

Corporate governance

I • Organisation of the Board of Directors

1 • Membership

- The Board currently comprises 20 directors and two non-voting directors:
 - 18 directors appointed by the Annual General Meeting for a term of three years (six years for directors already in office at the time of the Annual General Meeting of 28 April 2005);
 - two directors appointed by the Annual General Meeting for a three-year term and appointed from the supervisory boards of employee savings schemes (profit-sharing, company savings plans) representing employee shareholders;
 - two non-voting directors: pursuant to Article 18 of the by-laws, the non-voting directors attend Board meetings in an advisory capacity and are responsible for ensuring strict compliance with the by-laws;
- The Board has set up four committees to assist it: the Accounts Committee, the Remuneration Committee, the Selection Committee and the Ethics and Sponsorship Committee.

2 • Information on directors (at 31 December 2007)

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 of current term of office: 2009

Number of shares in the company: 338,661
(62,556,114 via SCDM)

Expertise/experience

Martin Bouygues joined the Bouygues group in 1974 as works supervisor for the construction of the large Parisian shopping complex Les Halles before working in sales management. In 1978, he helped to establish Maison Bouygues, specialising in the sale of catalogue homes. In 1984, Martin Bouygues began diversifying Maison Bouygues, and together with the Bouygues group acquired Saur, a water treatment and distribution company. He was appointed Chairman and CEO of Saur two years later. Martin Bouygues became a director of Bouygues in 1982 and was appointed Vice-Chairman in 1987. On 5 September 1989, Martin Bouygues took over from Francis Bouygues as Chairman and CEO of Bouygues.

Principal positions outside Bouygues SA

Chairman of SCDM

Other positions and functions in the Group

In France: Director of TF1*

Outside France: Director of Sodéci* and CIE* (Ivory Coast)

Other positions and functions outside the Group

In France: Member of the supervisory board of Paris-Orléans*; standing representative of SCDM; Chairman of Actiby and SCDM Participations

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

2007 - Director of HSBC France

2003 - Chairman and CEO and director of SCDM

(*) Listed company

Deputy Chief Executive Officers



Olivier Poupart-Lafarge

32 Avenue Hoche, 75008 Paris, France

Date of birth: 26/10/1942

Date of first appointment: 17/10/1985

Expiry of current term of office: 2009 (2008 Deputy CEO)

Number of shares in the company: 513,535

Expertise/experience

Olivier Poupart-Lafarge is a graduate of the École des Hautes Études Commerciales (HEC) and joined the Bouygues group in 1974. He was finance department manager for two years before being appointed head of the international finance department in 1976. He became executive secretary of Bouygues Bâtiment International in 1980 and director of international finance in 1983. In 1984, Olivier Poupart-Lafarge was named Executive Vice President, Group Finance and Strategy. In June 2002, he was appointed Deputy CEO of Bouygues.

Principal positions outside Bouygues SA

Co-CEO of SCDM

Other positions and functions in the Group

In France: Director of Colas*, TF1* and Bouygues Telecom; standing representative of Bouygues on the Board of Bouygues Construction and Bouygues Immobilier

Other positions and functions outside the Group

In France: Director of Alstom* and BIC*

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

2003 - Director of SCDM

(*) Listed company



Olivier Bouygues

32 Avenue Hoche, 75008 Paris, France
Standing representative of SCDM, Director

Date of birth: 14/09/1950

Date of first appointment: 05/06/1984

Expiry of current term of office: 2010 (2009 Deputy CEO)

Number of shares in the company: 163,997
(62,556,114 via SCDM)

Expertise/experience

Olivier Bouygues is a graduate of the École Nationale Supérieure du Pétrole (ENSPM) and joined the Bouygues group in 1974. He began his career in the Group civil works branch. From 1983 to 1988, at Bouygues Offshore, he held the posts of director of Boscam, a Cameroon subsidiary, then director of the France Works and Special Projects division. From 1988 to 1992, he was Chairman and CEO of Maison Bouygues. In 1992, he became Group Executive Vice President of Utilities Management, which grouped the international and French activities of Saur. In 2002, Olivier Bouygues became Deputy CEO of Bouygues.

Principal positions outside Bouygues SA

Co-CEO of SCDM

Other positions and functions in the Group

In France: Chairman and director of Finagestion; director of TF1*, Colas*, Bouygues Telecom, Bouygues Construction and Eurosport
Outside France: Director of Sodéci* and CIE* (Ivory Coast) and Sénégalaise des Eaux (Senegal)

Other positions and functions outside the Group

In France: Director of Alstom* and Cefina; Chairman of SAGRI-E and SAGRI-F; standing representative of SCDM; Chairman of SCDM Énergie and SCDM Investur; non-partner manager of SIR and SIB
Outside France: Chairman and CEO and director of Seci (Ivory Coast)

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

2006 - Director of Novasaur

2004 - Director of Actiby

(*) Listed company

Directors



Pierre Barberis

7 Pili Street, South Forbes Park,
Makati 1200 Metro Manila, Philippines

Date of birth: 29/05/1942
Date of first appointment: 24/06/1997
Expiry of current term of office: 2009
Number of shares in the company: 500

Expertise/experience

Pierre Barberis is a graduate of the École Polytechnique and the Institute of French Actuaries. He began his career at Caisse des Dépôts et Consignations and joined Crédit Lyonnais in 1966 where in 1974 he became director of information technology and organisation. From 1979 he held senior management positions at Trigano SA, Crédit du Nord and Axa group. He was CEO and Deputy Chairman of Axa from 1987 to 1991. He then became Chairman of VEV and ran several computer software companies. From May 2002 to November 2006, Pierre Barberis was Deputy CEO of Oberthur Card Systems.

Principal positions outside Bouygues SA

Advisor to the Chairman and CEO of Oberthur Card Systems (renamed Oberthur Technologies*) for Asia

Other positions and functions outside the Group

In France: Chairman and director of Wilson Gestion; manager of Amrom

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

2006 - Deputy CEO and director of Oberthur Card Systems*
2005 - Director of Alliance Internationale
2004 - Chairman and director of VEV*; director of Lainière Holding and Sengac
2003 - Director of Wyde Inc., Vendôme Rome and Rodier Corp.

(*) Listed company



Patricia Barbizet

12 Rue François 1^{er}, 75008 Paris, France

Date of birth: 17/04/1955
Date of first appointment: 22/12/1998 (as standing representative of Artémis)
Date of second appointment: 13/12/2005 (in a personal capacity)
Expiry of current term of office: 2008
Number of shares in the company: 500

Expertise/experience

Patricia Barbizet graduated from the École Supérieure de Commerce de Paris (ESCP). She held important posts in the finance department of the Renault group before becoming finance director of the Pinault group in 1989. She has been CEO and director of Artémis since 1992 and Chairman of the supervisory board of PPR since 2002. She was named Vice-Chairman and director of PPR in May 2005.

Principal positions outside Bouygues SA

CEO and director of Artémis
Vice-Chairman and director of PPR*

Other positions and functions in the Group

In France: Director of TF1*

Other positions and functions outside the Group

In France: Chairman and director of Piasa; CEO (non-proxy) and member of the supervisory board of Financière Pinault; director of Fnac SA, Société Nouvelle du Théâtre Marigny and Air France-KLM*; 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* (United Kingdom); member of the supervisory board of Gucci Group NV* (Netherlands)

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

2007 - Chairman and CEO of Piasa
2006 - Director of Afipa
2005 - Chairman of the supervisory board of Société Nouvelle du Théâtre Marigny;
Chairman of the supervisory board of Pinault-Printemps-Redoute*
2004 - Member of the supervisory board of Yves Saint Laurent Parfums

(*) Listed company



François Bertière

150 Route de la Reine, 92100 Boulogne-Billancourt, France

Date of birth: 17/09/1950

Date of first appointment: 27/04/2006

Expiry of current term of office: 2009

Number of shares in the company: 6,000

Expertise/experience

François Bertière graduated from the École Polytechnique and the 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



Mrs Francis Bouygues

50 Rue Fabert, 75007 Paris, France

Date of birth: 21/06/1924

Date of first appointment: 19/10/1993

Expiry of current term of office: 2009

Number of shares in the company: 110 (5,290,034 via FMB)



Georges Chodron de Courcel

3 Rue d'Antin, 75002 Paris, France

Date of birth: 20/05/1950

Date of first appointment: 30/01/1996

Expiry of current term of office: 2009

Number of shares in the company: 930

Expertise/experience

Georges Chodron de Courcel is a graduate of the École Centrale de Paris and holds a degree in economics. He joined BNP in 1972, where he became head of financial research in the finance department in 1978, then executive secretary of Banexi in 1982. He then became director of securities management and director of financial and industrial investment. In 1989, he was appointed Chairman of Banexi, then central director of BNP in 1990. In 1995, he became executive vice-president then COO of BNP from 1996 to 1999. After the merger with Paribas in August 1999, Georges Chodron de Courcel was head of the corporate and investment banking arm of BNP Paribas from 1999 to 2003. He has been Chief Operating Officer of BNP Paribas since June 2003.

Principal positions outside Bouygues SA

Chief Operating Officer of BNP Paribas*

Other positions and functions outside the Group

In France: Chairman of Compagnie d'Investissement de Paris et Financière BNP Paribas; director of Alstom*, Nexans*, Société Foncière, Financière et de Participations* and Verner Investissements; member of the supervisory board of Lagardère SCA*; non-voting director of Exane, Safran* and Scor*

Outside France: Chairman of BNP Paribas SA (Switzerland); director of Banca Nazionale del Lavoro (Italy), BNP Paribas Zao (Russia), Erbé SA (Belgium) and Scor Holding AG* (Switzerland)

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

2007 - Chairman of BNP Paribas UK Holdings Ltd (United Kingdom) - 2006 - Chairman of BNP Paribas Emergis SAS; non-voting director of Scor Global Life (formerly Scor Vie)

2005 - Member of the supervisory board of Sagem*; director of Capstar Partners SAS; director of BNP Paribas SA (Switzerland) - 2004 - Director of BNP Paribas Canada (Canada); director of BNP Prime Peregrine Holdings Limited (Malaysia); director of BNP Paribas UK Holdings Limited (United Kingdom) - 2003 - Member of the supervisory board of Scor*; Chairman of BNP Paribas Bank Polska (Poland); Chairman of BNP Paribas Peregrine Limited (Malaysia); Chairman and director of BNP US Funding (United States); director of BNP Paribas Securities Corp. (United States)

(*) Listed company



Charles de Croisset

**Peterborough Court, 133 Fleet Street, London ECA4 2BB,
United Kingdom**

Date of birth: 28/09/1943
Date of first appointment: 09/09/2003
Expiry of current term of office: 2010
Number of shares in the company: 5,000

Expertise/experience

Charles de Croisset is a graduate of the Institut d'Études Politiques de Paris (IEP) and the École Nationale d'Administration (ENA), and holds a degree in law. He joined the French Finance Ministry as Treasury Auditor in 1968. He was head of the private office of the Industry Minister in 1979, before joining Crédit Commercial de France (CCF) in 1980 as executive secretary. He became executive vice-president of CCF in 1983, and then CEO and director in 1987. He was appointed head of the private office of the Finance Minister (1987-1988). In 1993, he was appointed Chairman and CEO of CCF, and in 2000, CEO and director of HSBC Holdings Plc and director of HSBC Bank Plc. In March 2004, Charles de Croisset became Vice-Chairman Europe of Goldman Sachs, then international advisor to Goldman Sachs International in 2006.

Principal positions outside Bouygues SA

International advisor to Goldman Sachs International

Other positions and functions outside the Group

In France: Chairman of the Fondation du Patrimoine; director of Renault* and Thales*; member of the supervisory board of Euler Hermes*; non-voting director of Galeries Lafayette

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

2004 - Chairman and CEO of CCF*; executive director of HSBC Holdings Plc* (United Kingdom); director of HSBC CCF Asset Management Holdings, HSBC Bank Plc, HSBC Holdings Plc* (United Kingdom); member of the Board of Directors of HSBC Private Holdings SA (Switzerland); member of the Board of Directors of HSBC Guyerzeller Bank AG (Switzerland)

(*) Listed company



Michel Derbesse

1 Avenue du Maréchal Maunoury, 75016 Paris, France

Date of birth: 25/04/1935
Date of first appointment: 05/06/1984
Expiry of current term of office: 2008
Number of shares in the company: 111,434

Expertise/experience

Michel Derbesse graduated as an engineer from the École Spéciale des Travaux Publics (ESTP) and joined Bouygues in 1962. He began his career as site engineer, and continued in the Group's regional network of construction subsidiaries. He was appointed Deputy CEO of GFC (Lyon) in 1975, then Chairman and CEO of Dalla Vera (Orléans) in 1977, CEO then Chairman and CEO of GFC in 1978, and then COO of the whole regional network of construction companies in 1982. He became Group Executive Vice President, Construction (building/civil works and roadworks) in 1986. He was Chairman of Screg from 1986 to 1996. From October 1995 to March 2005, he was COO then Deputy CEO of the Bouygues group.

Principal positions outside Bouygues SA

Director of FNTP

Other positions and functions outside the Group

In France: Director of Société Fermière du Casino Municipal de Cannes*; Chairman of the supervisory board of Kuvera Développement

(*) Listed company



Lucien Douroux

20 Rue de la Baume, 75008 Paris, France

Date of birth: 16/08/1933

Date of first appointment: 30/03/1999

Expiry of current term of office: 2010

Number of shares in the company: 500

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*

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

(*) Listed company



Alain Dupont

7 Place René Clair, 92653 Boulogne-Billancourt Cedex, France

Date of birth: 31/07/1940

Date of first appointment: 07/10/1997

Expiry of current term of office: 2008

Number of shares in the company: 2,300

Expertise/experience

Alain Dupont is a graduate of the École Spéciale des Travaux Publics (ESTP) and began his career as site engineer at Screg in 1965. He works manager at Orly airport in 1968 and was then appointed agency manager in 1970, then Île-de-France regional manager in 1975 and Chairman and CEO of Screg Île-de-France in 1978. In 1983, Alain Dupont was appointed Deputy CEO of Colas, before becoming director and CEO in 1985. He served as Chairman and CEO of Colas from 1987 to 2007.

Principal positions outside Bouygues SA

Director of Colas*

Other positions and functions in the Group

In France: Chairman and CEO of Colasie; standing representative of Colas on the Board of Cofiroute

Outside France: Chairman of the Board and director of Colas Inc. (United States); director of Colascanada (Canada), Colas Suisse Holding (Switzerland), Hindustan Colas Limited (India), Tasco (Thailand), Isco Industry Co. (South Korea); representative of Colas on the supervisory board of Grands Travaux Routiers and Colas Émulsions (Morocco); member of the supervisory board of La Route Marocaine and Société Moghrébienne d'Entreprises et de Travaux (Morocco)

Other positions and functions outside the Group

In France: Chairman of CNETP and SMAvie BTP, Vice-Chairman of FNTP; director of Syndicat des Entrepreneurs de Travaux Publics de France, Usirf and Ifri

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

2005 - Vice-Chairman of CNETP

2004 - Member of the Chambre de Commerce et d'Industrie des Hauts-de-Seine

2003 - Chairman of Union Routière de France

(*) Listed company



Yves Gabriel

1 Avenue Eugène Freyssinet, 78280 Guyancourt, France

Date of birth: 19/03/1950

Date of first appointment: 10/09/2002

Expiry of current term of office: 2010

Number of shares in the company: 124,788

Expertise/experience

Yves Gabriel is a civil engineering graduate of the 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

Other positions and functions outside the Group

In France: Director of FNTP

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

2005 - First Vice-Chairman and director of Sefi

(*) Listed company



Jean-Michel Gras

Immeuble Le Levant, 305 Avenue Le Jour Se Lève,
92656 Boulogne-Billancourt Cedex, France
Director representing employee shareholders

Date of birth: 20/10/1970

Date of first appointment: 28/04/2005

Expiry of current term of office: 2010

Expertise/experience

Jean-Michel Gras joined Bouygues Telecom in 1996 as purchasing quality engineer. He then carried out network information systems project management assignments before becoming head of computer purchasing. At the beginning of 2006, he was appointed manager of Bouygues Telecom's network, telecoms and services purchasing. He joined TF1 as head of purchasing on 6 November 2007.

Principal positions outside Bouygues SA

Head of purchasing at TF1*

(*) Listed company



Thierry Jourdain

1 Avenue Eugène Freyssinet, 78280 Guyancourt, France
Director representing employee shareholders

Date of birth: 08/06/1963

Date of first appointment: 16/12/2003

Expiry of current term of office: 2010

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 and environment 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 of current term of office: 2010

Number of shares in the company: 500

Expertise/experience

Patrick Kron is a graduate of the 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*

Other positions and functions outside the Group

In France: Director of the musical ensemble "Les Arts Florissants"

Outside France: Director of Alstom UK Holdings Ltd (United Kingdom)

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

2007 - Director of Alstom Ltd (United Kingdom)

2006 - Director of Imerys*; member of the supervisory board of Vivendi Universal*

2005 - Member of the supervisory board of Imerys*

(*) Listed company



Patrick Le Lay

1 Quai du Point du Jour, 92656 Boulogne-Billancourt Cedex, France

Date of birth: 07/06/1942

Date of first appointment: 24/04/1986

Expiry of current term of office: 2008

Number of shares in the company: 78,150

Expertise/experience

Patrick Le Lay is an engineering graduate of the École Spéciale des Travaux Publics (ESTP) and graduate of the Institut d'Études Politiques de Paris (IEP), Centre des Hautes Études de la Construction and Centre de Préparation aux Affaires. He joined the Bouygues group in 1981. He was initially deputy corporate secretary, then corporate secretary of Bouygues. He became head of the Group Diversification division in 1984. Following the privatisation of TF1 in 1987, Patrick Le Lay became Vice-Chairman and CEO, then Chairman and CEO in 1988. On 22 May 2007, he was appointed Chairman of TF1.

Principal positions outside Bouygues SA

Chairman of TF1*

Other positions and functions in the Group

In France: Director of Colas* and F4; member of the supervisory board of France 24; Chairman of Serendipity Investment; standing representative of TF1*; director of AB Group

Outside France: Standing representative of TF1*; director of WB Television (Belgium)

Other positions and functions outside the Group

In France: Chairman of Incunables & Co.

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

2006 - Director of Prima TV; standing representative of TF1* on the Board of Téléma; standing representative of TV Breizh on the Board of TVB Nantes; standing representative of TPS Sport on the Board of TPS Motivation

2004 - Standing representative of TF1* on the Board of Siccis

(*) Listed company



Jean Peyrelelade

73 Rue d'Anjou, 75008 Paris, France

Date of birth: 24/10/1939

Date of first appointment: 25/01/1994

Expiry of current term of office: 2010

Number of shares in the company: 3,750

Expertise/experience

Jean Peyrelelade is a graduate of the École Polytechnique and the 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.

Principal positions outside Bouygues SA

Vice-Chairman of Leonardo France

Other positions and functions outside the Group

In France: Director of Suez* and DNCA Finance; member of the supervisory board of CMA-CGM

Outside France: Director of Finance de la Société Monégasque d'Électricité et de Gaz (Monaco); member of the supervisory board of KLM (Netherlands)

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

- 2005 - Member of the supervisory board of Groupe Express-Expansion; co-manager of Quadrature (Toulouse & associés)
- 2004 - Standing representative of Crédit Lyonnais on the Board of Lagardère SCA*; director of Power Corporation of Canada* (Canada)
- 2003 - Chairman of the Board and director of Crédit Lyonnais*; Chairman of the supervisory board of Clinvest; director of LVMH*

(*) Listed company



François-Henri Pinault

10 Avenue Hoche, 75008 Paris, France

Date of birth: 28/05/1962

Date of first appointment: 22/12/1998 (as standing representative of Financière Pinault)

Date of second appointment: 13/12/2005 (in a personal capacity)

Expiry of current term of office: 2010

Number of shares in the company: 500

Expertise/experience

François-Henri Pinault 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, and was then executive vice-president of the PPR group and then 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*

Other positions and functions outside the Group

In France: Managing partner of Financière Pinault; Chairman of the Board of Directors of Artémis

Outside France: Chairman of the supervisory board of Gucci Group NV* (Netherlands) and Puma* (Germany); Vice-Chairman of the supervisory board of Boucheron Holding; director of Fnac SA and Soft Computing; member of the supervisory board of Yves Saint Laurent; member of the management committee of SC du vignoble de Château Latour; Board member of Christies International Plc* (United Kingdom)

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

- 2007 - Director of Simetra Obligations
- 2005 - Vice-Chairman and member of the supervisory board of Pinault-Printemps-Redoute*; member of the executive board of Pinault-Printemps-Redoute*; Chairman and CEO of Simetra Obligations; director of Palazzo Grassi and Afipa
- 2004 - Deputy CEO of Artémis; director of TV Breizh
- 2003 - CEO of Artémis; standing representative of Artémis on the Boards of Conforama Holding and Guilbert

(*) Listed company



Michel Rouger

30 Rue Claude Lorrain, 75016 Paris, France

Date of birth: 08/12/1928

Date of first appointment: 30/01/1996

Expiry of current term of office: 2008

Number of shares in the company: 500

Expertise/experience

Michel Rouger is a graduate of the Institut Technique de Prévision Economique et Sociale. He took part in the establishment and development of Banque Sofinco (1956-1984), as director of operations and risk. In 1985, he joined the Suez group as executive vice-president of Sofiroute, where he ran various subsidiaries – as Chairman of Céfina and CEO of Cogiroute – until 1991. He has been a judge at the commercial court of Paris since 1980, and was presiding judge of the court between 1992 and 1995. He was Chairman of the Consortium de Réalisation (CDR) between 1995 and 1998, and continues to serve in the capacities of consultant, ombudsman and independent director. He is Chairman of the Alcohol Abuse Board (2006).

Other positions and functions outside the Group

In France: Member of the supervisory board of Centuria and Groupe Royal Monceau; director of Compagnie Financière M.I. 29; manager of Michel Rouger Conseil

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

2007 - Chairman of Emer Parcs

2006 - Chairman of the supervisory board of Sharing Knowledge

2004 - Chairman of Promega; member of the supervisory board of Lagardère Groupe*

2003 - Director of De Broeck Diffusion

(*) Listed company

SCDM

32 Avenue Hoche, 75008 Paris, France

Date of first appointment: 22/10/1991

Expiry of current term of office: 2010

Number of shares in the company: 62,556,114

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 and SCDM Investur

Non-voting directors



Philippe Montagner

20 Quai du Point du Jour, 92100 Boulogne-Billancourt, France

Date of birth: 04/12/1942

Date of first appointment: 24/04/2003

Expiry of current term of office: 2009

Number of shares in the company: 140,758

Expertise/experience

Philippe Montagner is a graduate of the École Spéciale des Travaux Publics (ESTP) and the Centre des Hautes Études du Béton Armé et Précontraint. He joined the Bouygues group in 1968 and managed some of the largest projects carried out by the Group (University of Riyadh, Channel Tunnel) as well as running several major subsidiaries. Since 1994, he has run the Telecommunications division of the Bouygues group. Philippe Montagner was Chairman of Bouygues Telecom from June 1994 to February 2004 and again from October 2005 to November 2007. On 29 November 2007, he was appointed non-executive Chairman of Bouygues Telecom.

Principal positions outside Bouygues SA

Chairman and director of Bouygues Telecom

Other positions and functions in the Group

In France: Director of Réseau Clubs Bouygues Telecom (RCBT), ETDE and Bouygues Immobilier; standing representative of Société Française de Participation et de Gestion; director of TF1*

Other positions and functions outside the Group

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

(*) Listed company



Alain Pouyat

32 Avenue Hoche, 75008 Paris, France

Date of birth: 28/02/1944

Date of first appointment: 26/04/2007

Expiry of current term of office: 2010

Number of shares in the company: 5,830

Expertise/experience

Alain Pouyat joined Bouygues in 1970. He started his career as an IT engineer and was appointed IT manager in 1981, then Group IT director in 1986. He became Executive Vice President, Information Systems and New Technologies in 1988.

Other positions and functions in the Group

In France: Director of Bouygues Telecom, TF1*, ETDE, C2S and Société Parisienne d'Études d'Informatique et de Gestion

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

2004 - Non-voting director of Wanadoo

(*) Listed company

II • Chairman's report on the preparation and organisation of the Board of Directors' work and on the company's internal control procedures (Article L. 225-37 of the Commercial Code)

1 • Preparation and organisation of the Board of Directors' work

1 • General information

1.1 Bouygues' position with regard to the current corporate governance regime

To ensure transparency and good corporate governance, Bouygues intends to comply with the provisions of the European Commission Recommendation dated 15 February 2005 on the role of directors, and with the provisions of the report entitled "Corporate governance of listed companies" published in October 2003 under the aegis of the French Association of Private Companies (AFEP) and the French employers' federation (MEDEF). In particular, these principles underpin the Board of Directors' rules of procedure. However, the company does not comply fully with some of

the recommendations, particularly as regards meetings of external directors without other directors in attendance or committees comprising at least three members (as in the case of the Remuneration and Selection Committees).

1.2 Combining the functions of Chairman and Chief Executive Officer in one position

In April 2002, the Board of Directors opted to combine the positions of Chairman and Chief Executive Officer. This decision, renewed in April 2006, has proved a source of effective governance particularly in view of the Group's organisational structure: Martin Bouygues is Chairman and Chief Executive Officer of Bouygues, the Group's parent company. He does not have chief executive power over the Group's five businesses; this is vested in the senior management of its major subsidiaries, i.e. Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom. Martin Bouygues does not therefore combine operational responsibility over these subsidiaries with his other duties. Bouygues has the twofold task of establishing Group strategy and managing its five businesses. While Bouygues and its Chairman sometimes play an important role in key Group operational projects, they do not replace the senior management of the Group's core businesses.

1.3 Restrictions on the powers of the Chief Executive Officer

The Board of Directors has not placed any restrictions on the powers of the Chief Executive Officer. However, the Board's internal rules of procedure state that any significant operations, particularly those falling outside the company's

business strategy, must be approved by the Board. These operations include acquisitions or divestments, significant investments in organic growth, and internal restructuring measures.

1.4 Board meetings

The Board of Directors holds four ordinary meetings a year, (February/March, June, August and December). At the February/March meeting, the Board approves the financial statements for the previous financial year. At the June meeting, it examines the 31 March financial statements, reviews the company's first-half performance and considers the strategic priorities for each line of business and for the Group as a whole. In August, the Board considers and closes the half-year financial statements. In December it considers the 30 September financial statements and reviews the company's sales and profits estimates for the past year and the business plan for the three forthcoming years. Other Board meetings are held as the Group's business requires.

The agenda for Board meetings is in three parts: business activities, financial statements and legal matters. A detailed review of each item is provided to each director. Committee meetings are held prior to Board meetings.

Since February 2003, the auditors have been systematically called to all meetings at which the Board considers annual or interim financial statements.

Persons who are not Board members, whether Bouygues group employees or not, may be invited to attend Board meetings.

1.5 Board of Directors' rules of procedure

The Board adopted a set of procedural rules at its meeting on 10 September 2002. These rules of procedure were amended in June 2003 to take account of the recommendations of the Bouton report, in March 2005 to transpose the provisions of the AMF's General Regulation concerning directors' dealings, and in September 2005 to authorise remote participation in Board meetings. In February 2006, the Board of Directors again amended its rules of procedure to take account of the entry into force of new provisions. In particular, it set forth the criteria for director independence, pursuant to the European Recommendation of 15 February 2005 and the AFEP-MEDEF report of October 2003.

In December 2006, the Board of Directors introduced provisions relating to disclosure of transactions on the company's securities by directors and closely connected persons.

The rules of procedure were updated again in February 2007 by the addition of the following provisions:

- Stock options or bonus shares shall not be granted to senior executives leaving the company.
- Risk hedging transactions relating to the exercise of stock options or the sale of bonus shares are forbidden.
- Corporate officers wishing to exercise stock options or sell bonus shares should obtain confirmation from the Group Ethics Officer that they do not hold inside information.
- When stock options or bonus shares are granted, the Board shall determine the

number of bonus shares or shares resulting from the exercise of stock options that the Chairman, the CEO and the Deputy CEOs are obliged to retain until the expiry of their term of office.

- The number of members of the Ethics and Sponsorship Committee is increased.

In June 2007, the rules of procedure were amended to incorporate a new definition of closed periods and to extend the possibility of attending Board meetings remotely (i.e. via videoconference or telecommunications systems).

The main aspects of the rules of procedure are as follows:

- The rules set out the Board's annual work programme. They provide that any significant disposals or acquisitions planned by the Group must be submitted to the Board in advance for approval.
- The rules are also designed to ensure that the Board receives the information it needs to function properly. Every year, the Board devotes an item on the agenda of one of its meetings to an assessment of its own operations.
- It is recommended that each director own at least 500 Bouygues shares in registered form. Directors undertake not to vote on matters where they have a conflict of interest. Any transactions on the company's securities that they or persons closely associated with them enter into must be reported within five days of the conclusion of such transactions, in accordance with prevailing regulations.

Annexes to the rules of procedure (see paragraph 5 for details) define the remit and operat-

ing rules of the four Committees set up since 1995. These rules restrict membership of the Committees to directors independent of the company's management. Corporate officers or salaried directors of the company cannot therefore sit on the Committees. The Committees are chaired by independent directors.

Particular attention has been paid to the Accounts Committee. In particular, the rules provide that this committee should supervise the appointment of auditors and ensure that they are independent, for example by monitoring their fees.

The rules of procedure also specify how the Remuneration Committee should monitor the variable element of corporate officers' pay. Under the rules, senior executives cannot be awarded stock options at a discount.

The rules of procedure provide that at least two directors must be independent within the meaning of the European Recommendation and the AFEP-MEDEF report.

1.6 Changes to the membership of the Board

The Annual General Meeting of 26 April 2007:

- ratified the co-option of Patrick Kron as director;
- renewed the directorships of Lucien Douroux, Jean Peyrelevade and SCDM;
- elected two directors, Thierry Jourdain and Jean-Michel Gras, to represent employee shareholders;
- appointed Alain Pouyat as non-voting director.

2 • Information on directors

2.1 Assessing director independence

In line with the recommendations of AFEP-MEDEF's October 2003 report, the Board of Directors carried out its annual assessment of Board members and determined the proportion of its members that were independent. It reviewed each director's situation in light of the independence criteria in the Board's internal rules of procedure on the basis of the AFEP-MEDEF recommendations. These criteria are described below.

- The director has not been an employee or corporate officer of the company, or an employee or director of its parent or a company that it consolidates, during the past five years.
- The director is not a corporate officer of an entity in which the company directly or indirectly holds a directorship, or in which an employee appointed as such or a corporate officer of the company (currently in office or having held office in the past five years) is a director.
- The director is not directly or indirectly, 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 twelve years, on the understanding that independent status expires at the end of the term of office during which the twelve-year threshold is exceeded.

- Directors representing key shareholders of the company or its parent may be considered as independent when they do not take part in the oversight of the company. When such directors own more than 10% of the company's capital or voting rights, the Board should systematically review their independent status, based on the report of the Appointments Committee and taking into account the composition of the company's capital and any conflicts of interest that may arise.

The European Commission Recommendation of 15 February 2005 emphasises that when independence criteria are applied, the Board of Directors should attach more importance to substance than to form. Like the AFEP-MEDEF report of October 2003, the recommendation states that "independent" means that there are no material substantial conflicts of interest that might influence a director's judgement. These are the main factors taken into consideration by the Board when making its assessment.

Having examined the situation of each of the directors, and noted the advice of the Selection Committee, the Board considers Pierre Barberis, Patricia Barbizet, Georges Chodron de Courcel, Charles de Croisset, Lucien Douroux, Jean Peyrelevade, François-Henri Pinault and Michel Rouger to be "independent directors" within the meaning of the European Commission Recommendation and the AFEP-MEDEF report. 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. The Selection Committee, having examined the relationship

between Bouygues and BNP Paribas, has also concluded that Georges Chodron de Courcel is not in a situation of material conflict of interest. François-Henri Pinault and Patricia Barbizet are respectively Chairman and Chief Executive Officer of Artémis, a Pinault group company. At 31 December 2007, the Pinault group owned 2.01% of Bouygues' capital and had entered into a shareholders' agreement with SCDM. As this agreement expired on 24 May 2006 and, in light of Artémis' current ownership interest in Bouygues, the Board considers that no material conflict of interest exists for François-Henri Pinault and Patricia Barbizet.

The Board takes the view that none of these persons is connected with the company, with the shareholders controlling it or with its management by a relationship creating such a conflict of interest. These eight directors are therefore considered independent in the light of the European Commission Recommendation and the AFEP-MEDEF report.

Eight out of twenty directors are therefore independent; they make up more than one-third of the members of the Board, as recommended by the AFEP-MEDEF report. The Board takes the view that its current composition, characterised by the presence of directors representing substantial shareholders and directors exercising managerial functions within the Group, but also by a relatively high proportion of independent directors, contributes to good corporate governance.

Although Jean Peyrelevede has been a director for more than twelve years, there are no conflicts of interest between him and the company.

2.2 Potential conflicts of interest

The rules of procedure of the Board of Directors provide that directors shall undertake to inform the Chairman of the Board of Directors of any situation of conflict of interest, even of a potential nature, and not to take part in the vote on any resolution which directly or indirectly concerns them.

Georges Chodron de Courcel is Chief Operating Officer of BNP Paribas, a company which may offer banking services or support to the Group. He is also a director of Alstom.

Major shareholders of the Group (SCDM and Mrs Francis Bouygues) are directly or indirectly represented on the Board of Directors by Martin Bouygues, Olivier Poupart-Lafarge, Olivier Bouygues and Mrs Francis Bouygues.

Martin Bouygues, Olivier Poupart-Lafarge, Oliver Bouygues, Patricia Barbizet, François Bertière, Alain Dupont, Patrick Le Lay and Yves Gabriel are corporate officers or directors of various companies in the Bouygues group.

Patrick Kron is director and Chairman and CEO of Alstom, a company in which Bouygues held 30% of the share capital at 31 December 2007, and of which Olivier Bouygues, Olivier Poupart-Lafarge and Georges Chodron de Courcel are directors.

As far as Bouygues is aware, there are no other potential conflicts of interest between the duties of any of the members of the Board of Directors to the company and their private interests and/or other duties.

2.3 Judgments and orders

As far as the company is aware, during the last five years, except as set out below, none of the members of the management bodies:

- has been found guilty of fraud, incriminated or subject to official public sanction by any statutory or regulatory body;
- has been associated with any insolvency, compulsory administration or liquidation proceedings;
- has been prevented by a court from acting as a member of an issuer's administrative, management or supervisory body or from being involved in an issuer's management or the conduct of its business.

Jean Peyrelevede 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 Peyrelevede's signature at the beginning of 2006 of an Alford Guilty Plea by which he agreed to various sanctions whilst maintaining he was innocent. These sanctions have no effect on his capacity to manage and administrate companies, other than banking establishments in the United States.

2.4 Family relationships

Martin Bouygues and Olivier Bouygues are sons of Mrs Francis Bouygues. As far as the company is aware, no other family relationships exist between members of the Board of Directors.

2.5 Other information

Patricia Barbizet and François-Henri Pinault were initially selected as members of the Board of Directors pursuant to the shareholder agreement entered into between SCDM and Artémis. However, this agreement terminated on 24 May 2006. No other member of the Board of Directors has been selected pursuant to any arrangement or agreement entered into with the company's principal shareholders, customers, suppliers or other persons, and no such other arrangements or agreements exist.

The members of the Board of Directors have not agreed to any restriction in relation to the sale of their investment in the capital of the company, with the exception of the rules relating to the prevention of insider dealing and the obligation contained in the by-laws whereby each director must own at least ten shares in the company, on the understanding that the rules of procedure of the Board of Directors recommend that each director should hold at least 500 shares in the company in registered form throughout his or her term of office.

With the exception of the employment contracts of salaried directors, and subject to the contract between SCDM and Bouygues, which has been approved under the regulated agreements procedure, none of the members of the Bouygues Board of Directors is linked to any of the company's subsidiaries by a service contract that provides for the granting of benefits.

3 • Assessment of the Board of Directors

In accordance with the provisions of the AFEP-MEDEF report, once a year the Board of Directors devotes an item on its agenda to the assessment of its own operations.

This principle of governance has been included in the Board's rules of procedure.

On 4 December 2007, the Board of Directors devoted an item on its agenda to a discussion of its organisation and operations. A detailed questionnaire and a memo on the Board's operations had been sent to directors in advance to allow them to prepare for this exchange.

On the whole, the responses confirmed the positive or extremely positive views on the composition and operation of the Board expressed at the end of 2006.

Board members considered that they were well informed on most matters, particularly the Group's business activities and accounting and financial issues. They appreciated the quality of Board-level discussions and exchanges with the management team. Some members identified areas where information and debate could be further improved, as regards competitors, human resources, sustainable development, R&D, and risk management and oversight.

Directors representing employee shareholders would like more contact with other directors, particularly independent members of the Board, as well as with senior management of the Group's businesses.

Remuneration arrangements were considered appropriate.

4 • Review of the Board of Director's activity in 2007

The Board met four times in 2007. The attendance rate was 92.5%.

In addition to the decisions and deliberations included on the agenda pursuant to applicable law and regulations, the Board considered in particular cooperation initiatives between Bouygues and Alstom, Colas' expansion in the rail freight business, and the required amendments to the Board's rules of procedure.

The Board approved a stock option plan for Group executives and employees, and specified the frequency of and eligibility periods for grants made under the plan. It set specific rules requiring the Chairman, Chief Executive Officers and Deputy Chief Executive Officers to retain a portion of the shares resulting from the exercise of their options.

In 2007, the Board resolved to launch a new employee share ownership scheme, "Bouygues Confiance 4". It also approved the renewal of the tax consolidation regime for the period 2007-2011. The Board also carried out a capital reduction by retiring 5,019,768 shares owned by the company.

More generally it considered on a regular basis how each of the Group's businesses was progressing. The Board also examined the strategic options and business plans of each of the businesses and of the parent company.

Having received the reports of the relevant Committees, the Board also drew up its annual report including the chapter on corporate officers' remuneration, the quarterly and annual financial statements, the special report on stock options and the special report on share buy-

backs. It acquainted itself with the financial statements and set the amount of the dividend. Finally, it prepared the draft resolutions to be submitted to the Annual General Meeting of 26 April 2007.

The Board carried out an in-depth assessment of its composition and operation. The results of this assessment are set forth in paragraph 3 above.

5 • Work of the Committees established by the Board

The Board has established four committees whose remit and operating rules are defined in the Board's rules of procedure.

5.1 Accounts Committee

The Accounts Committee, set up in 1995, is responsible for:

- 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;
- verifying the internal procedures used for the collection and verification of the information on which the financial statements are based;
- preparing reports or making recommendations on the above, either at the time the financial statements are approved or as and when necessary;
- supervising the auditor selection and/or renewal procedure, formulating an opinion on the fees charged and submitting its findings to the Board;

- reviewing the breakdown of audit fees paid by the company and its Group, and ensuring that they do not represent a material proportion of the auditors' revenues such that auditor independence may be impaired;

- issuing an opinion on the appointment of statutory auditors and/or renewal of the statutory auditors' engagement.

The Committee has access to any accounting and/or financial documentation that it considers useful in performing its duties. The Committee may also meet with the employees of the company in charge of the accounts, cash management and internal audit departments, as well as the external auditors, without the company's corporate officers being present.

The Committee may seek the views of the statutory auditors without a company representative being present.

When the financial statements are reviewed, the statutory auditors provide the Committee with a memorandum discussing the key issues regarding the consolidated group, its earnings performance and accounting options used, as well as its risk exposure and any material off-balance sheet commitments entered into by the company.

The Accounts Committee has a maximum of four directors or non-voting directors who are independent of the company's management. Two of its members, including the Chairman, are independent directors within the meaning of the AFEP-MEDEF report and the European Commission Recommendation of 15 February 2005.

A director or non-voting director cannot be appointed to the Accounts Committee if a cor-

porate officer or salaried director of Bouygues is member of an equivalent committee in a company in which said director or non-voting director also serves as corporate officer.

The members of the Accounts Committee are Michel Rouger (Chairman), Patricia Barbizet, Georges Chodron de Courcel and Thierry Jourdain. Michel Rouger, Patricia Barbizet and Georges Chodron de Courcel are independent directors. Thierry Jourdain, one of the two directors representing employee shareholders, was appointed to the Committee in August 2007.

The Accounts Committee met four times in 2007 and the attendance rate was 100%. The Committee verified the comparability of the financial statements following changes to the Group's scope of consolidation, and ensured that the extent of the audit was sufficient. It analysed the provisions included in the financial statements according to subject matter and scope, and reviewed the quarterly financial statements.

The Accounts Committee also examined the following matters:

- the depth and scope of audit procedures and the quality of the documentation produced at year-end 2006;
- first-time recognition in the 2006 financial statements of Bouygues' interest in Alstom, based on valuations and advice provided by an independent expert;
- accounting treatment of the Alstom Hydro joint venture;
- impact of the Bouygues Partage employee share ownership scheme (accounting treat-

ment of the discount and the employer's matching contribution);

- interest rate hedges set up in connection with the GBP 400 million bond issue in September 2006;
- the cost for Bouygues Telecom of providing a universal service;
- fines imposed by competition authorities;
- provisions set aside by Bouygues Construction and construction site risks;
- contribution of TPS to Canal+;
- impact of Colas' investments in Spie Rail and TF1's investments in the AB Group;
- development and accounting treatment of various disputes involving Bouygues Telecom;
- Group-wide internal control project.

In the context of its work, the Accounts Committee interviewed the Group's CFO, accounts and audit director and auditors, without senior executives present.

5.2 Remuneration Committee

The Remuneration Committee was formed in 1996. It draws on the recommendations issued by AFEP and MEDEF in January 2007 regarding remuneration arrangements for senior executives and corporate officers of listed companies. This involves:

- making recommendations to the Board on the remuneration arrangements for corporate officers, including all benefits accruing to them;

- defining and overseeing the rules used to determine the variable portion of corporate officers' remuneration, and ensuring that the arrangements are consistent with their performance and with the company's medium-term strategy;

- defining a standard stock option policy, on the understanding that no discount may be offered on options awarded to senior Group executives, and in particular corporate officers of the company;

- reviewing any stock option plans available to corporate officers and employees; and making recommendations to the Board on whether the plans should award stock subscription or stock purchase options;

- making suggestions regarding remuneration and incentive arrangements for the Group's senior management;

- where stock options or bonus shares are awarded to the Chairman, Chief Executive Officer or Deputy Chief Executive Officers, making recommendations on the number of shares resulting from the exercise of stock options or bonus share grants that the beneficiary is required to retain until the end of his or her term of office;

- providing the Board of Directors with the draft annual report required by the Commercial Code:

- on executive remuneration and benefits granted by the company and/or by the companies it controls within the meaning of Article L. 233-16 of the Commercial Code,
- on the stock subscription or stock purchase options granted to and exercised by the

corporate officers and the top ten grantees among the company's employees,

- on the stock options granted to and exercised by employees of companies in which Bouygues has a controlling interest.

In the course of its work, the Committee may meet with the Chairman of the Board of Directors or any other person designated by the Chairman.

The Remuneration Committee comprises two or three directors who are independent of the company's management. The Committee is chaired by an independent director within the meaning of AFEP-MEDEF's October 2003 report and the European Commission Recommendation of 15 February 2005.

A director or non-voting director cannot be appointed to the Remuneration Committee if a corporate officer or salaried director of Bouygues is member of an equivalent committee in a company in which said director or non-voting director also serves as corporate officer.

The members of the Remuneration Committee are Pierre Barberis (Chairman) and Patricia Barbizet. Both are independent directors.

The Remuneration Committee met twice in 2007, with a 100% attendance rate. It analysed the remuneration and stock options awarded to corporate officers and suggested a number of criteria for calculating the variable portion of executive remuneration. The Committee was consulted on the update of the rules of procedure incorporating more details about stock option plans (eligibility periods and closed periods). It made recommendations regarding the portion of shares resulting from stock options to be retained by corporate officers, and also

recommended setting up a new stock option plan. The Committee also examined and put to the Board reports on the remuneration of corporate officers and the award and exercise of stock options during the year.

5.3 Selection Committee

The Selection Committee, formed in July 1997, is responsible for:

- periodically reviewing issues related to the composition, organisation and operation of the Board of Directors and making recommendations to the Board in this respect;
- examining:
 - candidates for directorships or non-voting directorships, making sure that the Board includes members who are independent of the company's management and at least two independent directors within the meaning of the AFEP-MEDEF's October 2003 report and the European Commission Recommendation of 15 February 2005,
 - proposals to create new Board committees, for which it prepares a list of responsibilities and members.
- giving an opinion on the appointments, renewals or dismissals of a Chief Executive Officer or Deputy Chief Executive Officer recommended to the Board.

In the course of its work, the Committee may meet with any candidates it considers suitable for these positions.

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 Committee comprises two or three directors who are independent of the company's management. No corporate officers or employees serving on Bouygues' Board of Directors may sit on the Selection Committee.

The Committee's members are Jean Peyrelefade (Chairman) and François-Henri Pinault.

The Selection Committee met once in 2007, with a 100% attendance rate. The Committee gave its opinion on the status as independent directors of Pierre Barberis, Patricia Barbizet, Georges Chodron de Courcel, Charles de Croisset, Lucien Douroux, Michel Rouger and François-Henri Pinault. It gave its opinion on the appointment of Alain Pouyat as non-voting director, and on the renewal of the directorships of Lucien Douroux, Jean Peyrelefade and SCDM. The Committee issued favourable opinions on all these points.

5.4 Ethics and Sponsorship Committee

The Ethics and Sponsorship Committee, set up in March 2001, has two key areas of responsibility.

- In the field of ethics, the Committee
 - helps define the code of conduct or principles underpinning corporate behaviour applicable to senior management and employees alike,
 - makes recommendations or gives an opinion on initiatives aimed at promoting best practices in this area,
 - ensures that the Group's values and rules of good conduct are respected.

- In the field of sponsorship, the Committee

- sets rules or makes recommendations for Bouygues' corporate sponsorship policy,
- gives its opinion to the Chairman of the Board on corporate sponsorship projects identified by Bouygues when they represent a significant financial investment,
- ensures that its recommendations and rules of good conduct are applied across the Group.

The Committee also provides the Board with its opinion on the report required by Article L. 225-102 of the Commercial Code on the social and environmental impact of the company's activities.

The Ethics and Sponsorship Committee is composed of three or four directors and chaired by a director independent of the company's management.

The Committee's members are Lucien Douroux (Chairman), François-Henri Pinault, Michel Derbesse and Jean-Michel Gras. Jean-Michel Gras, one of the two directors representing employee shareholders, was appointed to the Committee in February 2007. Lucien Douroux and François-Henri Pinault are independent directors.

The Ethics and Sponsorship Committee met three times in 2007, with an attendance rate of 92%. After reviewing numerous projects proposed to Bouygues, the Committee gave a favourable opinion on the commencement or continuation of 31 sponsorship initiatives of a humanitarian, medical, social and cultural nature.

6 • Remuneration of corporate officers

The principles and rules adopted by the Board of Directors to determine remuneration and other benefits payable to corporate officers are described in the report on remuneration set out on pages 127 to 130 below. Details of these remuneration arrangements form an integral part of this report.

1 • Internal control procedures put in place by the company

Introduction

Bouygues and its subsidiaries are acutely aware of the importance of internal control. This process helps to give reasonable assurance as to achievement of the Group's principal objectives.

Internal control bodies and procedures thus play a part in identifying, preventing and managing the main risk factors that could hinder the Group in achieving its objectives.

While the general purpose of internal control is to help the Group achieve its operational objectives, the process is also intended to ensure that the way in which the Group is managed and conducts its business, and the behaviour of staff, comply with regulations and also with the rules and guidelines that Bouygues wishes Group companies to adhere to.

It is of course in accounting and financial matters that internal controls are most widely applied, given the potential importance of the quality and reliability of the Group's accounting and financial information.

Like any control system, however, the system set up by Bouygues cannot provide a cast-iron guarantee of its capacity to achieve its objectives.

In the wake of the Financial Security Act, the AMF set up a market advisory group, which published in October 2006 an internal control framework to be used by listed companies in France.

In January 2007, the AMF issued a recommendation encouraging firms to make use of this framework.

In response to these developments, Bouygues has launched a Group-wide internal control project involving all of its businesses to review its internal control procedures. The project covers both aspects of the reference framework, namely:

- the "General Principles" of internal control;
- the "Implementation Guide" for internal control procedures related to accounting and financial information.

Two working groups have been set up with representatives from each of its businesses. One group will consider the general principles of internal control; the other will analyse issues related to accounting and financial information. The main objectives of these groups will be 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.

Each business has also been encouraged to analyse the specific aspects of its own internal control procedures.

The Group's internal control project launched in September 2007 will be rolled out over a period of around three years. Once the working groups have completed their analyses, a review will be undertaken to determine the extent to which the key principles identified have been applied, define objectives for improving inter-

nal controls, and ensure that the actions to be taken will be effectively monitored.

1 • Group internal control procedures

1.1 General internal control environment

The parent company and its senior executives strive to create an environment that promotes awareness among Group employees of the need for internal control.

Where ethics and integrity are concerned, the Chairman and CEO regularly issues strong messages to the Group's senior executives about the need for irreproachable conduct in every respect, which means both complying with prevailing laws and regulations and respecting the Group's own values.

He does so firstly at Group Management Meetings, which are attended once a quarter by the Group's top managers, and also within the framework of the Bouygues Management Institute, which organises a monthly seminar on "Development of Bouygues Values", designed to raise awareness among top management of the need to comply in all circumstances with laws and regulations and with the ethical rules that form the basis of the Group's philosophy. The Chairman and CEO of Bouygues and other members of the company's senior management always speak at these seminars.

From time to time, the Group's Corporate Secretary organises executive seminars designed more specifically to remind participants of the regulations that apply in various areas and how they tie in with legal problems encountered by the company's businesses.

The Board of Directors of Bouygues has created an Ethics and Sponsorship Committee whose tasks include:

- helping to define the rules of conduct and guidelines for action on which executives and other employees must base their behaviour;
- proposing or advising on initiatives to promote exemplary professional conduct in this area;
- ensuring compliance with the values and rules of conduct thus defined.

The Ethics and Sponsorship Committee comprises four directors and is chaired by an independent director.

In the course of its work, the Committee may hear testimony from the Chairman of the Board or any person designated by him.

In 2007, the parent company took this initiative of continuous progress further by drafting and issuing a Group Code of Ethics. In this Code, Bouygues lays down the essential values it intends the Group and its employees to adhere to in the workplace. The introduction of this Code will help to achieve the objective of better conduct and is intended to help staff take decisions in real situations by reference to clear and precise principles.

- Maintaining a high level of competence among Bouygues group employees is also one of the parent company's aims, since it helps to create an environment favourable to internal control. Bouygues therefore takes a proactive approach to staff training while seeking to secure the loyalty of its senior employees. This will preserve a level of experience and knowledge in the company which will enable the Group's culture and values to be passed on.

By running the Bouygues Management Institute, and through the seminars it organises, the parent company makes a significant contribution to training the Group's senior managers, while informing them of the company's requirements and expectations in terms both of competence and mindset.

- More generally, the philosophy that the parent company wishes its businesses to share is that of a group whose senior executives are close to their senior employees and whose management practices are transparent, prudent and rigorous.

These principles are formulated at Management Committee level and passed on to businesses at all levels (Board of Directors, senior management, management committee). Major decisions taken by the Group at the highest level (concerning UMTS or TV football rights, for example) are consistently inspired by this principle of rigorous and prudent management, and serve as a benchmark for the day-to-day management of each business.

- The parent company plays a leading role in human resources management policy at Group level.

Thus, the Senior Vice President, Human Resources and Administration, chairs and coordinates the Group human resources committee, an essential link for the transmission of the Group's values.

The Group's human resources charter also contributes to the spreading of the Group's culture by reminding everyone that the company's development is primarily dependent on people.

For their part, the businesses have been engaged for a number of years in very important projects aimed at controlling the risks inherent in their activity. They have put in place structures and procedures which contribute to the development of internal control within the Group.

1.2 Objectives/activities and control procedures – Risks

1.2.1 Objectives/management cycle

The introduction of internal control procedures is linked to the definition of objectives that are compatible with the risks to which the Group is exposed.

- The Group's general objectives are defined through the management cycle, a process which enables the Group's senior management to participate at an early stage in defining the strategies of each business, to approve their business plans prepared in the context of that strategic framework, and then to monitor the progressive achievement of the objectives during the course of the year.

The principles of the management cycle are directly applicable in all Group entities, thus ensuring that the Group as a whole has a solid and coherent structure.

This iterative process enables the Group's senior management at all times to ensure that the objectives are consistent with the strategies, to monitor any discrepancies between the results and the objectives, and to anticipate the remedial measures to be taken at the level of the Group or of the business (financing requirements, redefinition of priorities, etc.).

Another aim is to provide the Group's senior management and the Bouygues Board of Directors with all the information necessary for them to take decisions.

The principal members of the parent company's senior management attend Board meetings of the holding companies of the Group's major subsidiaries, and it is those Boards that decide the strategic priorities and business plans.

a) Strategic plan and business plan

Each business defines its own medium-term strategic plan (over a three-year period) taking into account the Group's general strategy and its own particular characteristics. The strategic plan is presented to the Group's senior management by the senior management of each business and to the June meeting of the Bouygues Board of Directors.

The resulting action plans form the basis of the three-year business plans, and these are presented to the Group's senior management by the senior management of each business and in December to the Bouygues Board of Directors.

Business plans are adjusted in March to take account of the financial statements for the previous financial year and of any significant developments affecting the initial plan.

b) Annual plan

In the December business plan, the plan for the first year is the most detailed, representing a commitment by each business to the Group's senior management. This is known as the annual plan.

A first review of progress (or an update) of the

annual plan for the current year takes place in June, when the strategic plan is presented to the Group's senior management.

A second update takes place in November, and is incorporated into the new business plan.

- Alongside the Group's general objectives, the parent company also sets more specific objectives relating, in particular, to the reliability of financial information, essential for a listed company, or to compliance with laws and regulations, which is essential to the Group's success.

1.2.2 Activities and control procedures

Internal control implies the identification and analysis of factors that may hinder the achievement of objectives (concept of risks) and in some cases the introduction of the means to control such risks. It is characterised by the existence of bodies or structures exercising internal control, and the implementation of control standards and procedures.

a) Major risks of a general nature

The various committees (major risks – QSE – sustainable development)

As part of its policy to control major risks, the parent company set up a major-risk management committee tasked with improving the procedures for dealing with these risks within the various businesses.

This committee, which existed until 2005, was wholly successful in carrying out its task since it raised the awareness of all the businesses, which set up procedures and/or structures for the management of major risks (risk analysis, crisis management, training, etc.).

The principal issues examined by the businesses (depending on their activities) relate in general to:

- technological risk;
- environmental risk;
- health risk;
- protection of strategic assets.

At the end of 2005, Bouygues took a new initiative by creating a sustainable development department headed by Olivier Bouygues. The department's purpose is to help the businesses share best practices, raise awareness and train staff, and assist and advise the sustainable development officers in the businesses. Bouygues also has an organisational role as regards Quality, Safety and Environment (QSE). Two committees comprising senior executives from the businesses meet regularly to discuss QSE issues that are considered essential by the parent company.

Guidelines for major-risk management

The parent company has laid down guidelines for major-risk management at Group level with which subsidiaries are required to comply, while remaining entirely responsible for management of their own risks, with senior management intervening only in exceptional cases.

These guidelines encourage subsidiaries to introduce a risk control process that includes the following stages:

- identification and classification of risks;
- assessment, selection and prioritisation;
- handling, control, monitoring and supervision of risks.

The guidelines also encourage subsidiaries to establish a crisis management system which includes a definition of alert thresholds and the organisation of a duty roster of on-call staff members. Most of the subsidiaries have put similar systems in place. For example, at TF1 the purpose of the "Réagir" system is to define the action plan for re-establishing key processes in the event of disruption.

Legal aspects

The Group's Corporate Secretary monitors matters with significant legal implications for the Group.

In this context, the Corporate Secretary and the parent company's lawyers may occasionally become involved alongside the businesses in handling major disputes or matters having an impact at Group level.

Bouygues' Corporate Secretary chairs the Group's legal committee which is made up of the legal directors of the businesses. He thus coordinates and supervises all the Group's legal affairs.

The Corporate Secretary is also Group Ethics Officer.

At parent company level, in addition to the powers of representation vested in corporate officers (Chairman and CEO, Deputy CEOs), there is a centralised and formalised system for delegating powers in writing.

Thus, certain powers are delegated directly by the Chairman and CEO to persons in clearly identified areas (for example, Alain Pouyat, Executive Vice President, Information Systems and New Technologies, has extensive powers to represent the company in his area of activity).

In addition, Olivier Poupart-Lafarge, Deputy CEO, delegates fairly wide powers to his most senior colleagues (in support divisions) to enable them to carry out their respective functions (for example, Jean-Claude Tostivin, Senior Vice President, Human Resources and Administration; Lionel Verdouck, Senior Vice President, Cash Management and Finance).

Olivier Poupart-Lafarge also delegates special powers to certain employees to carry out tasks of a limited nature.

Insurance

The Group's risk and insurance department provides assistance, advice and support to the Group's subsidiaries. It also has a role in internal control procedures as applied to risk management.

Because it has a comprehensive overview of the policy of the various businesses as regards insurance, the Group's risk and insurance department takes out Group insurance to complement the insurance taken out at business level.

It ensures that subsidiaries are insured with blue-chip companies and that the terms of their policies (coverage, deductibles, premiums) are consistent with the risk to which they are exposed.

The risk and insurance department assumes direct responsibility for the insurance of Finagestion.

b) Business-specific risks

Each business is responsible for examining the specific risks to which it is exposed and for adopting the appropriate procedures according to the nature of the risks identified.

These specific risks may differ considerably depending on the business concerned. For example, they may relate to regulation (TF1, Bouygues Telecom), public health (Bouygues Telecom), technology (TF1, Bouygues Telecom), competition (Bouygues Telecom), the environment (Colas, Bouygues Immobilier), or country risk.

The businesses have also set up very formalised commitment procedures intended to ensure better control of commercial commitment.

Thus, depending on the level of financial commitments, the cost of works or the technical challenges involved, the various entities of Bouygues Construction are obliged to make an application to request the agreement of Bouygues Construction's senior management.

This is also the case at Colas where, 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.

At TF1, particular attention is given to the purchasing process, which can result in substantial commitments (for example in the case of contracts for the purchase of rights). These contracts are subject to a specific validation procedure involving various departments, and sometimes senior management, depending on the amount of the commitments and the nature of the contract concerned.

At Bouygues Telecom, product/service offers are vitally important and are therefore examined by a

special committee in which the company's senior management is involved. For the same reasons, a "review" committee was set up in 2005 to follow up product/service offers and monitor the results in the light of initial forecasts.

In 2007, Bouygues Telecom made large-scale investments to ensure that key technical components of the network are fully backed up. The company has established contingency plans to guarantee service continuity in the event of a disruption.

At TF1, the importance of the role of the following must be underlined:

- the TF1 core channel department, which ensures that programmes are up to standard and that the station's operating terms of reference are applied;
- the technologies and internal resources department, which controls broadcasting operations and protects them via a back-up site covering three key processes: programme broadcasting, the production of news programmes and the design of advertising slots.

Bouygues' Board of Directors also assesses the Group's major risks on a periodic basis and receives a report that identifies and prioritises the main risks.

Finally, the Group's senior management may also commission a specific audit of a given risk, either by an outside consultant or internally by the audit department of the relevant business.

c) Management control

The global organisation of the management control system is such that no Group company can avoid the control process. All companies not controlled by the businesses are controlled by the parent company.

Using various procedures, the parent company also exercises management control at its own level and at Group level.

The rules governing relations between the parent company and the businesses were summarised in a document produced by the Group's strategy and development department in 2001. Updated in 2005, this document serves as a guideline for all businesses.

Parent company management control

The Group's strategy and development department prepares an annual expenditure budget in close cooperation with other departments of the parent company.

Structural expenses are monitored on a monthly basis so that any discrepancies in relation to the budget can be swiftly identified and analysed.

This analysis helps to identify discrepancies that could cast doubt on the annual forecast.

Twice a year, the Group's strategy and development department updates the expenditure budget for the current year in liaison with the departments concerned.

Group reporting

The parent company systematically controls its subsidiaries' financial management through 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.

Thus, the management cycle and the control and reporting procedures provide a regular flow of information and ensure a constant dialogue with the businesses. As a result, plans can be adjusted and the parent company is always in a position to control the management of its subsidiaries and intervene in advance of strategic decisions.

Projects in the businesses

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, in 2007 Bouygues Construction continued work on the Edifice project with a view to modernising the financial management of construction projects, and to improve budget control and reporting by introducing new software. The software is due to be installed in all Bouygues Construction group entities in 2008.

d) Cash management and finance

The parent company's cash management and finance department defines and monitors the application of sound financial management principles at Group level. Its role is both to organise and to coordinate.

The operating principles mainly concern the "Bouygues Relais" and "Uniservice" cash management centres, managed by the parent company, and the businesses' own cash management centres. They also apply to the financing of subsidiaries.

The fundamental rules of prudent management relate in particular to internal security (two signatures for payments, etc.), external security (secure cheques, payment by promissory

note, etc.), liquidity (confirmed lines of credit, investment of cash surpluses, etc.), the quality of counterparties, the terms of loan agreements (absence of covenants, etc.) and the assessment and hedging, where necessary, of exchange rate risk.

Improvement of cash management and financial risk control are also matters of concern for the businesses. For example, the cash management and finance department of Bouygues Construction in 2006 deployed a new software package (AMELIS) to boost control of the Bouygues Construction group's contingency exposures (endorsements, guarantees, sureties, etc.).

e) Internal audit

Audit is a means of analysis, control and information that plays a vital role in scrutinising and managing risk. All the businesses are aware of the importance of internal audit and therefore set up their own permanent internal audit structures.

Each business now has a structured internal audit department carrying out tasks in a broad range of areas including management control and finance.

Audits are carried out according to a rigorous methodology. After each audit, a report is prepared containing an analysis and recommendations which are then followed up.

There is also a Group audit department at parent company level, which carries out audits of the businesses' IT systems at the request of the Group's senior management or that of the business itself.

f) Whistleblowing procedure

The Bouygues group has implemented a whistleblowing procedure so that employees can report ethical irregularities.

The procedure has been brought into line with the recommendations of the French data protection authority (CNIL). In accordance with the Recommendation of the European Commission of 15 February 2005 on the role of directors, the procedure operates under the control of the Accounts Committee but also of the Ethics and Sponsorship Committee of the Board of Directors.

1.3 Information and communications

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.

1.3.1 Internal communications

The corporate communications department plays an active part in circulating information to the Group's employees. This strengthens the Group's identity and plays a unifying role.

Reporting directly to the Chairman and CEO of Bouygues, it is responsible for *Challenger Express*, a twice-monthly newsletter for managers, and *Le Minorange*, an in-house magazine published twice yearly that forges genuine links between all Group employees.

The department also supervises e.by and ebysa, 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 containing financial information which is circulated externally as well as to the Group's managerial, technical and clerical staff.

Group Management Meetings, which are attended four times a year by the Group's top managers, also play an essential role in internal communications, and help transmit the Group's culture and values. For senior management at Group level, they provide an important channel for transmitting key information and messages to the Group's senior executives.

1.3.2 External communications

The corporate communications department works in close cooperation with the businesses for their mutual benefit.

Its main tasks are to:

- manage the Group's image (press relations, public relations, sponsorship, etc.);
- pass on information from external sources to the Group's senior management and executives.

2 • Internal control procedures related to accounting and financial information

2.1 Group consolidation and accounting department

A Group consolidation and accounting department exists within the parent company. Reporting to Olivier Poupart-Lafarge, Deputy CEO, its principal tasks are to define and establish consistent rules and methods of consolidation for the Group and to assist the businesses in their consolidated management. It also prepares the parent company financial statements.

Consolidation is carried out quarterly on a step-by-step basis. Each business consolidates at its own level using identical methods defined by the Group consolidation and accounting department, which then carries out the overall consolidation of the Group's financial statements.

A software product developed by a specialist company is used to consolidate the financial statements at the various levels. A large number of listed companies use this software. It is implemented by each of the businesses in the context of their step-by-step approach to consolidation, and ensures rigorous control over preparation of the financial statements, which are thus subject to standard procedures.

In addition to the computerised accounting system, a number of years ago the Group consolidation and accounting department produced a Group consolidation handbook containing the rules and procedures applicable to consolidation throughout the Group. The handbook is an important reference tool for the preparation of the consolidated financial state-

ments. In the context of the transition to IAS/IFRS, the Group consolidation and accounting department has created a dedicated intranet site describing the various principles and options that apply within the Group.

As part of its task of organising and coordinating consolidation of the financial statements, the Group consolidation and accounting department also regularly provides the businesses with information about the rules and methods that apply (by organising seminars, distributing circulars, etc.), and thus helps to maintain the consistency of the system used to prepare the consolidated financial statements. This has particularly been the case for the introduction of IAS/IFRS.

The company uses Adamau accounting software for the management of commitments and control of expenditure. To monitor expenses, it also uses Ulysse, an application that allows formalised and secure procedures to be applied whenever expenses are incurred.

2.2 Accounts Committee

The Board of Directors of Bouygues set up the Accounts Committee in 1995. Its task is, in particular, to ensure that the accounting methods adopted for the preparation of the financial statements are both relevant and consistent, and to verify the internal procedures for reporting and monitoring the information on which the financial statements are based.

In addition to carrying out general and regular checks, the Committee selects specific subjects for detailed examination, such as the consequences of disposals or acquisitions. It checks the accounting treatment of the risks incurred by the various companies of the Group, partic-

ularly country risk and, in the case of Bouygues Construction, the risks involved in the execution of certain projects. The Committee pays particular attention to changes in accounting methods, and therefore regularly examines decisions and measures taken to implement the new IAS/IFRS.

Chaired by an independent director, the Accounts Committee meets regularly (four times in 2007). The Committee interviews the auditors without representatives of the company being present, and can issue any reports and opinions for the Board of Directors. In 2007, the auditors provided the Accounts Committee with a report summarising their work, dealing particularly with internal control, and commented on this report to the Committee.

The same systems are in place within the Boards of the major subsidiaries, all of which have created an accounts committee.

2.3 Investor relations

The Group's cash management and finance department is responsible for relations with investors and financial analysts. It is constantly in contact with shareholders and analysts while providing the market with the information it needs.

Great care is taken in preparing the Registration Document, which the Group considers a major channel of communication.

2.4 Steering

Internal control systems must themselves be controlled by means of regular assessments.

Bouygues' Accounts Committee is the main body responsible for exercising such supervision.

Under the Board's rules of procedure, one of the tasks of the Accounts Committee is to "verify internal procedures for gathering and monitoring the information used to prepare the financial statements".

The Board has also asked Philippe Montagner, a member of senior management, to conduct a comprehensive review of the major risks to which the Group is exposed, including an assessment of the extent to which the risks associated with the Group's various entities are taken into account.

Bouygues' current Group-wide analysis of internal controls should highlight areas for improvement in the coming years.

The Chairman of the Board of Directors

III • Supervision by the auditors

1 • Statutory auditors

Mazars & Guérard (Mazars group), 61 Rue Henri Regnault, 92400 Courbevoie (France), represented by Gilles Rainaut, appointed as statutory auditors for the first time at the Annual General Meeting on 10 June 1998, and whose appointment was renewed for a further six-year term by the Annual General Meeting on 22 April 2004.

Mazars & Guérard are members of the Paris regional association of auditors.

Ernst & Young Audit, Faubourg de l'Arche, 11 Allée de l'Arche, 92037 Paris-La Défense Cedex (France), represented by Jean-Claude Lomberget, appointed as statutory auditors for the first time at the Annual General Meeting on 24 April 2003, for a six-year term.

Ernst & Young Audit are members of the Versailles regional association of auditors.

2 • Alternate auditors

Thierry Colin (Mazars group), appointed as alternate auditor for the first time at the Annual General Meeting on 25 May 2000, and whose appointment was renewed for a further six-year term by the Annual General Meeting on 22 April 2004.

Christian Mouillon (Ernst & Young group), appointed as alternate auditor for the first time at the Annual General Meeting on 24 April 2003, for the same term of office as Ernst & Young Audit.

3 • Fees of the statutory auditors and of the members of their networks paid by the Group

The fees paid to each of the statutory auditors and to the members of their network by Bouygues and all fully consolidated Group companies are shown in Note 22 to the consolidated financial statements (page 205 of this document).