was signed in 2009.

The second amendment extends the non-exclusive right to use the Minorange ellipse logo to more countries and allows Bouygues Construction to alter, separate or add to the Bouygues Construction trademark under certain conditions.

The third amendment allows Bouygues Construction, under the control of Bouygues, to sub-licence the Bouygues Construction trademark and/or the Minorange ellipse logo to third parties on a temporary, limited and provisional basis in connection with its communication initiatives in terms of corporate sponsorship, patronage, endorsements and partnerships.

In 2009, Bouygues invoiced Bouygues Construction €12,806 excluding VAT under the second amendment to this agreement.

##### **Directors concerned**

- Olivier Bouygues and Yves Gabriel.

#### **i. Alstom Hydro Holding**

At its meeting of 30 October 2009, the Board of Directors approved:

- Bouygues' exercise of its put option on its 50% stake in the Alstom Hydro Holding joint venture in return for Alstom shares;

- Bouygues' contribution of its 50% interest in the joint venture to Alstom, in return for 4,400,000 new Alstom shares to be created and granted to Bouygues by Alstom;

- the signature of an amendment to the agreement incorporating Alstom as a party to the existing agreements, for the purposes of carrying out this contribution.

At its 1 December 2009 meeting, the Board of Directors approved the draft contribution agreement.

##### **Directors concerned**

- Patrick Kron, Georges Chodron de Courcel and Olivier Bouygues.

## **2. Agreements and commitments entered into in prior years which remained in force during the year**

In application of the Commercial Code, we were informed of the following agreements and commitments entered into in prior years which remained in force during the year.

#### **a. Validity of guarantees given by Bouygues to Bouygues Bâtiment International**

In January 1998, Bouygues entered into a concession agreement relating to an equestrian club project in Jeddah (Saudi Arabia). Following the spin-offs in June 1999, Bouygues Bâtiment (renamed Bouygues Bâtiment International) replaced Bouygues in its commitments and obligations. The two companies subsequently entered into an agreement to amend the joint and several liability clauses.

No amounts were paid in 2009 in connection with this agreement, which expired on completion of the project on 1 May 2009.

## b. Trademark licence agreements

Bouygues has entered into trademark licence agreements with several subsidiaries, entitling them to use various trademarks, company names and trade names under specific conditions.

Bouygues invoiced the following amounts in respect of this agreement in 2009:

Subsidiary	Amount excluding VAT
Bouygues Construction	€36,283
Bouygues Travaux Publics	€19,513
Bouygues Immobilier	€16,464
Bouygues Bâtiment International	€12,196
Bouygues Bâtiment Ile-de-France	€15,550
Bouygues Telecom	€62,200

## c. Liability for defence costs

On 16 December 2003, Bouygues agreed to assume any defence costs incurred by executives or employees in connection with criminal proceedings resulting in discharge or acquittal, where such proceedings are brought against them for acts committed in performance of their duties or for merely holding office as director, Chairman, Chief Executive Officer, Deputy Chief Executive Officer or any equivalent office in a Group company.

No amounts were paid in respect of this agreement in 2009.

## d. Construction and project management agreement for Hôtel de la Marine

As part of the sponsorship agreement with the French government for the restoration of Hôtel de la Marine in Paris, in 2006 Bouygues entered into two agreements with Bouygues Bâtiment Ile-de-France:

- a renovation contract for a final amount (including the amendment) of €5,440,000 excluding VAT;
- a project management contract whereby Bouygues Bâtiment Ile-de-France provides Bouygues with construction assistance and advisory services for a final amount (including the amendment) of €480,000 excluding VAT.

Based on the amounts invoiced in previous years, a balance of €605,567 excluding VAT was recognised by Bouygues SA and Bouygues Bâtiment Ile-de-France in respect of these agreements in 2009.

## e. Bouygues corporate advertising campaign

In autumn 2008, Bouygues launched a corporate advertising campaign reporting on the sustainable development approach adopted within each of its businesses. The 2008-2009 campaign was partially funded by the Group's businesses, in proportion to their contribution to Bouygues' revenues.

Bouygues invoiced the following amounts in respect of this agreement in 2009:

Subsidiary	Amount excluding VAT
Bouygues Construction	€450,918
Bouygues Immobilier	€157,482
TF1	€62,860
Colas	€673,169
Bouygues Telecom	€293,111

## f. Agreement with Zénith Optimédia

In connection with its corporate advertising campaign, in 2008 Bouygues mandated Zénith Optimédia to enter into agreements to purchase advertising space from TF1 and Sebdo Le Point on its behalf.

In 2009, Zénith Optimédia invoiced Bouygues €2,072 excluding VAT on behalf of TF1 in respect of this agreement.

## g. Acquisition of Hawker 800XP

SCDM and a Bouygues subsidiary created an 85%/15% joint venture, Actifly, to purchase the Hawker 800XP aircraft owned by Challenger Luxembourg, a Bouygues sub-affiliate. This aircraft will be used by Bouygues and SCDM in accordance with their respective requirements.

Actifly and Challenger Luxembourg entered into agreement in 2008 for the purchase of the aircraft for US\$7,855,267.

Challenger Luxembourg billed Actifly US\$7,555,267 in 2009 representing the purchase amount outstanding.

## h. Sub-lease agreement

### With Bouygues Construction

Bouygues entered into a nine-year sub-lease agreement with Bouygues Construction, starting 1 January 2000 (with three-year and six-year cancellation options for the lessee) for part of the Challenger building.

Bouygues Construction invoiced Bouygues €332,957 excluding VAT in respect of this agreement in 2009.

Paris-La Défense and Courbevoie, 2 March 2010  
The Auditors

**Ernst & Young Audit**  
Jean Bouquot

**Mazars**  
Gilles Rainaut

## Auditors' reports to the Combined Annual General Meeting

To the shareholders,

### 1. Auditors' report on the reduction of share capital by cancelling shares repurchased by the company (eighteenth resolution)

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In our capacity as auditors of Bouygues, and as required under Article L. 225-209, paragraph 7 of the Commercial Code in the event of a capital reduction by cancelling shares repurchased by the issuer, we present below our report on our assessment of the reasons for the proposed capital reduction and the terms and conditions thereof.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved assessing whether the decision to reduce the capital and the terms and conditions of the proposed operation are appropriate.

The proposed capital reduction will concern shares representing up to 10% of the company's capital repurchased pursuant to Article L. 225-209 of the Commercial Code. At the Annual General Meeting, shareholders will be asked to give an eighteen-month authorisation to the company to implement the buyback programme.

The Board of Directors asks you to grant it full powers, for an eighteen-month period, to cancel shares repurchased under the share buyback programme on one

or more occasions, up to a limit of 10% of the share capital in any twenty-four month period.

We have no matters to report concerning the reasons for and terms and conditions of the proposed capital reduction, the implementation of which is subject to shareholders' approval of the buyback programme.

### 2. Auditors' report on the issue of new or existing bonus shares to employees and corporate officers of Bouygues or related companies and economic interest groupings (nineteenth resolution)

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In our capacity as auditors of Bouygues, and as required under Articles L.225-197-1 *et seq.* of the Commercial Code, we present below our report on the planned award of new or existing bonus shares to employees and corporate officers of the company or related companies and economic interest groupings related to it within the meaning of Article L. 225-197-2 of the Commercial Code.

Your Board of Directors asks you to authorise it, over a period of thirty-eight months, to award new or existing bonus shares. The Board is responsible for drawing up a report on this transaction. Our responsibility is to report to you our observations on the information provided to you regarding the transaction in question.

We performed the procedures we considered necessary in accordance with the professional standards

issued by the French statutory auditors' board, the CNCC. Those procedures consisted mainly of verifying that the proposed terms and conditions and the related information given in the Board's report are compatible with the applicable legal requirements.

We have no matters to report concerning the information provided in the Board's report regarding the planned bonus share award.

### 3. Auditors' report on the issue of equity warrants free of charge in the event of a public offer for the company's shares (twentieth resolution)

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In our capacity as auditors of Bouygues, and pursuant to Article L. 228-92 of the Commercial Code, we present below our report on the proposed issue of equity warrants free of charge in the event of a public offer for the company's shares, which shareholders are asked to approve.

Based on its report, the Board of Directors asks that you authorise it, for a period of eighteen months and pursuant to Articles L. 233-32 II and L. 233-33 of the Commercial Code, to:

- resolve to issue equity warrants giving the holders preferential subscription rights to one or more shares in the company pursuant to Article L. 233-32 II of the Commercial Code, and to allot such warrants free of charge to all eligible shareholders prior to the expiry of the offer period;
- set the terms and conditions of exercise and any other characteristics of the equity warrants.

The nominal amount of the shares that may be issued upon exercise of the warrants may not exceed €400,000,000, and the number of warrants issued may not exceed the number of shares forming the capital at the time the warrants are issued.

The Board of Directors is responsible for preparing a report in accordance with Articles R. 225-113,

R. 225-114, R. 225-115 and R. 225-117 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements and other specific information concerning the issue provided in this report.

We performed the procedures we considered necessary in accordance with the professional standards applicable in France. Those standards require that we perform procedures to verify the information provided regarding this transaction in the Board's report.

We have no matters to report concerning the information provided in the Board's report on the proposed issue of equity warrants in the event of a public offer for the company's shares.

We will draw up a supplementary report if the Board of Directors decides to use this authorisation, with a view to approval by an Annual General Meeting, as provided in Article L. 233-32 III of the Commercial Code, and in accordance with Article R. 225-116 of said code.

*Paris-La Défense and Courbevoie, 8 March 2010*  
The Auditors

**Ernst & Young Audit**  
Jean Bouquot

**Mazars**  
Gilles Rainaut



## Auditors' supplementary report on the capital increase without pre-emptive rights for existing shareholders, for the benefit of employees and corporate officers of French companies that are members of the Bouygues group savings scheme

To the shareholders,

In our capacity as auditors of Bouygues and as required under Article R. 225-116 of the Commercial Code, we present below our supplementary report to our special report of 9 March 2009 on the capital increase without pre-emptive rights for existing shareholders, for the benefit of employees and corporate officers of the company or a related company that are members of the company savings scheme, as approved by the Combined Annual General Meeting of 23 April 2009.

That meeting had granted the Board of Directors powers to carry out a capital increase within a period of twenty-six months and for up to 10% of the share capital as of the date of the Board's decision.

At its meeting of 2 June 2009, the Board decided to use this authorisation to increase capital by up to €252 million including the issue premium. In accordance with the option held by the beneficiaries and Article L. 3332-19 of the Labour Code, the subscription price calculated based on a reference market share price of €31.40, will be set at either €25.12

(representing a 20% discount on the market price), or €21.98 (a 30% discount). Under these conditions, up to 11,464,968 new shares will be issued.

This transaction is contingent on the prior creation of two employee share ownership funds (*FCPE*). The rules and regulations governing these funds must be approved by the AMF.

The Board of Directors is responsible for drawing up a supplementary report in accordance with Articles R. 225-115 and R. 225-116 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements on the proposal to cancel pre-emptive rights for existing shareholders and on other specific information regarding the issue contained in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC.

These procedures involved verifying:

- the fairness of financial information taken from the condensed consolidated interim financial statements prepared under the responsibility of the Board of Directors at 31 March 2009 in accordance with IAS 34, the IFRS standard dealing with interim financial reporting adopted by the European Union. We performed a limited review of these interim financial statements in accordance with the professional standards applicable in France;
- the compliance of the terms and conditions of the transaction with the authorisation given by the Annual General Meeting, and the fairness of the information provided in the Board's supplementary report on the inputs used to calculate the issue price and amount.

We have no matters to report regarding:

- the fairness of financial information taken from the company's financial statements and provided in the Board's supplementary report;
- the compliance of the terms and conditions of the

transaction with the authorisation given by the Combined Annual General Meeting of 23 April 2009, and with the indications provided to that meeting;

- the proposal to cancel pre-emptive rights for existing shareholders which you have previously been asked to approve, along with the basis for establishing the issue price and final issue amount;
- the presentation of the impact of the issue on the position of holders of shares and securities giving access to capital in relation to shareholders' equity and the share price.

We inform you that under the authorisations granted by the Annual General Meeting of 23 April 2009, your Board of Directors has granted full powers to the Chairman and Chief Executive Officer to defer or cancel all or part of this transaction, or to opt for one of the formulas put forward by changing the period over which beneficiaries or employee share ownership funds may subscribe to the shares, the date on which new shares begin to carry dividend rights, the settlement dates or the subscription price.

Paris-La Défense and Courbevoie, 15 June 2009

The Auditors

**Ernst & Young Audit**  
Jean Bouquot

**Mazars**  
Gilles Rainaut

## Auditors' supplementary report on the capital increase without pre-emptive rights for existing shareholders, for the benefit of employees and corporate officers of French companies that are members of the Bouygues group savings scheme

To the shareholders,

In our capacity as auditors of Bouygues and as required under Article R. 225-116 of the Commercial Code, we present below our supplementary report to our special report dated 9 March 2009 on the capital increase without pre-emptive rights for existing shareholders, for the benefit of employees and corporate officers of the company or a related company that are members of the Bouygues group savings scheme, authorised by the Combined Annual General Meeting of 23 April 2009.

That meeting had granted the Board of Directors powers to carry out a capital increase within a period of twenty-six months and for up to 10% of the share capital as of the date of the Board's decision.

At its meeting of 2 June 2009, the Board of Directors decided to use this authorisation to increase capital by up to €252 million including the issue premium. We issued a supplementary report on this transaction on 15 June 2009. In accordance with the authorisation granted, the Chairman decided to postpone this first transaction.

At its meeting of 26 June 2009, the Board of Directors

decided to make further use of this authorisation to carry out a capital increase subject to revised terms and conditions, mainly in terms of the date and subscription price. In accordance with the option held by the beneficiaries and Article L. 3332-19 of the Labour Code, the subscription price, calculated based on a reference market share price of €27.20, will be set at either €21.76 (representing a discount of 20% on the market price), or €19.04 (a 30% discount). Under these conditions, up to 13.2 million new shares will be issued.

This transaction is contingent on the prior creation of two employee share ownership funds (*FCPE*). The rules and regulations governing these funds must be approved by the AMF.

The Board of Directors is responsible for drawing up its supplementary report in accordance with Articles R. 225-115 and R. 225-116 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements on the proposal to cancel pre-emptive rights for existing shareholders and on other specific information regarding the issue contained in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. These procedures involved verifying:

- the fairness of financial information taken from the condensed consolidated interim financial statements prepared under the responsibility of the Board of Directors at 31 March 2009 in accordance with IAS 34, the IFRS standard dealing with interim financial reporting adopted by the European Union. We performed a limited review of these interim financial statements in accordance with the professional standards applicable in France;
- the compliance of the terms and conditions of the transaction with the authorisation given by the Annual General Meeting, and the fairness of the information provided in the Board's supplementary report on the inputs used to calculate the issue price and amount.

We have no matters to report regarding:

- the fairness of financial information taken from the company's financial statements and provided in the Board's supplementary report;

- the compliance of the terms and conditions of the transaction with the authorisation given by the Combined Annual General Meeting of 23 April 2009, and with the indications provided to that meeting;
- the proposal to cancel pre-emptive rights for existing shareholders which you have previously been asked to approve, along with the basis for establishing the issue price and final issue amount;
- the presentation of the impact of the issue on the position of holders of shares and securities giving access to capital in relation to shareholders' equity and the share price.

We inform you that under the authorisations granted by the Annual General Meeting of 23 April 2009, your Board of Directors has granted full powers to the Chairman and Chief Executive Officer to defer or cancel all or part of this transaction, or to opt for one of the formulas put forward by changing the period over which beneficiaries or the employee share ownership funds may subscribe to the shares, the date on which new shares begin to carry dividend rights, the settlement dates and the subscription price.

Paris-La Défense and Courbevoie, 9 July 2009

The Auditors

**Ernst & Young Audit**  
Jean Bouquot

**Mazars**  
Gilles Rainaut

# DRAFT RESOLUTIONS

## 1 • Ordinary general meeting

### First resolution

*(Approval of the parent company financial statements and transactions for the year ended 31 December 2009)*

The Annual General Meeting, having satisfied the conditions for quorum and majority required for ordinary general meetings, having acquainted itself with the Board of Directors' reports and the auditors' reports, hereby approves the parent company financial statements for the year ended 31 December 2009, as presented, showing a net profit of €1,017,008,260.17.

It also approves the transactions recorded in the financial statements and/or disclosed in these reports.

### Second resolution

*(Approval of the consolidated financial statements and transactions for the year ended 31 December 2009)*

The Annual General Meeting, having satisfied the conditions for quorum and majority required for ordinary general meetings, having acquainted itself with the Board of Directors' reports and the auditors' reports, hereby approves the consolidated financial statements for the year ended 31 December 2009, as presented, showing a net profit attributable to the Group of €1,319 million.

It also approves the transactions recorded in the financial statements and/or disclosed in these reports.

### Third resolution

*(Appropriation of earnings, setting of dividend)*

The Annual General Meeting, having satisfied the conditions for quorum and majority required for ordinary general meetings, notes that as net profit amounts to €1,017,008,260.17 and retained earnings to €1,016,534,168.96, distributable earnings total €2,033,542,429.13.

On the Board of Directors' recommendation, the Annual General Meeting hereby resolves to:

- allocate €676,533.30 to the legal reserve, thereby raising it to 10% of share capital;
- distribute a first dividend (5% of par) of €0.05 per share, making a total of €17,713,395.55;
- distribute an additional net dividend of €1.55 per share, making a total of €549,115,262.05;
- carry over the remainder in the amount of €1,466,037,238.23.

Accordingly, the dividend for the year ended 31 December 2009 is hereby set at €1.60 per share carrying dividend rights.

In accordance with Article 158-3-2 of the General Tax Code, natural persons resident in France for income tax purposes will be eligible for 40% tax relief on the dividend, unless they have opted for the 18% flat-rate withholding (excluding social charges) as permitted by Article 117 *quater* of the General Tax Code.

The dividend detachment date (ex-rights date) for the Euronext Paris market shall be 4 May 2010. The dividend shall be paid in cash on 7 May 2009 and the cut-off date for positions qualifying for payment shall be the evening of 6 May 2010.

If the company holds some of its own stock at the dividend payment date, the dividends not paid on these shares shall be allocated to retained earnings.

In accordance with law, the Annual General Meeting notes that the following dividends were paid for financial years 2006, 2007 and 2008:

	2006	2007	2008
Number of shares	334,777,583	347,502,578	342,818,079
Dividend	€1.20	€1.50	€1.60
Total dividend <sup>1&amp;2</sup>	€400,003,315.20	€509,751,964.50	€545,090,553.60

<sup>1</sup>The amounts shown represent the actual dividends paid out, as no dividends are due on shares bought back by the company

<sup>2</sup>Amounts eligible for 40% tax relief in accordance with paragraph 2, Article 158-3 of the General Tax Code

### Fourth resolution

*(Approval of regulated agreements and commitments)*

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings and having acquainted itself with the auditors' special report on regulated agreements and commitments falling within the scope of Articles L. 225-38 *et seq.* of the Commercial Code, hereby approves the agreements and commitments referred to therein.

### Fifth resolution

*(Renewal of the term of office of Lucien Douroux as a director)*

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Lucien Douroux as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2012.

### Sixth resolution

*(Renewal of the term of office of Yves Gabriel as a director)*

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Yves Gabriel as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2012.

### Seventh resolution

*(Renewal of the term of office of Patrick Kron as a director)*

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Patrick Kron as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2012.

### Eighth resolution

*(Renewal of the term of office of Jean Peyrelevade as a director)*

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary

general meetings, renews the term of office of Jean Peyrelevede as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2012.

## Ninth resolution

*(Renewal of the term of office of François-Henri Pinault as a director)*

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of François-Henri Pinault as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2012.

## Tenth resolution

*(Renewal of the term of office of a representative of the company SCDM as a director)*

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of a representative of the company SCDM as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2012.

## Eleventh Resolution

*(Appointment of Colette Lewiner as a director)*

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, appoints Colette Lewiner as a director for three years. She will replace Charles de Croisset, whose term expires at the end of the present ordinary general meeting.

This term shall expire after the Annual General Meeting called to approve the financial statements for 2012.

## Twelfth resolution

*(Election of a director representing employee shareholders from among the members of the Supervisory Board of one of the mutual funds established under the Bouygues group employee savings schemes)*

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, elects Sandra Nombret from among the members of the Supervisory Board of one of the mutual funds invested in the company's shares as a director representing employee shareholders. She will replace Jean-Michel Gras, whose term of office expires at the end of the present ordinary general meeting, and for a term of three years expiring after the Annual General Meeting called to approve the financial statements for 2012.

## Thirteenth resolution

*(Election of a director representing employee shareholders from among the members of the Supervisory Board of one of the mutual funds established under the Bouygues group employee savings schemes)*

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, elects Michèle Vilain from among the members of the Supervisory Board of one of the mutual funds invested in the company's shares as a director representing employee shareholders. She will replace Thierry Jourdain, whose term of office expires at the end of the present ordinary general meeting, and for a term of three years expiring after the Annual General Meeting called to approve the financial statements for 2012.

## Fourteenth resolution

*(Renewal of the term of office of Alain Pouyat as non-voting director)*

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Alain Pouyat as a non-voting director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2012.

## Fifteenth resolution

*(Renewal of the appointment of Mazars as principal auditor)*

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the appointment of Mazars as principal auditor for a period of six years. This appointment shall expire after the Annual General Meeting called to approve the financial statements for 2015.

## Sixteenth resolution

*(Appointment of Philippe Castagnac as alternate auditor)*

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, hereby appoints Philippe Castagnac as alternate auditor for a period of six years. He will replace Thierry Colin, whose term of office expires at the end of the present ordinary general meeting.

This appointment shall expire after the Annual General Meeting called to approve the financial statements for 2015.

## Seventeenth resolution

*(Authorisation to the Board of Directors with a view to enabling the company to deal in its own shares)*

The Annual General Meeting, having satisfied the conditions for quorum and majority required for ordinary general meetings, and having acquainted itself with the Board of Directors' report including its description of the share buy-back programme:

1. hereby authorises the Board of Directors to buy back, under the conditions set out below, shares representing up to 10% of the company's share capital at the date of the buy-back, in compliance with the prevailing legal and regulatory conditions applicable at that date, particularly the conditions laid down by Articles L. 225-209 *et seq.* of the Commercial Code, by European Commission Regulation No. 2273/2003 of 22 December 2003, and by the AMF General Regulation.

The purpose of this authorisation is to enable the company to:

- cancel shares under the conditions provided for by law, subject to authorisation by the extraordinary general meeting;
- ensure the liquidity of and organise the market for the company's shares, through an investment service provider acting under the terms of a liquidity contract that complies with a code of conduct recognised by the AMF;
- retain shares with a view to using them subsequently as a medium of payment or exchange in an acquisition, merger, spin-off or contribution, where applicable, in accordance with accepted market practice and applicable regulations. The shares retained must not represent more than 5% of the share capital, as required by paragraph 6, Article L. 225-209 of the Commercial Code;



- retain shares with a view to delivering them subsequently upon exercise of rights attached to securities that are redeemable, convertible, exchangeable or otherwise exercisable for the company's shares;
  - allot shares to employees or corporate officers of the company or related companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option schemes, corporate savings plans and inter-company savings schemes or through an allotment of bonus shares;
  - implement any market practice accepted by the AMF and generally to carry out any other transaction in compliance with prevailing regulations.
2. resolves that the acquisition, sale, transfer or exchange of these shares may be carried out, in compliance with rules issued by the market authorities, in any manner, notably on or off-market (including the over-the-counter market) by using, in particular, derivative financial instruments, and at any time, especially during a public tender, exchange offer or standing offer. The entire programme may be carried out through block trades. Shares acquired may be sold under the conditions laid down by the AMF in its instruction dated 19 November 2009 regarding the introduction of a new regime governing the buy-back of a company's own shares.
  3. resolves that the purchase price cannot exceed €60 per share and the sale price cannot be less than €30 per share, subject to any adjustments relating to share capital transactions. If share capital is increased by incorporating premiums, earnings, reserves or bonus shares into capital, or in the event of a stock split or reverse stock split, the price indicated above shall be adjusted by a multiplication factor equal to the ratio of the number of shares making up the share capital before the transaction to the number of shares after the transaction.
  4. sets at €1,500,000,000 (one billion five hundred million euros) the maximum amount of funds that can be used for the share buy-back programme.
  5. notes that, in accordance with law, the total shares held at any given date may not exceed 10% of the share capital outstanding at that date.
  6. gives full powers to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to implement this authorisation, place all stock orders, conclude all agreements, in particular with a view to the registration of purchases and sale of shares, completing all declarations and formalities with the AMF or any other body, and in general taking all necessary measures to execute the decisions taken within the scope of this authorisation.
  7. resolves that the Board of Directors shall inform the Annual General Meeting of the transactions carried out, in accordance with applicable regulations.
  8. grants this authorisation for eighteen months as from the date of this meeting and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

## 2 • Extraordinary general meeting

### Eighteenth resolution

*(Authorisation to the Board of Directors to reduce share capital by cancelling shares)*

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Article L. 225-209 of the Commercial Code:

1. authorises the Board of Directors to cancel, at its own initiative, on one or more occasions, some or all of the shares that the company holds or may hold as a result of utilising the various share buy-back authorisations given by the Annual General Meeting to the Board of Directors, up to a limit of 10% in any twenty-four month period of the total number of shares making up the company's capital at the date of the transaction.
2. authorises the Board of Directors to charge the difference between the purchase value of the cancelled shares and their nominal value to all available premium and reserve funds.
3. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to carry out the capital reduction(s) resulting from cancellations of shares authorised by this resolution, to have the relevant entries made in the financial statements, to amend the by-laws accordingly, and generally to attend to all necessary formalities.
4. grants this authorisation for eighteen months from the date of this Annual General Meeting and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

### Nineteenth resolution

*(Authorisation to the Board of Directors to proceed with the free allotment of new or existing shares to salaried employees and corporate officers of the company or of companies within the Group, or to certain categories thereof)*

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Articles L. 225-197-1 *et seq.* of the Commercial Code:

1. authorises the Board of Directors to proceed, on one or more occasions, with the free allotment of new or existing shares in the company to the beneficiaries indicated below.
2. resolves that the beneficiaries of such shares, who shall be designated by the Board of Directors, may be salaried employees (or certain categories thereof) and/or corporate officers (or certain of them) of Bouygues or of companies or economic interest groupings associated with Bouygues under the terms of Article L. 225-197-2 of the Commercial Code.
3. resolves that within this authorisation, the Board of Directors may allocate shares representing up to 10% of the company's share capital at the date of its decision, noting that this limit includes, during the validity of this authorisation, any shares that may have been subscribed or purchased through options granted under the eleventh resolution of the Combined Annual General Meeting of 24 April 2008 or any subsequent resolution.
4. resolves that the allotment of shares to beneficiaries shall be final only at the end of a vesting period of which the length shall be fixed by the Board of Directors but that may not be shorter

than two years; beneficiaries must then hold these shares for a period of which the length shall be fixed by the Board of Directors but that may not be shorter than two years following their final allotment. If the Board of Directors sets a vesting period of at least four years for all or part of an allotment, however, the holding obligation may be reduced or eliminated for the shares concerned.

5. resolves that the free allotment of shares shall be made immediately, before the end of the vesting period, in the event of the beneficiary's disability corresponding to the second or third category defined in Article L. 341-4 of the Social Security Code. In this case, the shares shall also be immediately transferable.
6. authorises the Board of Directors to make use of the authorisations that have been or shall be given by the Annual General Meeting, pursuant to the provisions of Articles L. 225-208 and L. 225-209 of the Commercial Code.
7. notes that this authorisation automatically entails, to the benefit of beneficiaries of allotments of new ordinary shares, the waiver by shareholders of their pre-emptive rights to ordinary shares in the company to be issued as and when shares are definitively allocated, and of any right to ordinary shares allotted free of charge on the basis of this authorisation.
8. resolves that the Board of Directors shall have full powers to implement this authorisation in compliance with applicable laws and regulations, and notably to:
  - set the terms and, if applicable, the allotment criteria for new or existing shares and to finalise the list or categories of beneficiaries of share allotments;

- set seniority conditions for beneficiaries;
  - provide for the ability to suspend allotment rights provisionally;
  - establish the conditions under which the vesting period will be four years;
  - set other terms and conditions for the allotment of shares;
  - attend to all necessary formalities required for the purchase of shares and/or to render definitive any capital increase(s) that may be realised by virtue of this authorisation, to amend the by-laws accordingly and generally to make all necessary arrangements, with the power to sub-delegate under and in accordance with applicable law.
9. grants this authorisation for thirty-eight months from the date of this Annual General Meeting.
  10. notes that this delegation cancels and replaces the unused portion of any previous delegation for the same purpose, with immediate effect.

## Twentieth resolution

*(Delegation of powers to the Board of Directors to issue equity warrants during the period of a public offer for the company's shares)*

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, in accordance with Articles L. 233-32 II and L. 233-33 of the Commercial Code, and having acquainted itself with the Board of Directors' report and the auditors' special report:

1. delegates to the Board of Directors the power, in compliance with applicable law and regulations, to issue warrants on one or more occasions, during the period of a public offer for the company's shares, giving rights to subscribe on preferential terms for one or more shares in the company, and to allot such warrants free of charge to all shareholders holding shares in the company prior to expiry of the offer period. These warrants shall lapse automatically as soon as the offer or any other competing offer has failed, lapsed or been withdrawn.
2. resolves that the maximum nominal amount of any capital increase resulting from the exercise of such equity warrants may not exceed €400,000,000 (four hundred million euros), and that the maximum number of equity warrants that may be issued shall not exceed the number of shares forming the capital at the time the warrants are issued.
3. resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law, to determine the conditions of exercise of the equity warrants, which must relate to the terms of the offer or any other competing offer, and the other characteristics of the warrants, such as the exercise price or the terms for determining the

exercise price, and more generally the characteristics and terms of any issue decided on the basis of this authorisation.

4. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to ordinary shares in the company to which any warrants issued pursuant to this delegation may give entitlement.
5. grants this delegation for a period of eighteen months as from the date of this meeting, and notes that it cancels and replaces the unused portion of any previous delegation given for the same purpose.

## Twenty-first resolution

*(Authorisation to the Board of Directors to increase share capital during the period of a public offer for the company's shares)*

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and auditors' special report, and in accordance with Article L. 233-33 of the Commercial Code:

1. expressly authorises the Board of Directors to utilise, during the period of a public offer for the company's shares, and in compliance with applicable laws and regulations in force at such time:
  - (i) the delegations of power and authorisations given to the Board of Directors by the Annual General Meeting of 23 April 2009 to increase the capital in any lawful manner, subject to the conditions and limits provided in the following resolutions:
    - fourteenth resolution (*Delegation of powers to the Board of Directors to increase share capital with pre-emptive rights for*

existing shareholders, by issuing shares or securities giving access to shares of the company or one of its subsidiaries);

- fifteenth resolution (Delegation of powers to the Board of Directors to increase share capital by incorporating share premiums, reserves or earnings into capital);
- sixteenth resolution (Delegation of powers to the Board of Directors to increase share capital without pre-emptive rights for existing shareholders, by issuing shares or securities giving access to shares of the company or one of its subsidiaries);
- seventeenth resolution (Authorisation to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights for existing shareholders);
- eighteenth resolution (Authorisation to the Board of Directors to set the price, in accordance with the terms decided by the Annual General Meeting, for immediate or future public issues of equity securities or issues falling within the scope of paragraph II, Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders);
- nineteenth resolution (Delegation of powers to the Board of Directors to carry out a capital increase as consideration for contributions in kind consisting of a company's shares or securities giving access to capital);
- twentieth resolution (Delegation of powers to the Board of Directors to increase the capital, without pre-emptive rights for existing shareholders, as consideration for securities tendered to a public exchange offer);

- twenty-first resolution: (Delegation of powers to the Board of Directors to carry out a capital increase for the benefit of employees or corporate officers of the company or related companies who are members of a company savings scheme);

- twenty-second resolution (Delegation of powers to the Board of Directors to issue shares following the issue by a Bouygues subsidiary of securities giving access to shares in the company);

- (ii) the authorisation given to the Board of Directors by the Annual General Meeting of 24 April 2008 (eleventh resolution) to grant stock options;
- (iii) the authorisation given to the Board of Directors by this Annual General Meeting (nineteenth resolution) to proceed with the free allotment of new or existing shares to salaried employees and corporate officers of the company or of companies within the Group, or to certain categories thereof;

2. grants this authorisation for eighteen months as from the date of this meeting, and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

## Twenty-second resolution

(Amendments to the company's by-laws)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, and having acquainted itself with the Board of Directors' report, resolves to change the company's by-laws as follows:

1. The final paragraph of Article 8.3 is amended as follows:

### Existing version

"Intermediaries registered as holders of securities in accordance with Article L.228-1, paragraph 3 of the Commercial Code are required, without prejudice to the obligations of the owners of the securities, to make the disclosures set forth in this article for all the shares in the company in respect of which they are registered."

### Amended version

"Intermediaries registered as holders of securities in accordance with Article L.228-1, paragraph 7 of the Commercial Code are required, without prejudice to the obligations of the owners of the securities, to make the disclosures set forth in this article for all the shares in the company in respect of which they are registered."

2. Article 13.2 is amended as follows:

### Existing version

"13.2. The term of office of directors shall be three years, ending on conclusion of the ordinary general meeting held in the year in which their term of office expires. However, it is provided that:

- the term of office of sitting directors at the date of the ordinary general meeting on 28 April 2005 shall be six years,
- the term of office of the director elected from among the employee members of a supervisory board of one of the mutual funds shall expire automatically in the event of termination of his employment contract (other than in the case of an intra-Group transfer) or in the event that the company that employs him leaves the Bouygues group. The Board of Directors shall take all steps to replace the director whose term of office has thus expired.

Directors may be reappointed."

### Amended version

"13.2. The term of office of directors shall be three years, ending on conclusion of the ordinary general meeting held in the year in which their term of office expires. However, it is provided that the term of office of the director elected from among the employee members of a supervisory board of one of the mutual funds shall expire automatically in the event of termination of his employment contract (other than in the case of an intra-Group transfer) or in the event that the company that employs him leaves the Bouygues group. The Board of Directors shall take all steps to replace the director whose term of office has thus expired.

Directors may be reappointed."

3. The first paragraph of Article 18 is amended as follows:

### Existing version

"The ordinary general meeting may appoint one or more non-voting directors for a three-year term. However, the terms of office in progress on the date of the ordinary general meeting on 27 April 2006 shall be six years."

### Amended version

"The ordinary general meeting may appoint one or more non-voting directors for a three-year term."

4. The second paragraph of Article 24 is amended as follows:

### Existing version

"The distributable profit comprises the profit for the year, minus previous losses and the amount retained for the legal reserve, where such is the case, plus retained earnings, if any. The following shall be retained from such distributable profit:

- a. the sum required to pay the shareholders, by way of a first dividend, five per cent (5%) of the paid-up and non-redeemed amount of their shares. However, if a year's profits are insufficient to allow such payment, shareholders may not claim it on the profits of subsequent years,
- b. all reserves or retained earnings that the general meeting may decide, and whose appropriation and utilisation it shall determine."

**Existing version**

"The distributable profit comprises the profit for the year, minus previous losses and the amount retained for the legal reserve, where such is the case, plus retained earnings, if any. From such distributable profit shall be retained all reserves or retained earnings that the general meeting may decide, and whose appropriation and utilisation it shall determine."

## **Twenty-third resolution**

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*(Powers to carry out formalities)*

The Annual General Meeting, having satisfied the conditions for quorum and majority required for extraordinary general meetings, gives full powers to the holder of an original, a copy or extract of the minutes of this general meeting to carry out all legal or administrative formalities and to make all filings and publications under and in accordance with applicable law.



# CONCORDANCE

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## ANNUAL FINANCIAL REPORT

The 2009 Annual Financial Report, prepared pursuant to Article L. 451-1-2-I of the Monetary and Financial Code and Article 222-3 of the AMF General Regulation, comprises the following sections of the Registration Document:

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## CHAIRMAN'S REPORT ON CORPORATE GOVERNANCE AND INTERNAL CONTROL

The Chairman's report on corporate governance and internal control, prepared pursuant to Article L. 225-37 of the Commercial Code, may be found on pages 132 to 148 of this Registration Document.

### Historical financial information for 2007 and 2008

Pursuant to Article 28 of Commission Regulation EC No. 809-2004 of 29 April 2004, the following information is included by reference in this Registration Document:

- the key figures and the consolidated financial statements for the year ending 31 December 2007, the notes to the financial statements and the auditors' reports relating thereto, presented on pages 12 to 15, 154 to 208 and 229 of the 2007 Registration Document filed with the AMF on 10 April 2008;
- the key figures and the consolidated financial statements for the year ending 31 December 2008, the notes to the financial statements and the auditors' reports relating thereto, presented on pages 12 to 15, 163 to 225 and 236 of the 2008 Registration Document filed with the AMF on 9 April 2009.

These documents are available in the *Finance/Shareholders* section of the Bouygues website at [www.bouygues.com](http://www.bouygues.com).

# NOTE ON REPORTING METHODOLOGY

**In the *Business Activities and Sustainable Development* section, the Bouygues group's five business areas include a table of non-financial indicators for their actions in favour of sustainable development. Where relevant, they provide further details on the reporting methodology. Here, Bouygues Construction's sustainable development department describes the methodology used for its non-financial indicators on pages 42 and 43 of this Registration Document.**

## **Procedures**

In order to ensure that indicators are uniform across the entire Bouygues Construction group, a reporting methodology handbook in French and English is circulated to all staff involved in providing the data from which the indicators are constructed.

The handbook is updated after the previous year's data have been consolidated, with contributors being invited to give feedback. It describes the methodologies to be used for providing data, including definitions, methodological principles, units, computation formulae and conversion factors. All reporting support tools can be downloaded from a specific area of the group's intranet site.

Data for sustainable development indicators are collected, verified and consolidated using Enablon, a reporting software package that includes a workflow process with an internal validation circuit.

In 2009, the "Global" criterion in Enablon covered 98% of Bouygues Construction's consolidated sales, compared with 95% in 2008. Sales-related indicators are computed on that basis.

The following entities do not consolidate data from the entire scope of their activities:

- Bouygues Bâtiment International: 93% of consolidated sales;
- VSL: 85% of consolidated sales;
- ETDE: 98% of consolidated sales.

Since the activities of the Concessions division are not consolidated financially, sales-related indicators have not been included. Only social/HR data for the Concessions division are included in the report.

Sales-related indicators for 2007 were computed on the basis of 100% of Bouygues Construction's consolidated sales.

HR-related indicators cover all the group's consolidated entities. Some social/HR data were provided by Bouygues Construction group's HR department.

## **Inclusion of data relating to consortia and joint ventures**

Where a project is carried out by a consortium that includes several Bouygues Construction companies, data relating to the project are provided by the lead company only.

Where a project is carried out by a joint venture, data are prorated to the sales generated by the Bouygues Construction company concerned.

## **Choice of indicators**

A working group comprising a representative from each Bouygues Construction entity and coordinated by the sustainable development department has prepared a reference framework of environmental and social/HR indicators that track the progress of the group's sustainable development policy. The group is continuing to work on refining the scope of indicators.

## **Consolidation and validation**

After collection, the data are checked and validated by the group's operating units. Social/HR indicators are approved by the group HR department. Bouygues Construction's sustainable development department consolidates the data and carries out consistency checks.

## **Methodological limitations**

Sustainable development indicators may have methodological limitations due to:

- the representative nature of measurements and estimates,
- changes of definition that may affect comparability,
- practical data collection methods.

## **Adjustments to previous data**

Errors in previous years may be identified during reporting procedures for the current year. If that is the case, data relating to previous years are adjusted accordingly.

## STATEMENT BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I hereby declare that, to the best of my knowledge, the information in this document is correct and that all reasonable measures have been taken to that end. There are no omissions likely to alter the scope of this information.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial positions and results of the company and all the undertakings included in the consolidation taken as a whole; and that the management report on pages 5 to 131, 149 to 175 and 245 to 248 includes a fair review of the development and performance of the business, the results and the financial position of the company and all the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

I have received a completion letter from the Statutory Auditors stating that they have verified the information concerning the financial situation and the financial statements set forth in this Registration Document, which they have read in full.

Auditors' reports have been issued in respect of the historical financial information provided on pages 252 and 253 of the Registration Document or included by reference on page 269.

Paris, 14 April 2010

A handwritten signature in black ink, appearing to read 'M. Bouygues', with a stylized flourish at the end.

Martin Bouygues  
Chairman and Chief Executive Officer



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