BOUYGUES

Annual Report 2002

Annual Meeting 24 April 2003

BOUYGUES

This document is a free translation of the Annual Report submitted to the Commission des Opérations de Bourse on 7 April 2003. It may be used in support of a financial transaction if supplemented by a stock exchange prospectus.

2002 was an excellent year for the Group: earnings rose substantially, Bouygues strengthened its presence in its Telecoms and Media businesses, and a balanced financial structure was maintained.

Consolidated sales rose by 9% to €22.2 billion. Like-on-like and at constant exchange rates (in particular factoring in 100% of Bouygues Telecom in 2001 and 2002 and Bouygues Offshore only in the first half-years), sales rose by 4%. Ebitda increased by 35% to €2,260 million and operating income by 21% to €1,058 million thanks to improved results at Bouygues Telecom and Saur. Net earnings attributable to the Group rose by 94% to a record €666 million. This figure includes a capital gain of €347 million on the sale of Bouygues Offshore. Excluding this capital gain on an asset created and built up by Bouygues, recurring net earnings rose by 27%, also attaining a record level of €319 million.

In 2002, we began to see the benefits of the very considerable efforts we have asked our employees and stockholders to make since we decided to launch out into the mobile phone business. Let me remind you of the four fundamental choices we made in this area.

- **In 1994**, we concluded that mobile telephony, a new activity for Bouygues, would rapidly become profitable and that, although we were the third operator to enter the French market, we would be big enough to compete effectively. I have always been convinced that size is not the only key to success. The most important thing is to be creative, at the service of customers.

- **In 1998**, we concluded that there was no foundation for the idea that fixed and mobile telephony would converge. We therefore decided to concentrate on mobile telephony without seeking to enter the wireline business.

- **In 2000**, UMTS frenzy swept through Europe. In relation to the other operators, carried away on a tidal wave of unreason, my decision not to bid for a UMTS licence in January 2001 was initially regarded as iconoclastic. Later, with the government proposing new conditions, we looked at the question again, bearing in mind the interest of our customers and stockholders, the future of Bouygues Telecom and the expected profitability of the venture.

- **In 2002**, we concluded that i-mode, so successful in Japan, was the best way of swiftly developing mobile multimedia on the Bouygues Telecom network. We launched i-mode in France last November, offering a range of varied, easy-to-use and inexpensive services that were an immediate success.

Bouygues Telecom's results today and their positive impact on the Group are the outcome of those strategic choices, made over a number of years. I am delighted that we are now beginning to reap the rewards. With net earnings of €130 million compared with a loss of €61 million in 2001, Bouygues Telecom generated free cash-flow of €410 million.

While Bouygues Telecom passed a decisive milestone and TF1 confirmed its position as France's leading general-interest TV channel, our construction businesses experienced mixed fortunes. Colas and Bouygues Immobilier recorded excellent results, but difficulties were encountered on some major construction projects outside France.

While the main strategic event of 2002 was the increase of Bouygues' stake in Bouygues Telecom from 54% in January 2002 to 67% in October 2002 and 73% in March 2003, we also took a number of other important decisions, such as the sale of Bouygues Offshore, the reorganisation of our building and civil works activities and an increase of TF1's stake in TPS to 66%. Each time, Bouygues' Board of Directors weighed, supported and encouraged these strategic choices. We took the decisions as responsible entrepreneurs, concerned for the confidence of our customers, the interest of our stockholders and the long-term future of our businesses.

In 2003, the Bouygues group is facing the future in good health, with skilled and motivated staff. We have clear strategies in each of our business areas. In a highly uncertain global political and economic climate, which makes us more vigilant than ever, we will show ourselves to be selective in our investments and concerned to improve margins in all our activities. Thanks to the ambitious and prudent choices we have made over the years, the Group's recurring net earnings are likely to rise further in 2003.

10 April 2003

Martin Bouygues
Chairman and CEO

50 years of uninterrupted growth

1952: Creation of Entreprise Francis Bouygues, specialising in industrial works and building in the Paris region. Its activity soon expanded to include property development and precasting. By acquiring regional firms, Bouygues established a network that gradually covered the whole of France.

1963: Francis Bouygues created the Compagnons du Minorange, a company guild, to encourage pride in good workmanship by distinguishing an elite among site workers. Fifty years later, the guild is continuing to expand and to promote its professional and ethical values.

1970: Bouygues floated on the Paris stock market.

1972: Creation of the Bouygues logo. Construction of the Parc des Princes, which took Bouygues into the elite group of major contractors capable of designing and building complex projects. The company won its first international contracts, notably the Olympic Stadium at Teheran in Iran. African subsidiaries, especially Setao in Côte d'Ivoire, inaugurated a policy of creating local establishments abroad. In France, Bouygues completed the Fiat tower, the highest in La Défense at the time, and the Palais des Congrès in Paris.

1974: Creation of Bouygues Offshore, an oil and gas and maritime works contractor. Recognised for its specialist skills, in 1996 40% of the company's share capital was floated on the Paris and New York stock exchanges. In 2002, the company was sold to Saipem, an equity partner since 1995.

1978: Launch of a catalogue housebuilding business, Maison Bouygues, sold in 1992.

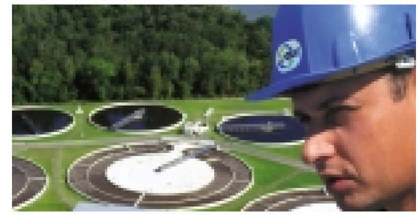
In the 1980s, Bouygues strengthened its positions in its core construction business and gradually diversified into the utilities and media sectors.

1984: Bouygues acquired Saur, a water supply company with most of its business in rural areas of France, and ETDE, an electrical contractor.

1986: With the acquisition of Screg, a roadbuilding group that also included Colas and Sacer, Bouygues became the world's biggest construction company.

1987: On the privatisation of TF1, Bouygues was chosen as operator of France's premier TV channel.

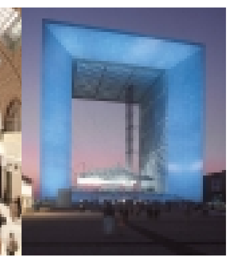
1988: The Group moved into Challenger, its new headquarters at Saint-Quentin-en-Yvelines in the Paris region.

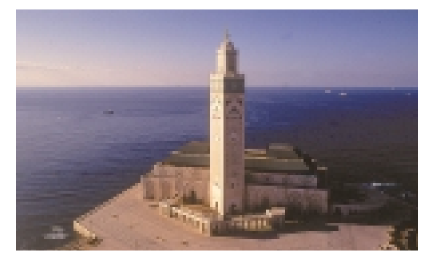


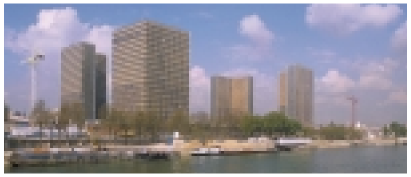
A number of prestige projects were completed during this period. In France, they included terminal 2 at Roissy-Charles-de-Gaulle airport, the Elf tower and the Grande Arche in La Défense, the Musée d'Orsay in Paris, the Ile de Ré bridge, and the European Parliament building in Strasbourg. Abroad, they included the Bubiyan bridge in Kuwait, Riyadh University in Saudi Arabia (the world's largest building project), the Hassan II Mosque in Casablanca and Agadir airport in Morocco, universities at Yamoussoukro in Côte d'Ivoire and several civil engineering structures in Hong Kong.

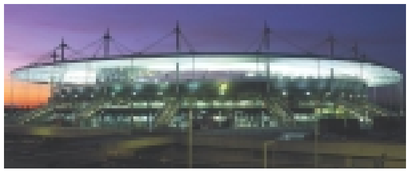
Francis Bouygues was named Manager of the Year 1982 by Le Nouvel Economiste, a French business magazine.

1989: Francis Bouygues resigned as chairman of Bouygues. On his proposal, Martin Bouygues was appointed Chairman and CEO of the Bouygues group.



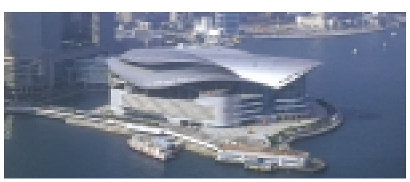






The Group has continued to grow under Martin Bouygues' leadership.

Bouygues Construction has carried out major projects such as the Pont de Normandie, the Bibliothèque de France, the Avignon viaducts, Charléty stadium and, outside France, a convention centre in Hong Kong, presidential complexes in Kazakhstan and Turkmenistan and the Home Office headquarters in London. Major civil works projects, after the Channel tunnel, include the Beirut sea front, the Groene Hart tunnel in the Netherlands using the world's largest tunnel boring machine, an immersed tunnel at Rostock in Germany, and motorways in Croatia, Hungary and South Africa. Bouygues has acquired design-build-operate competence on complex projects requiring a high level of financial expertise.



From the Stade de France to the Sydney metro, the Group now operates eight concessions worldwide. In 1990, Bouygues acquired the Losinger construction group whose VSL subsidiary leads the world in post-tensioning. In 1999, Bouygues spun off its building and civil works activities.

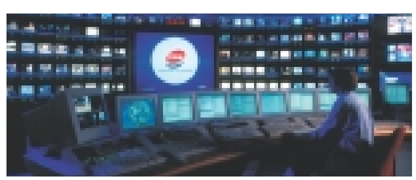
Since 1997, **Bouygues Immobilier**, which has grouped all its businesses under a single brand, has benefited from the revival of the sector.

Colas, the world's leading roadworks contractor, has strengthened its positions in Europe and continued to expand, especially in North America, where it has made a number of acquisitions. In 2000, Bouygues increased its stake in Colas from 56% to 96%.

The Group's service businesses have shown strong growth.

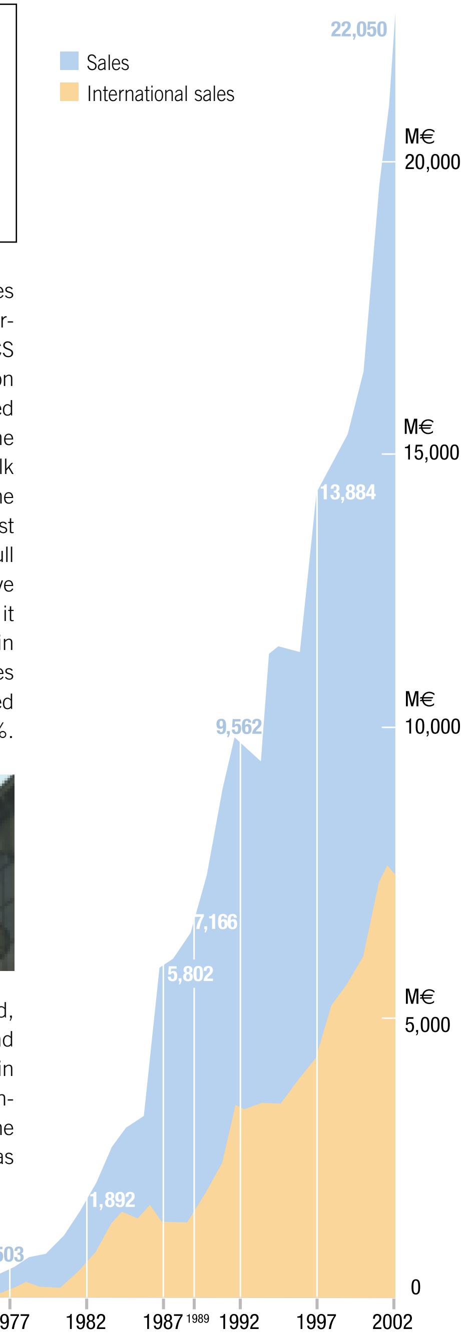
Saur, extended its activities to power supply in 1991. The merger of Saur and Cise, acquired from Saint-Gobain in 1997, strengthened the Group's position in the utilities management sector and gave Saur a new dimension.

TF1, with other major partners, created and launched TPS, a digital satellite TV platform, in December 1996. TF1 increased its stake in TPS, which broadcasts 170 channels, to 66% in 2002. TF1's flagship theme channels are Eurosport, the top pan-European channel, wholly-owned since January 2001, and LCI, France's first rolling news service created in 1994. In 2002, TF1 confirmed its position as France's leading general-interest TV channel in terms of audience share.



Bouygues Telecom. In 1994, Bouygues entered the mobile phone business as operator of France's third network using the DCS 1800 standard. The network was opened on 29 May 1996. Two years later, it offered nationwide coverage and had more than one million customers. Its creation of the talk plan in France gave fresh impetus to the market. Bouygues Telecom was the first European operator to offer Enhanced Full Rate Sound. Many of its innovations have become market standards. In 2002, it launched i-mode multimedia services in France. Since the creation of Bouygues Telecom, Bouygues has gradually increased its stake in the subsidiary from 34% to 73%.

Today, Bouygues is a large, diversified, industrial group nourished by a unique and deep-rooted corporate culture. It has sales in excess of €22 billion euros, with the construction sector accounting for 60% and the telecom and media sectors for 25%. It has over 121,000 employees in 87 countries.



Management team

Bouygues' values

Bouygues' identity is rooted in strong values shared by all the companies in the Group. They shape a corporate culture through which Bouygues asserts its uniqueness and its difference.

- **People** are our greatest resource
- **Customer** confidence and satisfaction are essential for any company
- **Quality**, the key to competitiveness, is the primary choice criterion
- **Creativity** enables us to offer original solutions to our customers
- **Promotion** is based on individual merit
- **Training** gives our people the means to improve
- **Young people** and their potential will forge the company's future
- **Technical innovation** improves cost efficiency and is the basis of our market leadership
- **Challenge** drives progress
- **Attitude** is more powerful than technical and economic strength alone

General management

Olivier Poupart-Lafarge
Deputy CEO

Martin Bouygues
Chairman and Chief Executive Officer

Michel Derbesse
Deputy CEO

Jean-Claude Tostivin
Executive Vice-President, Human Resources

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

Pierre Daurès
Executive Vice-President

Philippe Montagner
Chairman, Bouygues Telecom

Yves Gabriel
Chairman and CEO, Bouygues Construction

Patrick Le Lay
Chairman and CEO, TF1

Alain Dupont
Chairman and CEO, Colas

Olivier Bouygues
Chairman, Saur

François Bertière
Chairman and CEO, Bouygues Immobilier

Board of Directors

Chairman and CEO

Martin Bouygues

Executive directors

Michel Derbesse
Deputy CEO

Olivier Poupart-Lafarge
Deputy CEO

Olivier Bouygues
Deputy CEO, Utilities Management
Standing representative of SCDM

Directors

Pierre Barberis
Chairman and CEO, VEV

Patricia Barbizet
Chief Executive, Artémis

Madame Francis Bouygues

Georges Chodron de Courcel
Member of the Executive Committee,
BNP Paribas

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

Alain Dupont
Chairman and CEO, Colas

Yves Gabriel
Chairman and CEO, Bouygues Construction

Patrick Le Lay
Chairman and CEO, TF1

Jean Peyrelevade
Chairman of the Board of Directors
of Crédit Lyonnais

François-Henri Pinault
Executive Director of Artémis

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

Michel Rouger
Former President of Paris Commercial Court

Serge Weinberg
Chairman of the Management Board of
Pinault-Printemps-Redoute

Representatives of employee mutual funds

Daniel Devillebichot
Representing Bouygues employee stockholders

Carmélina Formond
Representing Bouygues employee stockholders

Supervisors

Jacques-Henri Gougenheim
(until 24 April 2003)

Philippe Montagner
(from 24 April 2003)

Board committees

Accounts committee

Michel Rouger *(Chairman)*
Patricia Barbizet
Georges Chodron de Courcel
Jacques-Henri Gougenheim

Selection committee

Jean Peyrelevade *(Chairman)*
Serge Weinberg

Remuneration committee

Pierre Barberis *(Chairman)*
Patricia Barbizet

Ethics and sponsorship committee

Lucien Douroux *(Chairman)*
Michel Derbesse
François-Henri Pinault

Bouygues and its stockholders

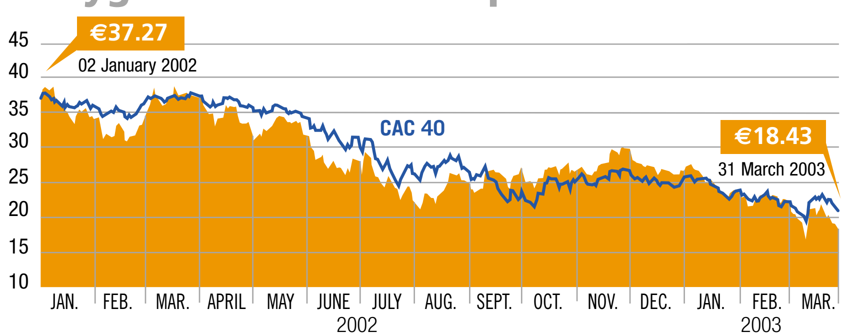
Major stockholders

31 March 2002	Number of shares	Interest	Number of voting rights	Voting rights %
SCDM (1)	50,977,316	14.80	93,458,179	22.36
Artémis (2)	27,006,518	7.84	34,496,758	8.25
Bouygues group employees	34,881,426	10.13	56,574,168	13.54
Groupe Arnault (3)	17,139,940	4.98	17,139,940	4.10
Crédit Agricole	4,192,126	1.22	4,192,126	1.00
Mme F. Bouygues	5,290,034	1.54	10,580,068	2.53
BNP Paribas	4,174,995	1.21	6,433,265	1.54
Crédit Lyonnais	1,535,715	0.45	1,535,715	0.37
Bouygues (4)	7,920,837	2.30	-	-
Public	191,265,752	55.53	193,571,142	46.31
Total	**344,384,659**	**100.00**	**417,981,361**	**100.00**

(1) SCDM is a company controlled by Martin Bouygues and Olivier Bouygues.
(2) Artémis is a Pinault group company which controls Tennessee and Amark, the companies which own the Bouygues shares.
(3) Statement of 14 June 2002.
(4) Treasury stock held as a result of the buy-back programme.

Changes in stock ownership over the last three years are shown on page 71, the reference date being 31 December.

Bouygues' stock market performance



Investor information

Financial information is due to be released as follows

24 April 2003	Annual Meeting
30 April 2003	Payment of dividend
6 May 2003	First quarter sales figures
18 June 2003	First quarter earnings
12 August 2003	Second quarter sales figures
10 September 2003	Half-year earnings
12 November 2003	Third quarter sales figures
17 December 2003	Third quarter earnings
10 February 2004	Fourth quarter sales figures
24 February 2004	2003 earnings

Investors can find information about the company, its businesses and its financial situation on the Bouygues group website at www.bouygues.com

Persons responsible for investor information

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Financial director

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Anthony Mellor
Deputy director

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TF1
Star Academy
1 News en direct du château
2 Fan-club
Choisir
i-mode

Key Figures

Key consolidated figures

(€ million)	2000	2001	2002	2002/2001
Consolidated sales	19,060	20,473	22,247	+9%
of which international	7,062	7,607	7,195	-5%
Ebitda (1)	1,474	1,680	2,260	+35%
Operating income	812	876	1,058	+21%
Net earnings attributable to the Group	421	344	666	+94%
Recurring net earnings (2)	149	251	319	+27%
Cash flow	1,213	1,135	1,713	+51%
Free cash flow (3)	525	278	921	x3.3
Stockholders' equity	5,168	5,503	6,379	+16%
Net debt	967	1,124	3,201	x2.8
Stock market capitalisation	16,302	12,715	9,060	-29%
Net dividend per share	0.36	0.36	0.36	=
Number of employees	118,892	125,034	121,604	-3%

(1) Earnings before interest, taxes, depreciation and amortisation.
(2) Excluding exceptional items and significant disposals of equity interests.
(3) Cash flow net of the change in working capital requirement minus net operating investment.

The key features of 2002 were a substantial rise in earnings, stakebuilding in the Group's telecom and media businesses and the maintenance of a balanced financial structure.

Consolidated sales amounted to €22.2 billion in 2002, a 9% increase on the previous year. Like-on-like and at constant exchange rates (in particular factoring in 100% of Bouygues Telecom in 2001 and 2002 and Bouygues Offshore only in the first half-years), sales rose by 4%. Foreign and domestic operations contributed 2% and 5% respectively to this rise.

Profitability indicators rose even more sharply than sales: Ebitda was up by 35% and operating income by 21%. Net earnings attributable to the Group rose to a record €666 million, 94% higher than in 2001. They include a capital gain of €347 million on the sale of Bouygues Offshore in June 2002. Excluding this capital gain on an asset created and built up by Bouygues, recurring net earnings rose by 27%, also attaining a record level of €319 million. Much of the improvement in profitability is attributable to the gearing-up of Bouygues Telecom, which is now profitable.

Bouygues' financial structure remained healthy in 2002, with a debt-to-equity ratio of 50%. Standard & Poor's has confirmed its credit rating of A- with stable outlook. Cash flow increased by 51%, while free cash flow jumped from €278 million in 2001 to €921 million.

Key consolidated balance sheet items

(€ million)	31/12/2000	31/12/2001	31/12/2002	2002/2001
Stockholders' equity	5,168	5,503	6,379	+16%
Provisions	2,002	1,909	1,882	-1%
Financial liabilities	3,028	3,081	4,825	+57%
Long-term capital	10,198	10,493	13,086	+25%
Fixed assets	8,381	9,275	12,357	+33%
Working capital	1,817	1,218	729	-40%
Cash and equivalents	2,061	1,957	1,624	-17%
Financial liabilities net of cash	967	1,124	3,201	
Net debt/Stockholders' equity	19%	20%	50%	

The solidity of the Group's financial structure was maintained in 2002. Stockholders' equity amounted to €6.4 billion, while net debt rose from €1.1 billion to €3.2 billion. The debt-to-equity ratio of 50% underlines the rigour of Bouygues' financial policy.

The rise in debt levels in 2002 was mainly due to investments made by Bouygues in order to strengthen its positions, notably an increased stake in Bouygues Telecom and TF1's acquisition of a 41% interest in TPS. It also reflects the accounting consequences of strategic investments. Bouygues Telecom was fully consolidated in 2002, having been proportionally consolidated at 54% in 2002, while TPS was proportionally consolidated at 66% in 2002, having been consolidated by the equity method in 2001.

With €729 million of working capital, €1.6 billion in cash, €3.2 billion in unused lines of credit and a judicious debt repayment schedule, Bouygues is in a comfortable financial position. It will take advantage of that situation to increase its profitability and pursue growth.

Sales by business area

(€ million)	2000	2001	2002	2002/2001	2003 (f)	2003/2002
Telecoms-Media	**3,301**	**3,711**	**5,540**	**+ 49 %**	**5,900**	**+6%**
Bouygues Telecom (1)	1,090	1,434	2,932	n.a.	3,190	n.a.
(100%)	2,030	2,670	2,932	+10%	3,190	+9%
TF1	2,211	2,277	2,608	+15%	2,710	+4%
Services - Saur	**2,388**	**2,487**	**2,514**	**+1%**	**2,520**	**=**
Construction	**13,346**	**14,248**	**14,170**	**-1%**	**13,020**	**-8%**
Bouygues Construction	5,948	6,041	5,511	-9%	4,530	-18%
Colas	6,475	7,286	7,376	+1%	7,350	=
Bouygues Immobilier	923	921	1 283	+39%	1,140	-1%
Other	**25**	**27**	**23**	**n.a.**	**20**	**n.a.**
Total sales	**19,060**	**20,473**	**22,247**	**+9%**	**21,460**	**-4%**
of which international	7,062	7,607	7,195	- 5%	6,380	-11%

(1) Consolidated at 54% in 2000 and 2001, 100% in 2002.

At Bouygues Telecom, total sales rose by 10% to €2.9 billion and recurring net sales (excluding handset sales and outstanding accounts) by 17% to €2.7 billion. Most of the increase was due to a rise in the number of contract customers and the growth of services, especially SMS.

TF1 reported a 15% increase in sales, mostly from its diversification activities and the proportional consolidation of TPS. Like-on-like, consolidated sales would have risen by 4%, and diversification activities by 9%. TF1 has demonstrated its capacity to resist in difficult economic circumstances, with advertising on the TF1 TV channel increasing by 1%.

Sales at Saur increased by 1%, rising by 5% in France and falling back slightly elsewhere as a result of divestments.

Revenue from construction activities as a whole showed a slight decline following the sale of Bouygues Offshore in June 2002. Building and civil works activity fell back in 2002 but remained stable like-on-like. Colas reported a 1% rise in sales, and levels of activity remained high both in France and on international markets, despite an unfavourable exchange rate effect caused by the depreciation of the US dollar. Bouygues Immobilier had an excellent year in 2002, both in housing and in the corporate property sector, reporting a 40% overall rise in sales.

Total Group sales are expected to amount to €21.5 billion in 2003, representing a 4% drop (1% like-on-like). In an uncertain economic environment, the Construction business area will contract slightly, by 4% like-on-like, though order books will remain at high levels. The outlook is brighter in the Media and Telecoms divisions, especially at Bouygues Telecom.

Sales by geographic zone

(€ million)	Saur	Construction	Other	Total
Africa	442	1,031	-	1,473
Asia/Pacific	5	1,003	22	1,030
USA/Canada	9	1,472	8	1,489
Western Europe	347	1,398	165	1,910
Eastern Europe	45	962	9	1,016
Other	2	135	7	144
Total 2000	**850**	**6,001**	**211**	**7,062**
Africa	481	1,087	1	1,569
Asia/Pacific	6	822	19	847
USA/Canada	13	1,744	6	1,763
Western Europe	329	1,700	196	2,225
Eastern Europe	54	978	27	1,059
Other	-	134	10	144
Total 2001	**883**	**6,465**	**259**	**7,607**
Africa	516	1,058	-	1,574
Asia/Pacific	5	432	23	460
USA/Canada	-	1,716	4	1,720
Western Europe	279	1,969	207	2,455
Eastern Europe	33	748	33	814
Other	2	159	11	172
Total 2002	**835**	**6,082**	**278**	**7,195**
Africa	509	677	-	1,186
Asia/Pacific	-	373	25	398
USA/Canada	-	1,610	5	1,615
Western Europe	299	1,756	190	2,245
Eastern Europe	32	668	30	730
Other	-	206	-	206
Total 2003 (f)	**840**	**5,290**	**250**	**6,380**

The Construction division and Saur generate most of the Group's international business. In 2002, the Construction division continued to expand in western Europe, especially the UK and the Netherlands, while the slowdown continued in the Asia/Pacific zone. Colas maintained a satisfactory level of business in North America, despite an unfavourable exchange rate, and in western Europe.

Operating income by business area

(€ million)	2000	2001	2002	2002/2001
Telecommunications (1)	(105)	28	305	n.a.
Media	422	375	293	-22%
Services (Saur)	116	85	108	+27%
Construction	397	413	385	-7%
Holding company and other	(18)	(25)	(33)	n.a.
Total Group operating income	**812**	**876**	**1 058**	**+21%**

(1) Bouygues Telecom consolidated at 54% in 2000 and 2001 and at 100% in 2002.

Operating income rose sharply to €1.1 billion, an increase of 21%, due to improved performances at Bouygues Telecom and Saur. Bouygues Telecom increased its operating income sixfold, from €53 million (on a fully consolidated basis) to €305 million as a result of rising revenue, tight cost controls and a sales policy that targets high-value customers. TF1 suffered from a weak advertising market and saw its operating income fall by 22%. Saur improved its operations in France. Operating income at the Construction division fell by 7% as a result of difficulties with certain projects outside France, despite a solid performance by Bouygues Immobilier and Colas.

Net earnings by business area

(€ million)	2000	2001	2002	2002/2001
Telecommunications (1)	(149)	(37)	75	n.a.
Media	100	87	64	-26%
Services (Saur)	22	22	23	=
Construction	259	242	350	+45%
Holding company and other	189	30	154	n.a.
Total Group net earnings	**421**	**344**	(2) **666**	**+94%**

(1) 54% of earnings to 30 March 2002, 64.5% to 30 September 2002, 67% thereafter.

(2) Including a €347 million capital gain on the sale of Bouygues Offshore (€140 million for the Construction division, €207 million for the holding company).

The Group's net earnings rose to a record €666 million in 2002, almost twice as much as in the previous year. This figure includes a capital gain of €347 million from the sale of Bouygues Offshore, with the Construction division booking €140 million and Bouygues SA €207 million. Bouygues Telecom passed a decisive milestone, recording its first profit and contributing €75 million to Group earnings. Strong earnings growth in the Construction division (+45%) includes the capital gain on the sale of Bouygues Offshore, but also reflects excellent results at Colas and Bouygues Immobilier.

Condensed consolidated income statement

(€ million)	2000	2001	2002
Consolidated sales	**19,060**	**20,473**	**22,247**
Operating income	812	876	1,058
Net financial items	(15)	(149)	(291)
Net exceptional items	15	73	368
Income tax	(152)	(268)	(316)
Share in earnings of companies accounted for by the equity method	7	22	52
Amortisation of goodwill	(40)	(44)	(42)
Total net earnings	**627**	**510**	**829**
Net earnings attributable to the Group	**421**	**344**	**666**
Recurring net earnings	**149**	**251**	**319**

The consolidated income statement for 2002 shows a sharp rise in operating income (+24%), higher financial expenses because of increased debt (due in particular to the full consolidation of Bouygues Telecom), exceptional income that includes a capital gain of €347 million on the sale of Bouygues Offshore, and a record level of net earnings attributable to the Group. Excluding the exceptional capital gain, recurring net earnings rose by 27% to €319 million.

Consolidated earnings per share (adjusted)

	2000	2001	2002
Earnings before exceptional items, tax, amortisation of goodwill and minority interests			
aggregate (€ million)	**797**	**727**	**767**
per share (average) (€)	2.48	2.18	2.23
per share (year end) (€)	2.40	2.11	2.23
Net earnings before tax, amortisation of goodwill and minority interests			
aggregate (€ million)	**819**	**822**	**1,187**
per share (average) (€)	2.55	2.47	3.45
per share (year end) (€)	2.46	2.39	3.45
Net earnings before amortisation of goodwill and minority interests			
aggregate (€ million)	**667**	**554**	**871**
per share (average) (€)	2.08	1.66	2.53
per share (year end) (€)	2.00	1.61	2.53
Net earnings attributable to the Group			
aggregate (€ million)	**421**	**344**	**666**
per share (average) (€)	1.31	1.03	1.93
per share (year end) (€)	1.27	1.00	1.93
Recurring net earnings attributable to the Group			
aggregate (€ million)	**149**	**251**	**319**
per share (average) (€)	0.46	0.75	0.93
per share (year end) (€)	0.45	0.73	0.93
Group share of earnings after dilution (1)	**421**	**344**	**666**
per share (year end) (€)	1.18	0.95	1.84

(1) Including stock options and convertible bonds.

Net earnings per share almost doubled, from €1.03 in 2001 to €1.93 in 2002. Recurring net earnings (excluding exceptional items) also showed a substantial increase, rising by 27% to €0.93 per share.

Investment

(€ million)	2000 Total	2001 Total	2002 Operations	2002 Acquisitions	2002 Total
Telecoms-Media	**790**	**905**	**1,170**	**399**	**1,569**
Telecommunications (1)	576	399	(2) 1,088	-	1,088
Media	214	506	82	399	481
Services - Saur	**216**	**220**	**195**	**29**	**224**
Construction	**777**	**640**	**578**	**89**	**667**
Bouygues SA and other	**867**	**186**	**3**	**1,155**	**1,158**
Total	**2,650**	**1,951**	**1,946**	**1,672**	**3,618**

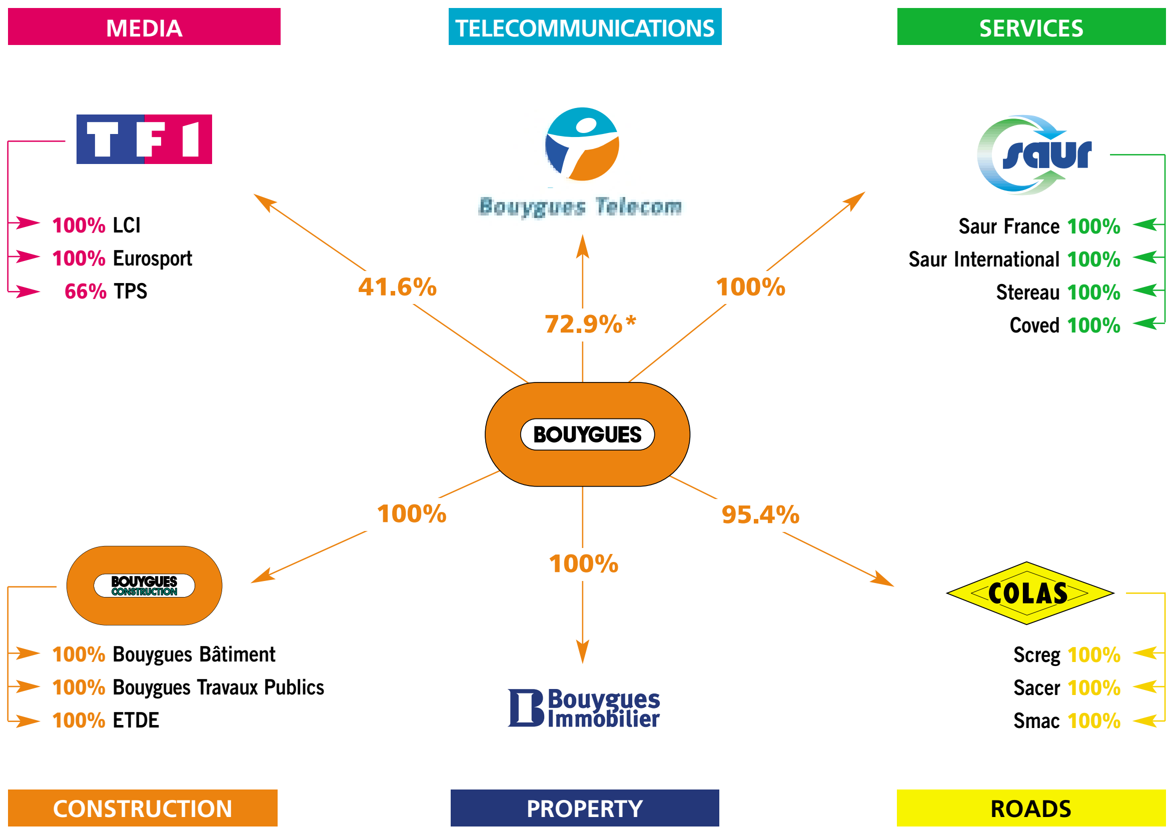
(1) Bouygues Telecom consolidated at 54% in 2000 and 2001 and at 100% in 2002.
(2) Including UMTS licence fee of €619 million.

Capital expenditure in the Group as a whole rose sharply in 2002, to €3.6 billion.

This amount includes €619 million for a UMTS licence, paid by Bouygues Telecom. The licence means that Bouygues Telecom can develop a third generation mobile phone network when the market is ready. It also ensures the 20-year availability of frequencies. Excluding this one-off expenditure, total operating investment in 2002 remained at the same level, €1.3 billion, as in the previous year.

Expenditure on acquisitions rose substantially to €1.7 billion. TF1 increased its stake in the TPS satellite TV platform from 25% to 66%, while Bouygues increased its stake in Bouygues Telecom following its acquisition of Telecom Italia's interest in February 2002 and a capital increase in September 2002.

Simplified Bouygues group organisation chart (March 2003)



** 83% planned at end 2005*

Business activities

Bouygues Telecom

Sales in 2002: **€2,945m**

Ebitda: **€846m**

Net earnings: **€130m**

Employees: **6,400**

Highlights

- February: **increase in Bouygues' stake in Bouygues Telecom** from 53.7% to 64.5% following the acquisition of Telecom Italia's shareholding in BDT
- March: remodelling of **contracts and Nomad prepaid cards**
- June: award by ART, the telecommunications regulator, of **900 MHz frequencies** throughout France to improve service quality in rural areas and inside buildings
- September: launch of **billing by the second**, from the first second
- September: opening in Strasbourg of a **fifth customer service** centre
- September: **€619 million capital increase.** Bouygues' stake increased to 67.1%
- November: **launch of i-mode™ multimedia services**, following conclusion of a partnership agreement with the Japanese operator NTT DoCoMo in April
- December: award to Bouygues Telecom of a **UMTS licence** for France

Mobile multimedia telephony

Since its inception in 1994, Bouygues Telecom has secured a strong position on the French mobile phone market. With 5.8 million customers and nation-wide coverage, the company turned a profit for the first time in 2002. After a phase of very rapid growth, it now intends to concentrate on increasing profitability. Bouygues acquired part of E.ON's shareholding on 5 March 2003 and now directly and indirectly owns 72.9% of Bouygues Telecom.

The mobile phone market continued to expand in 2002 and is now quite substantially larger than the fixed phone market. By the end of 2002, 64% of the French population had a mobile phone. Bouygues Telecom is France's third mobile phone operator, with a market share by value of 17%. Sales rose 10% in 2002 to €2,945 million, boosted mainly by demand for services and by contract business, where recurring sales were up by 18%.

The company made a profit for the first time, reporting net earnings attributable to the Group of €130 million compared with a loss of €61 million in 2001.

A bold sales policy

In 2002, Bouygues Telecom continued to pursue its aim of becoming the benchmark operator on the personal communications market by providing high-quality, simple and innovative services designed to enrich its customers' everyday life. With that in mind, in March the company remodelled its contract pricing and simplified its prepaid products and services.

Customers can now choose between three categories of monthly contract: "Mini" contracts

(45 minutes for €13 or 90 minutes for €22), "Evolutif" pick-and-mix contracts (2 to 10 hours for €25 to €78) and "Millennium" contracts, special bargain offers with highly attractive prices for airtime at the least busy periods on the network (weekends, lunch time, etc.). ARPU (average revenue per user) for contract customers amounted to €54.1 per month, the same as in 2001, despite the impact on the market of mini-contracts and lower prices for incoming calls. By the end of 2002, the number of contract customers had risen sharply to 3.6 million, representing 62% of the company's customer base compared with 47% in 2001.

Prepaid products and services were adjusted so as to meet customer demand more effectively. There are now three cards, Small, Medium and Large, priced at €12, €24 and €44 respectively. Bouygues Telecom has reduced the validity period of recharge cards so as to encourage regular customers to use them more often and reduce the number of occasional customers. As a result of this policy, a third of registered SIM cards (2.2 million at end-2002) were automatically eliminated from the customer base.

In September 2002, Bouygues Telecom launched the first prepaid card to offer per-second billing. It was an immediate success, and billing by the second from the first second was gradually extended to all products except Millennium contracts.

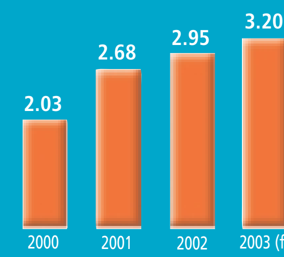
i-mode™, the pocket internet

In April 2002, Bouygues Telecom concluded a partnership agreement with the Japanese operator NTT DoCoMo, which has successfully launched i-mode™ multimedia services in Japan. Available in France exclusively from Bouygues Telecom since 15 November 2002, i-mode™ is generally acknowledged to have been a success: Bouygues Telecom had sold 70,000 handsets by the end of the year. For an extra €3 per month, customers with a contract for 2 hours or more can access a range of simple and useful services. Some are pay services, costing up to €3 per month, and data transmission (browsing, downloading, sending or receiving e-mail) is charged at 1 cent per kb. Almost 100 sites were available on i-mode™ by the end of 2002 and new sites are being added all the time, with the arrival of major players like Disney and CIC. Several hundred unofficial sites have also sprung up and, in a resounding endorsement of this new mode of communication, over 600,000 e-mails had been exchanged by the end of 2002.

The business model, reliable and even-handed, is inspired by the Minitel, renowned for its simplicity and profitability. Bouygues Telecom takes a payment for data transport and subscriptions to the i-mode™ service and returns 86% of the revenue generated by

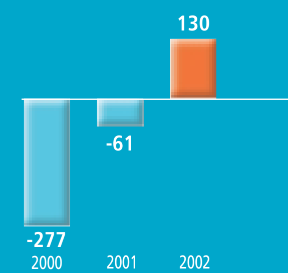
Sales: +10%

In €bn

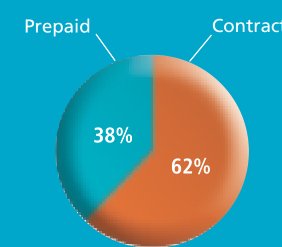


First profit in 2002

Net earnings attributable to the Group in € million

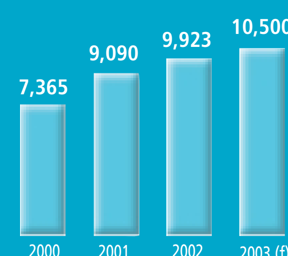


5.8 million active customers



A denser network

Number of BTS in France



Consolidated income statement

(million euros)	**2002**	**2001**
SALES	2,945	2,681
OPERATING INCOME	305	53
Net financial items	(150)	(155)
EARNINGS BEFORE TAX AND EXCEPTIONAL ITEMS	155	(102)
Exceptional items	-	3
Income tax	(26)	39
NET EARNINGS OF CONSOLIDATED COMPANIES	129	(60)
Amortisation of goodwill	-	(1)
NET EARNINGS BEFORE MINORITY INTERESTS	129	(61)
CONSOLIDATED NET EARNINGS ATTRIBUTABLE TO THE GROUP	130	(61)
Minority interests	(1)	-

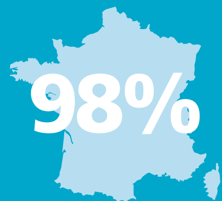
Consolidated balance sheet at 31 December

ASSETS *(million euros)*	**2002**	**2001**
FIXED ASSETS	3,322	2,808
Stocks and work in progress	103	121
Trade and other receivables	1,378	1,521
CURRENT ASSETS	1,481	1,642
Cash and equivalent	441	250
TOTAL ASSETS	5,244	4,700

LIABILITIES *(million euros)*	**2002**	**2001**
Share capital and reserves	1,350	585
Minority interests	3	-
STOCKHOLDERS' EQUITY	1,353	585
Other equity	795	755
STOCKHOLDERS' EQUITY AND OTHER EQUITY	2,148	1,340
Provisions for liabilities and charges	54	97
Financial liabilities	1,842	2,153
LONG-TERM CAPITAL	4,044	3,590
CURRENT LIABILITIES	1,115	1,109
Short-term bank borrowings and overdrafts	85	1
TOTAL LIABILITIES	5,244	4,700

Net debt	Net debt to equity ratio
€1,486m	**69%**

Coverage in France



International coverage

Network

almost **10,000** BTS

SMS exchanged in 2002

1.5 billion (+85%)

Customer service

50,000 calls per day, handled by 2,000 advisers

460 boutiques and multi-brand retailers

site subscriptions to the content provider. The remaining 14% corresponds to the operator's expenses, including billing and collection.

More corporate customers

Bouygues Telecom Entreprise has successfully remodelled its offering by introducing subscriptions and private business networks. The launch of data services (diary, e-mail, etc.) provided an opportunity to find out which services interest corporate customers most. In 2002, Bouygues Telecom Entreprise won contracts with major accounts like PSA, Matignon and LVMH, underlining the fact that its offerings are both credible and competitive.

Increased network capacity

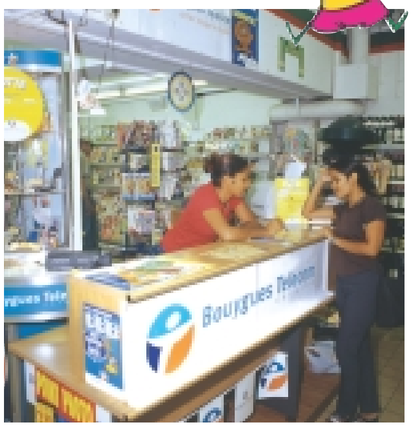
Bouygues Telecom continued to roll out its network. Having obtained frequencies in the extended 900 MHz bandwidth (EGSM frequencies), it adapted 1,500 base stations. The company thus increased both its capacity and its coverage in many areas, significantly improving service quality in rural areas and inside buildings. In surveys published by the telecommunications regulator ART in 2002, Bouygues Telecom obtained the highest scores for coverage and network quality in 67 of the 92 quality tests.

In order to make savings on operating costs and favour infrastructure pooling, Bouygues Telecom was the first French operator to conclude an agreement for the sale of almost all its radio masts. The agreement with TDF was concluded in July 2001 and the first masts were sold in December 2002. Most of the transfers will be made in 2003 and 2004. The operation is in three stages: transfer of the leases for the land on which the masts are located, sale of the masts to TDF, and rental of the sites to Bouygues Telecom.

Three subsidiaries in France

Distribution Réseau Boutiques (DRB). Setting up a network of proprietary boutiques selling only Bouygues Telecom products and services has been a key element of the company's retail and customer loyalty strategy since 1998. DRB, a subsidiary created in 1999, is responsible for developing this network, which at end-2002 numbered 174 stores operated by independent companies. DRB also coordinates a circle of non-exclusive retailers selling Bouygues Telecom services. Having established a strong presence in city centres, in 2002 DRB moved into thriving shopping centres. The retail network has a key role to play in developing close relationships with customers at a local level. In order to improve customer service in Bouygues Telecom boutiques, experiments involving the presence of customer advisers on-site were carried out in various regions. They will be extended to the entire network in 2003.

Bouygues Telecom Caraïbe (BTC), a subsidiary created in January 2000 in which Bouygues Telecom has an 82.9% stake, opened for business in December of the same year in Martinique, Guadeloupe and its dependencies, and Guiana. Adapting its offering to local market conditions and focusing on the prepaid segment in particular, the company now has almost 200,000 customers, 59% of whom use prepaid services. One of the highlights of 2002 was the arrival of a local partner, Wicom (a member of the Loret group), which took a 17.1% stake in the company. Now that it has practically finished rolling out its network, BTC offers very high quality coverage and, in its second full year of operation, almost broke even in terms of Ebitda.



Téléciel is a wholesale distributor of telecommunications products and services, providing point-of-sale promotional materials and supplying Bouygues Telecom's decentralised retail outlets. The company has expanded considerably over the last two years, generating sales of €75 million in 2002 and posting a net profit despite difficult market conditions.

A solid financial structure

A capital increase of €619 million was carried out on 30 September 2002 in order to give Bouygues Telecom the resources it needs to finance its UMTS licence fee.

In 2002, Bouygues Telecom reimbursed €382 million (including €304 million ahead of schedule), reducing the amount of the loan taken up from €2,089 million to €1,706 million. At the same time, the credit margin gradually fell from 1.30% to 0.75%. The agreement to securitize Bouygues Telecom's trade receivables, concluded in 2001, was implemented in July 2002 for a maximum amount of €153 million. It had a positive impact of €29 million on the company's cash position at 31 December 2002.

Regulatory environment

UMTS. Following a change in the amount of the licence fee for using UMTS frequencies, on 16 May 2002 Bouygues Telecom submitted a bid to the telecommunications regulator, ART. The licence was awarded by government order on 3 December 2002. The new financial terms consist in an up-front payment of €619.2 million and a subsequent 1% levy on sales generated by UMTS activity.

Interconnection. In accordance with an ART decision issued in November 2001, the "powerful mobile phone operators" (Orange and SFR) reduced their call termination charges on mobile networks on 1 March 2002. In order to remain competitive, Bouygues Telecom followed suit in October 2002. Discussions on GSM-GSM interconnection continued during the year, though no agreement was reached on how it should be implemented.

Coverage. The cabinet regional development committee, meeting on 13 December 2002, decided that coverage of blind spots would henceforth be based for the most part on local roaming solutions, with a limited number of sites using shared infrastructure when that solution proved to be economically or technically more appropriate. Bouygues Telecom, which has done much to influence opinion in favour of local roaming, is now a participant in the arrangement, on equal terms with its two rivals. The first sites are expected to be open to local roaming by the end of December 2003.

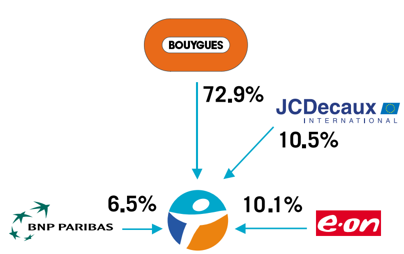
Bouygues controls 73% of Bouygues Telecom

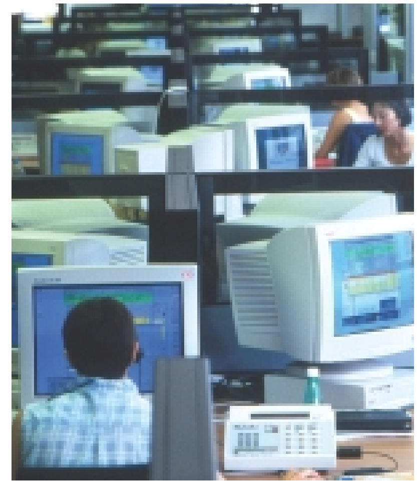
In January 2003, E.ON sold Bouygues a 5.8% stake in Bouygues Telecom for €334.4 million.

After the transaction, Bouygues' stake is 72.9%. E.ON retains a 10.1% stake in Bouygues Telecom, but Bouygues has a call option to buy it until October 2005 and E.ON a put option, exercisable between October 2005 and February 2007.

As a result, Bouygues may own 83% of Bouygues Telecom.

Stock ownership structure after the merger of Bouygues Telecom and BDT planned for the first half of 2003





Universal service. In April 2002, the ART issued a decision concerning revision of the mechanism for calculating the net cost of universal service, especially as regards the inclusion of intangible benefits. Following this decision, at the end of July the ART asked the operators to pay their contributions for 2002, minus reimbursements owed for the period 1997-1999. Bouygues Telecom duly paid up, but nevertheless lodged an appeal against the ART's decision with the Council of State, like most of the other operators, in September 2002.

State aid. By a decision of 12 March 2003, the European Commission opened a formal investigation into arrangements under which France Télécom enjoyed special tax breaks and financial support from the French government. In its decision, the Commission expressed serious doubts about the compatibility of these measures with the EC Treaty.

OUTLOOK FOR 2003

Bouygues Telecom aims to increase total sales by approx. 9% in 2003, excluding the billing of GSM to GSM calls, and recurring sales by 11%. The company will pursue four main goals during the year:

- developing mobile multimedia services, especially i-mode™. This new service should enable the company to generate additional revenue and offer customers useful services at a reasonable price,
- positioning itself on high-value market segments, targeting large-scale users in particular, through products and services suited to their needs,
- continuing to seek productivity gains,
- improving profitability by keeping tighter control over operating costs and commercial expenses.

Number one TV group in France

Sales in 2002: €2,625m

Ebitda: €428m

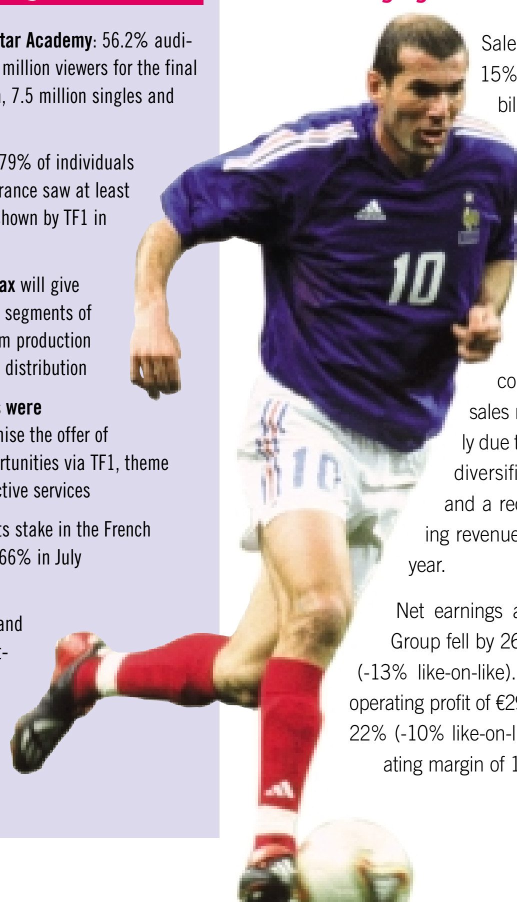
Net earnings: €155m

Employees: 3,500

Highlights

- Record success for **Star Academy**: 56.2% audience share and 11.6 million viewers for the final of the second season, 7.5 million singles and albums sold
- **Football world cup**: 79% of individuals aged 4 and over in France saw at least one of the matches shown by TF1 in June
- The deal with **Miramax** will give TF1 a presence in all segments of the film industry, from production and co-production to distribution
- **Advertising services were reorganised** to optimise the offer of communication opportunities via TF1, theme channels and interactive services
- **TPS**: TF1 increased its stake in the French satellite platform to 66% in July
- Four TF1 channels (Eurosport, LCI, TF6 and TPS Star) were selected for **digital terrestrial television**

TF1 has confirmed its position as France's leading TV channel and is continuing its successful diversification into publishing and the distribution of spin-off products, internet activities, theme channels, pay TV, audiovisual production and the sale of broadcasting rights.



Sales increased by 15% in 2002 to €2.6 billion. For the first time, sales figures included 50% of TPS's sales in the first half of the year and 66% in the second half. Excluding the consolidation of TPS, sales rose by 4%, mainly due to the expansion of diversification activities and a recovery in advertising revenue at the end of the year.

Net earnings attributable to the Group fell by 26% to €155 million (-13% like-on-like). TF1 reported an operating profit of €293.5 million, down 22% (-10% like-on-like), and an operating margin of 11.1%.

Broadcasting: 95 of the top 100 ratings in 2002

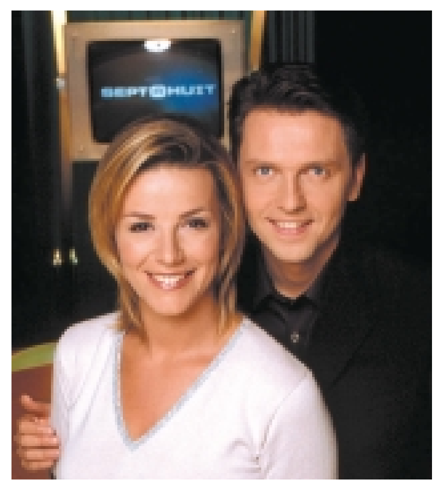
Maintaining its leading audience share of 32.7% (1), TF1 turned in a remarkable performance in a context where all of its terrestrial rivals with the exception of France 5 lost market share. In the youth segment, a prime target for advertisers, TF1 actually increased its share by 1.3 point to 32.3%, due in particular to the inclusion in its schedules of reality TV shows and new drama programmes.

With 95 of the top 100 ratings in 2002, emulating its achievement in 1998 and 1999, TF1 once again confirmed its dominant position. Its roll of honour, dominated by news bulletins, sport, drama and new entertainment programmes, reflects the strength of the channel's schedules.

(1) Source Médiamétrie.

The main news at 8.00 p.m. has been consistently successful over the years, attracting 8.6 million viewers on average every evening. Game shows, variety shows, infotainment magazines and reality TV, favoured by the innovation and renewal policy launched in 2001, have attracted a wider audience. TF1 also benefited from its exclusive broadcasting rights for the football World Cup. The highly popular event generated a significant increase in viewing and impacted favourably on TF1's image and audience figures. 14.8 million people watched the final.

Programme costs increased by 14.5% in 2002, a figure which includes World Cup broadcasting rights and production costs amounting to approx. €68 million. If they were stripped out, the rise would have been 5.7%.



News, one of TF1's strengths. The main evening bulletin: 8.6 million viewers on average

Audiences in the second season of Star Academy and Koh-Lanta were higher than in 2001

In 2003, TF1 will continue to screen shows that proved popular in 2002, including a second season of Ile de la Tentation and a third season of Star Academy and Koh-Lanta, the channel's flagship reality TV shows. The final of Star Academy attracted 11.6 million viewers. A number of new programmes will be launched during the year, including Zone Rouge, an early evening game show, and prime-time and late evening shows like Fear Factor, Sex Bomb and L'Homme Idéal.

Advertising: a slight increase

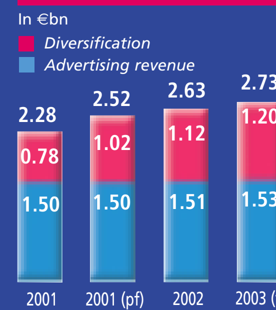
Advertising revenue rose by 0.7% to €1.5 billion in a rather mixed economic climate.

The multiple media advertising market grew by 3.4% in 2002 (2) and, with gross advertising expenditure on television rising by 8.4%, the market share of television increased further to 34.8%. By the end of the year advertising expenditure had risen in most sectors, especially those which are the bedrock of TF1's business: food (+4%), the channel's biggest advertiser, grooming and beauty products (+12%), which recorded the biggest increase (+€37 million), and cleaning products (+11%). Other growth sectors were culture/leisure and travel/tourism, which increased by 33% and 23% respectively. Advertising expenditure declined in two sectors: automobiles (-2%, though spending revived significantly in the second half of the year) and services (-19%).

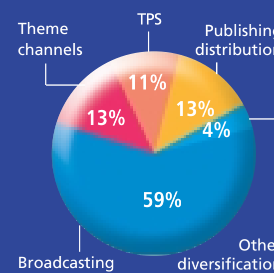
Theme channels accounted for 8% of gross advertising expenditure on television in France.

(2) Source Sécodip.

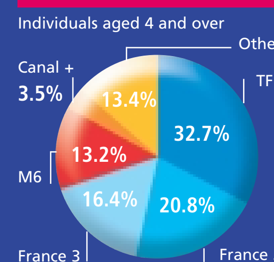
Diversification sales up



Sales by segment

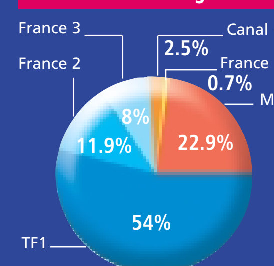


Leader in audience share



Source Médiamétrie

Leader on advertising market



Source Sécodip

Consolidated income statement

(million euros)	2002	2001*
SALES	**2,625**	**2,522**
OPERATING INCOME	**293**	**328**
Net financial items	(30)	(37)
EARNINGS BEFORE TAX AND EXCEPTIONAL ITEMS	**263**	**291**
Exceptional items	(4)	3
Income tax	(94)	(107)
NET EARNINGS OF CONSOLIDATED COMPANIES	**165**	**187**
Share in earnings of companies accounted for by the equity method	(1)	(2)
Amortisation of goodwill	(9)	(5)
NET EARNINGS BEFORE MINORITY INTERESTS	**155**	**180**
CONSOLIDATED NET EARNINGS ATTRIBUTABLE TO THE GROUP	**155**	**179**
Minority interests	-	1

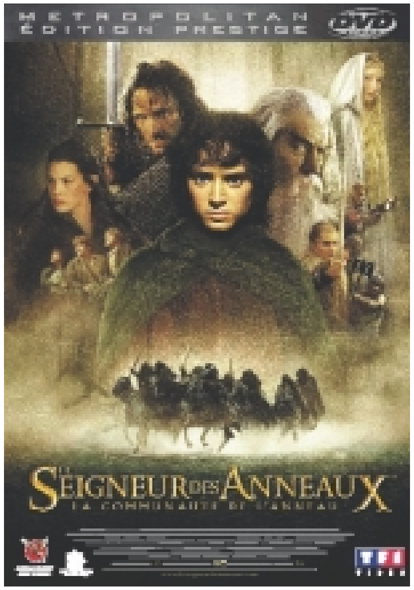
Consolidated balance sheet at 31 December

ASSETS *(million euros)*	2002	2001*
FIXED ASSETS	**1,232**	**1,207**
Stocks, programmes and broadcasting rights	676	653
Trade and other receivables	1,176	1,210
CURRENT ASSETS	**1,852**	**1,863**
Cash and equivalent	54	33
TOTAL ASSETS	**3,138**	**3,103**

LIABILITIES *(million euros)*	2002	2001*
Share capital and reserves	806	692
Minority interests	1	1
STOCKHOLDERS' EQUITY	**807**	**693**
Other equity	-	-
STOCKHOLDERS' EQUITY AND OTHER EQUITY	**807**	**693**
Provisions for liabilities and charges	140	133
Financial liabilities	529	752
LONG-TERM CAPITAL	**1,476**	**1,578**
CURRENT LIABILITIES	**1,643**	**1,505**
Short-term bank borrowings and overdrafts	19	20
TOTAL LIABILITIES	**3,138**	**3,103**

* pro forma

Net debt	Net debt to equity ratio
€494m	**61%**



Diversification activities: +38.6%

Taking advantage of its brand recognition and know-how, TF1 has diversified from the outset, creating new lines of business developed in synergy with the TV channel. Operating revenue from diversification activities represented 43.2% of total revenue in 2002, increasing by 38.6% to €1,148 million mainly as a result of the proportional consolidation of TPS and the excellent performance of TF1 Vidéo and TF1 Entreprises.

NB: the review of the activity of TF1 subsidiaries below is based on individual sales and not their contribution to consolidated sales except where stated otherwise.

Publishing and distribution

TF1 Entreprises, taking advantage of the TV channel's hit programmes, increased its sales by 52% to €55 million. Net earnings rose by 25% in 2002 to €15.7 million. TF1 Licences, which markets trade mark licences linked to programmes, managed to offset a decline in its traditional business with growth in its press, toys and merchandising activities. TF1 Interactif benefited from the popularity of Star Academy and Allo Quiz, recording 71.6 million calls compared with 37.3 million in 2001. TF1 Games sold 437,000 boxes of board games in 2002, with Star Academy and Qui veut gagner des millions (the French version of Who Wants to be a Millionaire?) leading the field. TF1 Musique was created in 2002 to develop recording projects tied in to major events, original musical concepts, brands and characters for which it owns rights.

TF1 Vidéo, the leading French vendor on the market, sold 13.5 million units in 2002, with DVD representing 68% of the total (DVD now accounts for 60% of the French video market). The best-selling titles were Le Fabuleux destin d'Amélie Poulain, Lord of the Rings and Tanguy. TF1 Vidéo increased its sales by 23% to €192 million and reported a 32% rise in earnings before tax and exceptional items to €16.4 million.

Une Musique, the group's recorded music subsidiary, sold 6.2 million records during the year. Buoyed by a flourishing market, sales increased by 143% to €23.3 million and earnings amounted to €2.8 million.

Téléshopping, a distance shopping subsidiary, reported an 8% drop in sales to €72.5 million in a context where the market as a whole contracted by 3% (3). Business was also adversely affected by a change in the programme's slot in the TF1 schedule during the football world cup in June, and by the closure in April of the cable and satellite home shopping channel Shopping Avenue. The subsidiary reported net earnings of €1.1 million, down 31% on the previous year.

Internet

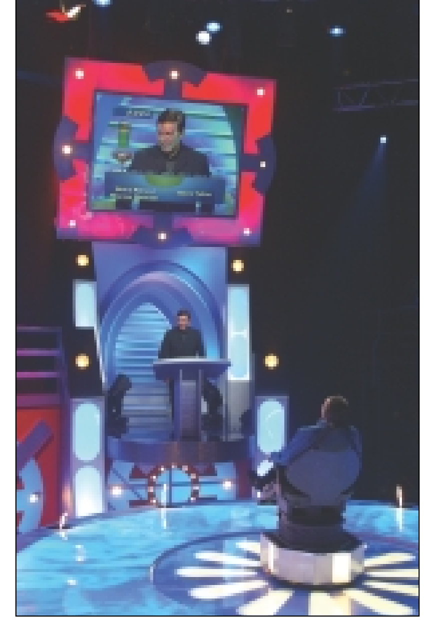
e-TF1, France's top media website in 2002, increased its sales by 49% to €11.6 million. Most of this growth was due to the sale of content in the framework of partnerships with Bouygues Telecom and Crédit Agricole, together with the extensive development of content and pay services. The company reported a loss before tax and exceptional items of €8.2 million, compared with a loss of €15.3 million in 2001.

(3) Source Fevad end November 2002.

Theme channels

At the end of 2002, TF1 owned either directly or through TPS thirteen theme channels with consolidated sales of €341 million, slightly less than in 2001 (€345 million) as a result of a slowdown in the advertising market and the unfavourable renegotiation of conditions for broadcasting by cable operators.

Eurosport, Europe's leading sports channel, was received in 95.4 million homes in 54 countries at end-2002, representing a penetration rate of 38%. Sales rose by 1% to €300 million. The leader on the Europe-wide advertising market, Eurosport increased its advertising revenue by 6% to €88 million, due in particular to broadcasting of the Salt Lake City Olympic Games and programmes around the football world cup. Cable and satellite



royalties remained stable at €191 million, while a net rise in the number of pay subscribers, which increased by 1.8 million, offset lost sales resulting from the collapse of ITV Digital in the UK. Net earnings rose 41% to €3.8 million.

The other theme channels (**LCI, Odyssée, TF6, Série Club, TV Breizh**) generated consolidated sales of €47 million and a net loss of €10 million.

Production and management of broadcasting rights

Three subsidiaries have a significant activity in this segment.

TF1 International distributes films for international audiences produced by TF1 International Pictures. Sales rose 17% to €38 million.

TF1 Films Production co-produced thirteen French films seen by over a million viewers in 2002, including Astérix et Obélix and Monsieur Batignole. It co-produced and bought first broadcast rights for 26 feature films. Sales rose 9% to €53 million.

Glem, a producer of entertainment shows and programmes, reported a 9% drop in sales to €69 million, mainly due to the end of the run of the musical Roméo et Juliette.

Digital TV

TPS, in which TF1 now has a 66% stake, had 1,430,300 active subscribers at end-2002. Sales rose 9.5% to €500 million and net losses were cut by 63% to €36.8 million.

At the end of 2001, TF1 reached an agreement with France Télécom and France Télévisions to buy out their 25% stake in TPS for €195 million. At the time, TF1 owned 50% of TPS. In July, TF1 and M6 concluded a preliminary agreement with Suez for the acquisition of its 25% interest in TPS for €160 million (€102.4 million for TF1, €57.6 million for M6). TF1 and M6 are bound by a shareholder agreement and now own 66% and 34% of TPS respectively.

Since December 2002, TPS, Canal + and the French professional football league have been involved in a dispute concerning the call for tenders organised by the football league for broadcast rights for the French football championship.

OUTLOOK 2003

TF1 aims to remain the number one in the non-pay TV segment in France, consolidating the leading position of its general-interest channel in terms of both audience ratings and advertising revenue. The TF1 channel, the main source of cash-flow, will continue to contribute to the expansion of diversification activities (production, acquisition, distribution and exploitation of content), applying its TV know-how.

Despite difficult business conditions, TF1 will continue its efforts to establish its other lines of business as benchmark offerings in their special-interest areas and on their particular markets. In particular, it will distribute Eurosport and LCI more widely on international markets and create new channels to expand its portfolio.

Having increased its stake in TPS in 2002, TF1 intends to become a key player in pay TV. TF1 and TPS have been awarded five digital terrestrial TV frequencies, and the commercial launch could take place in 2004. Since December 2002, TF1 has also been conducting an experiment using ADSL high-speed phone lines to distribute audiovisual content, in order to test these highly promising new technologies.

TF1 remains faithful to its policy of producing, acquiring, distributing and exploiting content, whether broadcast on TV (TF1, theme channels) or disseminated by other means. The effects of an agreement with the American producer Miramax will begin to be felt in 2003, especially in motion picture distribution, a new area of business in which TF1 intends to expand.

TF1 expects a 4% increase in consolidated sales in 2003 and a rise of 1 to 3% in advertising revenue, though any forecasts must be treated with circumspection given the level of uncertainty and volatility on markets worried about the consequences of the war in Iraq. A significant improvement in consolidated net earnings is also expected.

On 18 February 2003, TF1 said that it was considering the possibility of acquiring some of the assets of the Kirch media group. This preliminary study does not in any way pre-empt the decision whether to invest in Germany or not, which will be taken by the Board in due course.

Utilities: water, energy, environmental services

Sales in 2002: **€2,516m**

Ebitda: **€221m**

Net earnings: **€27m**

Employees: **23,000**

Highlights

- **External growth:** acquisition by Stereau of a 75% stake in Idagua, a Spanish company specialising in industrial water treatment
- **International:** renewal for 50 years of the contract to produce and supply drinking water to the city of Valencia in Spain. Unrest in Côte d'Ivoire. On-going monetary crisis in Argentina
- **Construction:** design and construction of the Grésillons wastewater treatment plant (300,000 m³/day) west of Paris, Stereau's first contract in the Paris region
- **Customer relations:** deployment by Saur France of the Saphir customer management software product in its South-West region
- **Environmental services:** contract for household waste collection in the Orléans urban area (17 communes) and start-up of the Tours sorting centre (6,500 tonnes/year)
- Appointment in September 2002 of **Hervé Le Bouc**, former Chairman and CEO of Bouygues Offshore, as CEO of Saur in place of Yves Gabriel

Saur is a major global player in the utilities management sector, serving 52 million people in 18 countries worldwide. Generating three-quarters of its activity in water-cycle businesses, the company also provides power generation and distribution and solid waste treatment services.

Saur reported sales of €2.5 billion in 2002, close to their 2001 level. Through organic growth, it was able to offset the drop in sales resulting from divestments in 2001 and 2002. Like-on-like, sales would have increased by 4%. Net earnings attributable to the Group amounted to €27 million.

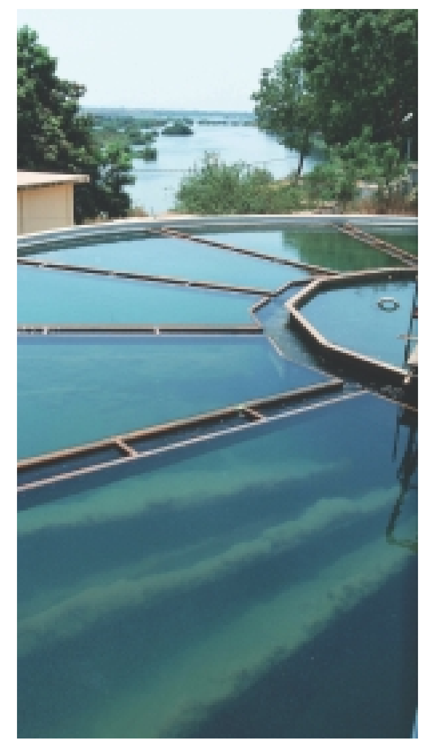
Saur France: 53% of Saur's business

Saur France, which does most of its business in communities with fewer than 100,000 inhabitants, is the third largest utilities management company in France, with a market share of 13%. It reported consolidated sales of €1,363 million in 2002.

Water and wastewater business increased by 2.5%, largely due to a 1.7% increase in index-linked charges. Saur has completed the transfer to Saur France of its French water activities, which now account for 76% of the subsidiary's sales.

Contracting work, including pipe-laying and renovation and operational works, accounted for the remaining 24% of total sales. In 2002, Saur France transferred its small plant design-build activities to Stereau, Saur's design and construction subsidiary.

Saur France continued the process of integrating its business, developing cohesive information systems like Saphir, a customer management system, and Jade, a cost control and purchasing



management package. On the development side, the company has concentrated on new services for industrial customers like Bonduelle and Danone.

International

Saur International, which generates 33% of Saur group revenues, reported consolidated sales of €829 million in 2002, a drop of 6.4%. The decline was mainly due to the divestment of CTSE in the Czech Republic, Ecovert in the UK and Saur Canada, finalised in 2002. Including companies that are not fully consolidated, Saur International's sales amounted to €1,199 million.

In Europe, sales rose to €458 million. The group recorded a number of commercial successes: for example, in early 2002, Aguas de Valencia renewed its contract to produce and supply drinking water to the city of Valencia for a 50 year term.

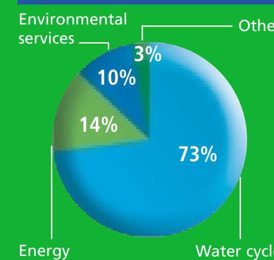
In Spain, Emalsa, Aguas de Valencia, Gestagua and Sercanarias generated sales of €162 million.

In Italy, Crea-Sigesa generated €51 million. With the liberalisation of the water market, the company intends to pursue growth by winning other water management contracts.

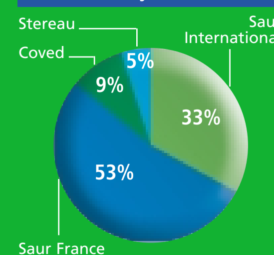
In the UK, Saur UK, South East Water and Pipeway generated sales of €189 million. Saur UK sold its cleansing and building maintenance activities, managed by Ecovert, to Bouygues Construction. It has also taken steps to reduce operating costs, introducing measures such as call centres, online payment of bills and operational data systems that can be accessed remotely via GPRS, to offset

Sales

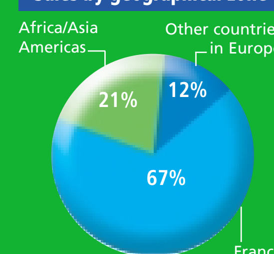
Sales by segment



Sales by division



Sales by geographical zone



52 million people served worldwide

Consolidated income statement

(million euros)	2002	2001
SALES	2,516	2,494
OPERATING INCOME	108	85
Net financial items	(30)	(54)
EARNINGS BEFORE TAX AND EXCEPTIONAL ITEMS	78	31
Exceptional items	(38)	30
Income tax	(4)	(18)
NET EARNINGS OF CONSOLIDATED COMPANIES	36	43
Share in earnings of companies accounted for by the equity method	9	5
Amortisation of goodwill	(10)	(12)
NET EARNINGS BEFORE MINORITY INTERESTS	35	36
CONSOLIDATED NET EARNINGS ATTRIBUTABLE TO THE GROUP	27	33
Minority interests	8	3

Consolidated balance sheet at 31 December

ASSETS *(million euros)*	2002	2001
FIXED ASSETS	2,012	2,065
Stocks	61	64
Trade and other receivables	1,310	1,648
CURRENT ASSETS	1,371	1,712
Cash and equivalent	96	123
TOTAL ASSETS	3,479	3,900

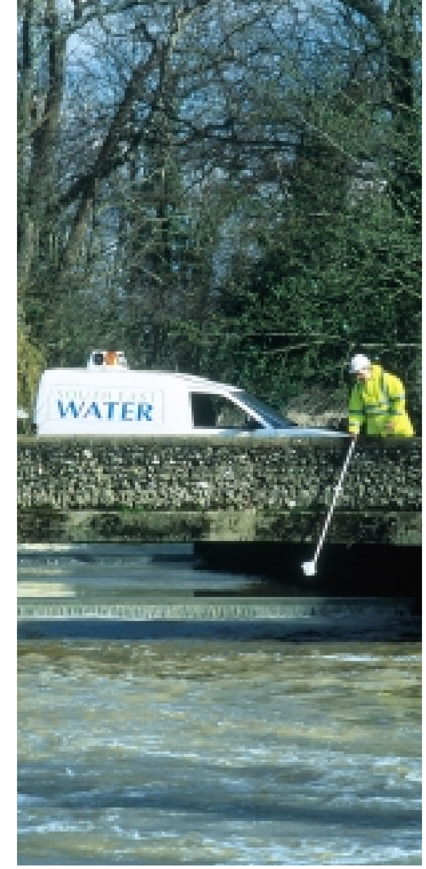
LIABILITIES *(million euros)*	2002	2001
Share capital and reserves	610	616
Minority interests	33	54
STOCKHOLDERS' EQUITY	643	670
Other equity	29	22
STOCKHOLDERS' EQUITY AND OTHER EQUITY	672	692
Provisions for liabilities and charges	494	489
Financial liabilities	586	725
LONG-TERM CAPITAL	1,752	1,906
CURRENT LIABILITIES	1,667	1,918
Short-term bank borrowings and overdrafts	60	76
TOTAL LIABILITIES	3,479	3,900

Net debt	Net debt to equity ratio
€550m	82%

a 16% cut in water prices over 5 years imposed by Ofwat, the UK water regulator. In recognition of the company's professionalism, Ofwat awarded South East Water five stars for service quality.

In eastern Europe, Saur Neptun Gdansk in Poland and Rossa in Russia generated sales of €35 million.

In Africa, Saur International continued its activity. Energie du Mali, which produces and distributes the country's water and power, continued its programme of strengthening its facilities and making them more reliable. Substantial investment in networks and the commissioning of a dam helped to reinforce its power generation operations and brought water and electricity to a subscriber base which increased by 25%. Energie du Mali generated sales of €100 million. Sénégalaise des Eaux, which produces and distributes water for five million people in Senegal, concluded an agreement guaranteeing its investment in the network. It generated sales of €61 million. Sénégalaise des Eaux was the first Senegalese company to obtain ISO 9001: 2000 certification. In Côte d'Ivoire, CIE (power generation and distribution), Sodeci (water production and supply), Ciprel (thermal power plant) and Foxtrot (offshore gas production) reported aggregate sales of €455 million. A rise in electricity exports to neighbouring countries, especially Ghana, offset the lost revenue and unpaid bills resulting from recent political unrest (1). Saur does over 90% of its business in the south of the country, which is not directly affected by the current conflict. Saur International continued its water and wastewater activities in South Africa (Dolphin Coast, 60,000 inhabitants) and Zambia and carried out contracting work in Algeria and Ghana.



Other countries. In Argentina, OSM, which produces and supplies drinking water in Mendoza province, reported sales of €20 million compared with €68 million in 2001. The fall was due to a 72% devaluation of the peso. In order to cushion the effect of devaluation, OSM took steps to keep operating costs and investment to the strict minimum (1).

In China, Saur International continued to operate drinking water production plants at Harbin and Shanghai-Fengxian. In Vietnam, it will finish

(1) See page 58 below.

rehabilitating and strengthening networks at Halong Bay in the first half of 2003. Sales in Asia amounted to €10 million in 2002.

Environmental services on the rise

Coved, which has approximately 8% of the French solid waste processing market, increased its consolidated sales by 10% to €225 million, due mainly to the opening of a waste sorting centre in Tours and a rise in orders. The company won new contracts for selective waste collection in Rouen and Orléans. In the waste incineration segment, it continued the construction of a processing and recycling plant at Calce, near Perpignan, financed under a leasing arrangement. However, Coved withdrew from the waste incineration business in early 2003, preferring to concentrate on higher value-added market segments like the collection of industrial, toxic and hazardous waste such as pesticides and herbicides. It obtained ISO 14001 certification in 2002 for two of its final waste storage centres.

Innovative products and processes

Saur is developing compact and adaptable processes that are easy to use. For drinking water, it is currently testing a nanofiltration process using hollow-fibre membranes to eliminate pesticides and bacteria, and is developing an arsenic adsorption process and a continuous water quality warning system based on DNA detection of pathogens.

In wastewater treatment, Saur implemented a mixed dephosphatation process in 2002 which reduces the quantity of chemical reagents used to eliminate phosphor by 60%. Its MycET process reduces the volume of sludge by up to 30%, while the Rhizodor process uses plants and micro-organisms to treat wastewater.

Stereau, first contract in the Paris region

Stereau, a design and construction subsidiary for wastewater treatment and drinking water production plants, reported a 52% rise in consolidated sales to €121 million following the transfer on 1 January 2002 of Saur France's contracting business. Stereau won contracts to build medium-sized plants at Auray and La Turballe in western France and at Pau in the south-west. In the large plant segment, Stereau was awarded the contract to design and build the Grésillons facility to the west of Paris. Having already been selected for major projects at Orléans, Caen, Tours and Lyons, Stereau has now won its first contract in the Paris region. Elsewhere, Stereau acquired a 75% stake in Idagua, a Spanish design firm which specialises in industrial water treatment, in a move which reflects the company's aim of strengthening its position on industrial water and process water treatment markets in France and abroad.

OUTLOOK 2003

Saur expects consolidated sales in 2003 to remain stable at just over €2.5 billion. The company has confirmed its commitment to sustainable development, which combines the three essential requirements of environmental protection, social responsibility and profitability. As such, it is continuing its policy of controlling risk and improving performance, as well as pursuing its objective of increasing the number of its customers, including both local authorities and industrial companies.

Saur France is developing its business by securing the renewal of existing contracts. Saur International expects to stabilise its activity and to expand in Europe while consolidating its positions in emerging countries. Coved is pursuing growth in high value-added segments, especially industrial waste processing. Despite booking major orders in 2002, Stereau is unlikely to report sales growth in 2003, since the results of its commercial success will not show through in the accounts until 2004.

The benchmark contractor

Sales in 2002: **€5,827m**

Ebitda: **€171m**

Net earnings: **€113m**

Employees: **33,500**

Highlights

- **Major contracts signed:** renovation of a building at rue de la Chaussée d'Antin in Paris (€50 million), construction of a museum in Paris (€29 million), tunnels in Hong Kong (€228 million), residential complex in Singapore (€80 million), motorway concession in Jamaica (€110 million), container terminal in the Dominican Republic (€88 million), construction of a large mosque in Turkmenistan (€98 million)
- **Major projects under way:** in France, renovation of the Grand Hotel in Paris (€75 million), office and shopping complex at Saint-Denis (€67 million), Pierre Bénite wastewater treatment plant in Lyons (€43 million), prison in the Paris region (€37 million), financing of the A28 motorway project (concession), package 13 of the high-speed rail link to eastern France (€44 million); abroad, new UK Home Office headquarters (€321 million), Groene Hart tunnel in the Netherlands (€380 million), Rostock tunnel in Germany (€156 million), Budapest sports arena (€113 million), roads in Chad, mines at Morila (Mali) and Geita (Tanzania)
- Difficulties with three projects: Papeete hospital in French Polynesia, Ferden tunnel in Switzerland, Wola shopping centre in Poland
- **Yves Gabriel,** formerly Deputy CEO of Saur, was appointed Chairman and CEO of Bouygues Construction in September 2002

Bouygues Construction, which groups building, civil works and electrical contracting, offers customers extensive expertise at every stage of their project, from design to operation and maintenance. Its two major growth priorities are to expand and strengthen its products and services so as to offer customers comprehensive, high value-added solutions, and to pursue the development of its international business.

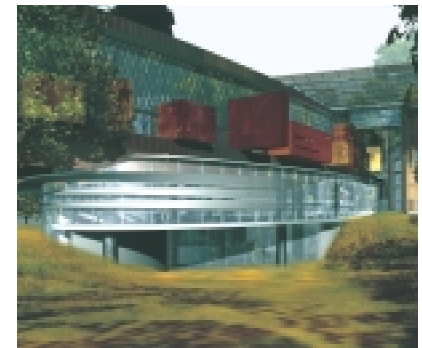
Bouygues Construction reported sales of €5.8 billion in 2002, including €578 million from six months of Bouygues Offshore's oil and gas contracting activities. On 2 July 2002, Bouygues Construction sold its 51% stake in Bouygues Offshore to Saipem, an Italian group, for €521 million, generating a capital gain of €140 million.

The company had been entirely created and built up by Bouygues. Excluding Bouygues Offshore, sales in 2002 amounted to €5.2 billion, a 1% drop on the previous year.

The biggest project, the Groene Hart tunnel in the Netherlands, contributed €121 million, the top five projects €393 million and the top ten €614 million. In the building sector, the company generally subcontracts 40% to 50% of works (architectural and technical trades). The proportion is generally less than 20% in the civil works sector and very small in the electrical contracting sector.

Building and civil works: international markets account for 49% of sales

Sales in the building and civil works sector fell by 3.3% to €4.7 billion in 2002, divided evenly between the domestic market (€2.4 billion) and



Quai Branly Museum, Paris (arch. Jean Nouvel)

international markets (€2.3 billion). In France, activity remained at a high level in the building sector but declined in the civil works sector due to a lack of major projects. Difficulties on three international projects also impacted unfavourably on sales. Order books are buoyant.

France

Although official measurements of market share in the construction sector no longer exist, surveys carried out by trade bodies credit Bouygues Construction with a 5% share of a total market that spans all building and civil works activities, including self-employed contractors. There is no doubt that Bouygues Construction has a significant market share in certain segments, such as major civil engineering structures and office buildings, though no reliable measurements of these are available. Public-financed projects account for about 40% of the group's business, and private-financed projects for the other 60%.

The French building market remained flat in 2002, albeit at a high level, sustained by maintenance and renovation work. Bouygues Construction operates through Bouygues Bâtiment in the Paris region, through a network of building and civil works subsidiaries in the other regions, and through Bouygues Travaux Publics, which focuses mainly on major infrastructure projects and specialist contracting.

In the Paris region, Bouygues Construction reported a 6% increase in sales as work got under way on major contracts awarded at the end of 2001. Renovation projects in Paris included the Grand Hotel on rue Scribe (€83 million) and five 19th century buildings on rue Pillet Will, redeveloped as offices while preserving the facades (€59 million). New constructions included a prison at Liancourt (€37 million) and a combined office and shopping complex in Saint-Denis (€67 million).

A number of projects were completed, including the Carré-Sénart shopping centre (€65 million), the Ausone tower at La Défense (€56 million), the headquarters of Bouygues Offshore at Saint-Quentin (€47 million) and of Bristol Myers Squibb at Rueil-Malmaison (€36 million), and an office building on rue de l'Université in Paris (€25 million).


Carré-Sénart shopping centre in the Paris area

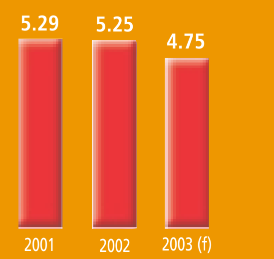
Work began on several major projects at the end of the year, including the redevelopment of a building on rue de la Chaussée d'Antin (€50 million), the construction of a museum devoted to the art and civilisations of Africa, Asia, Oceania and the Americas on quai Branly near the Eiffel Tower (€29 million), an office complex at Charenton-Le-Pont (€36 million) and a housing project at Vincennes.

Elsewhere in France, subsidiaries operating in both the building and civil works sectors reported a 3% increase in sales. Projects currently under way include the Pierre-Bénite wastewater treatment plant in Lyons (€43 million), the Touchard and Washington high schools in Le Mans (€26 million) and a gendarmerie headquarters in Tulle (€14 million). At the end of 2002, Bouygues Construction won contracts to design and build a prison at Chauconin (€37 million) and a hospital in Annecy (€25 million).

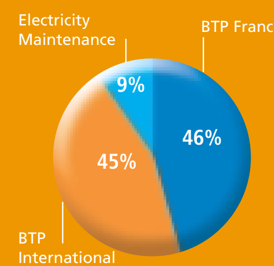
Bouygues Travaux Publics reported a drop in sales from €336 million in 2001 to €193 million in 2002, mainly due to a downturn in activity at its specialist earthworks and post-tensioning subsidiaries. After expanding in 2000 and 2001, the French civil works market was hit by a lack of major projects in 2002.

Figures excluding Bouygues Offshore

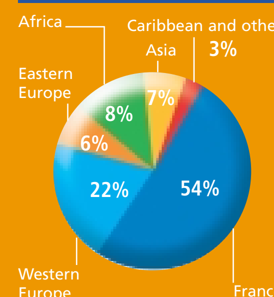
Sales



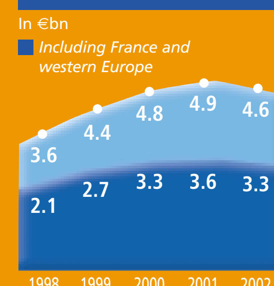
Sales by segment



Sales by geographical zone



Order book



Consolidated income statement

(million euros)	2002	2001*
SALES	5,827	5,821
OPERATING INCOME	30	52
Net financial items	9	35
EARNINGS BEFORE TAX AND EXCEPTIONAL ITEMS	39	87
Exceptional items	134	(7)
Income tax	(58)	(45)
NET EARNINGS OF CONSOLIDATED COMPANIES	115	35
Share in earnings of companies accounted for by the equity method	6	4
Amortisation of goodwill	(1)	-
NET EARNINGS BEFORE MINORITY INTERESTS	120	39
CONSOLIDATED NET EARNINGS ATTRIBUTABLE TO THE GROUP	113	27
Minority interests	7	12

Consolidated balance sheet at 31 December

ASSETS (million euros)	2002	2001*
FIXED ASSETS	663	616
Stocks	78	69
Trade and other receivables	2,039	2,175
CURRENT ASSETS	2,117	2,244
Cash and equivalent	1,311	1,326
TOTAL ASSETS	4,091	4,186

LIABILITIES (million euros)	2002	2001*
Share capital and reserves	201	95
Minority interests	5	6
STOCKHOLDERS' EQUITY	206	101
Other equity	-	-
STOCKHOLDERS' EQUITY AND OTHER EQUITY	206	101
Provisions for liabilities and charges	522	458
Financial liabilities	134	113
LONG-TERM CAPITAL	862	672
CURRENT LIABILITIES	3,092	3,341
Short-term bank borrowings and overdrafts	137	173
TOTAL LIABILITIES	4,091	4,186

* pro forma

Net cash surplus

€1,040m in 2002

New Home Office headquarters in London

Projects currently under way include:

- the A28 motorway, a concession involving the financing, design, construction and operation for 62 years of a 125 km motorway linking Rouen and Alençon. Financing arrangements for the project continued successfully in 2002: a €460 million bond issue launched by Alis, the concession holder, was fully subscribed;
- package 13 of the high-speed rail line to eastern France (€44 million), which will link Paris and Strasbourg and eventually connect to the German rail network;
- line B of the Toulouse metro (€43 million);
- a wastewater treatment plant at Valenton (€30 million).

International

Outside France, Bouygues Construction operates through local subsidiaries or consortia set up for specific projects. In 2002, Bouygues Construction saw growth in Europe, Central America and the Caribbean and Africa, but a slowdown in the Asia/Pacific region.

The world construction market is so large that the market share of even the biggest firms is comparatively small. There are no official figures, since many countries do not collect statistics, but Engineering News Record, an American magazine, publishes an annual survey of international contracts which credits Bouygues with 5% of the building segment and 2.9% of the transportation segment.

- **In western Europe**, the markets on which Bouygues Construction operates are growing. This applies in particular to infrastructure and public services in the UK, as a result of public-private partnerships in the healthcare, education and transport sectors. Well-positioned, Bouygues Construction is continuing to enhance its full-service offering and has been especially successful in private finance initiatives (PFI). The company has little exposure to markets currently experiencing difficulties, notably in Germany, and has maintained a very satisfactory level of sales in Switzerland even though the market there is less buoyant at present.

  Local subsidiaries have reported significant increases in sales as a result of major projects currently under way. In Britain, Bouygues UK is working on two major PFI projects: the design and construction of West Middlesex hospital (€86 million) and the new Home Office headquarters (€321 million), for which it has also been awarded a 26-year maintenance contract worth €380 million. In Spain, Acieroïd carries out specialist works. In Switzerland, Losinger is building offices in Zurich for the investment fund PSP (€53 million), and at Baumgarten for the insurance company Winterthur Vie (€37 million).

  Major tunnelling works are continuing in the Netherlands (Groene Hart, €380 million) and at Rostock in Germany (€156 million).

  Other contracts in western Europe during the year included the construction of a steel rolling mill in Luxembourg (€27 million) and the conversion into offices of a former post office in the centre of Berne (€22 million).

- Bouygues Construction is working on a number of major projects **in central and eastern Europe**, such as the Budapest sports arena (€113 million), which the company will also operate under a concession, and the President Hotel (€58 million) and a large mosque (€98 million) in Turkmenistan.

- **In the Asia/Pacific region**, the downturn in Bouygues Construction's activity continued in a difficult economic and competitive situation. However, recent orders booked by the company will ensure its on-going presence in Asia:
  - Hong Kong: the design and construction of tunnels at Lok Ma Chau (€228 million) in the wake of several similar projects in recent years, and the design and construction of four cable tunnels (€72 million) for CLP Power Hong Kong Ltd, the local power utility;
  - Singapore: the construction of a 648-unit residential complex with 18 ten-storey buildings (€80 million) and the design and construction of the Belmond Green luxury residential complex (€31 million).

Groene Hart tunnel in the Netherlands

Caucedo terminal in the Dominican Republic

- Bouygues Construction is currently expanding **in Central America and the Caribbean**, where it concluded a number of sizeable contracts in 2002 including:
  - a 35-year concession for Highway 2000 (€110 million), Jamaica's first toll motorway project;
  - construction of a container terminal at Caucedo (€83 million) in the Dominican Republic;


Varadero hotel in Cuba

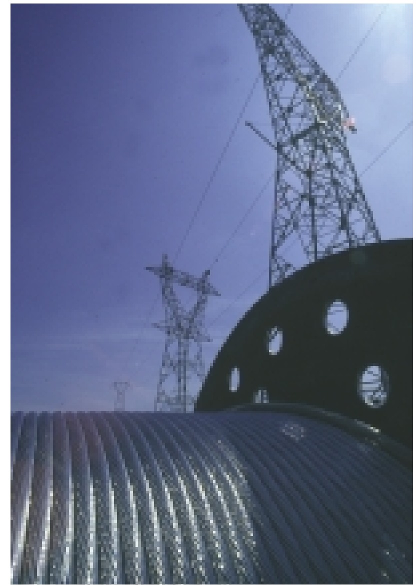
- a turnkey construction project for two hotels in Cuba, the 360-room Cayo Santa Maria Dunas 2 (€21 million) and the 500-room Varadero (€30 million), for the Gaviota tourism group.

- **In Africa**, revenue is rising as current projects proceed at peak levels; they include a road in Chad, mines at Morila in Mila and Geita in Tanzania, and the Heineken brewery in Nigeria.

Difficulties were encountered with three large-scale projects in the second half of 2002. Construction work on the hospital at Papeete in French Polynesia (€145 million) is at a standstill, since the drawings have been altered and the local authorities will not allow the entry of skilled labour. On the Ferden tunnel project in Switzerland, of which Bouygues has a €200 million share, it is proving difficult to achieve the expected rates for materials excavation and removal. On the Wola shopping centre project at Warsaw in Poland (€75 million), the acceptance procedure has been affected by a legal dispute. Provisions have been booked to take account of these difficulties (see page 57 below).

Electrical contracting: doing well

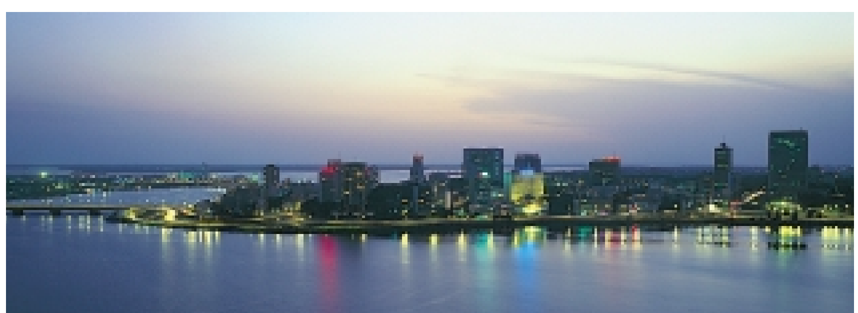
ETDE, a wholly-owned subsidiary of Bouygues Construction, reported a 22% rise in sales to €500 million, due partly to the solid performance of its energy networks division and partly to external growth. ETDE acquired Satel and E3 Lapeyre in early 2002, then the business of Team, an industrial maintenance firm. These acquisitions reflect the company's aim of enhancing its geographical coverage and its sales offering.



International sales rose 5% to €46 million.

ETDE concluded a number of international contracts in 2002, including:

- the Al Fateh complex at Ouagadougou in Burkina Faso (€10 million), which includes a luxury hotel, a shopping centre and offices;
- a 32 km power transmission line between Poznan and Warsaw in Poland (€10 million);
- a 350 km power transmission line through Mozambique (€14 million).


Utilities management : street lighting at Libreville, capital of Gabon

OUTLOOK 2003

Excluding Bouygues Offshore, Bouygues Construction's order book at end-2002 amounted to €4.6 billion, compared with €4.9 billion at end-2001. This fall reflects the uncertainties that are currently affecting economic activity worldwide.

As a result, forecasts for Bouygues Construction's building and civil works business in France are conservative. After four years of growth, the building sector in France is likely to face a slowdown everywhere except in the maintenance and renovation segments, which are relatively impervious to the business cycle. Private financing of public investment could underpin activity in the civil works segment, especially for transport infrastructure. Sales in the electrical contracting segment are likely to increase, buoyed by the strategy of external growth.

International markets will develop in different ways in 2003. In some eastern European countries, like Poland, the Czech Republic, Hungary and Slovakia, the need to make up the public infrastructure shortfall before joining the European Union is likely to drive market growth. In western Europe, markets in the UK, Spain and the Nordic countries are expected to remain buoyant. Local opportunities may arise elsewhere, as is currently the case in Central America and the Caribbean.

Bouygues Construction remains cautious in its forecasts for sales in 2003, which are likely to be lower than in 2002.

World leader in roadworks

Sales in 2002: **€7,415m**

Ebitda: **€536m**

Net earnings: **€208m**

Employees: **53,000**

A few projects

France

- Laying of 100,000 m² of noise-reducing asphalt mixes on the Lyons ring road
- Upgrading to 2x4 lanes of 3 km of the RN 165
- Renovation of the A26 between Troyes and Châlons-en-Champagne
- Rehabilitation of the second runway at Roissy-Charles-de-Gaulle airport
- Packages 13 and 14/21 for the high-speed rail link to eastern France at Château-Thierry
- Construction of a test track for an automobile manufacturer at Miramas in southern France
- Development of the Garonne embankment and the laying of special surfacing between the rails of the Bordeaux tramway
- Waterproofing of the Tulle viaduct

International

- Renovation of two access roads to Budapest
- Resurfacing of 15 km of Interstate 80 in the United States
- Construction of the second runway at Casablanca airport
- Development of the last 102 km section of the road linking Cotonou (Benin) and Burkina Faso
- Work on the Tuléar breakwater in Madagascar

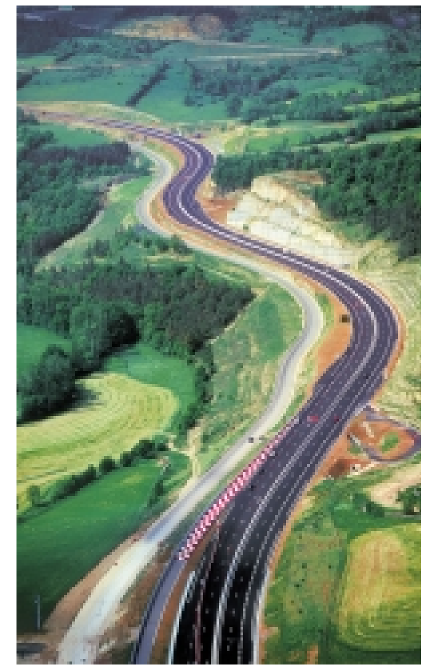
Colas is the world leader in road construction and maintenance. It also has upstream activities, operating quarries, asphalt plants and emulsion and binder plants. Colas is strengthening its positions in all aspects of transport infrastructure, including traffic signalling and management, civil engineering, pipes and mains, waterproofing, railways, environment and recycling, and concessions. With operations in more than 50 countries, mostly in Europe and North America, the company generates 45% of its revenues outside France.

Colas succeeded in sustaining a high level of overall activity in 2002 despite low or even negative growth rates on the markets on which it operates. Its capacity to withstand economic downturns is due in particular to the solidity of its businesses worldwide and a decentralised organisation which enables local operations to adapt to changing conditions on their particular market.

In 2002, sales rose by 1.3% to €7.6 billion. Like-on-like at constant exchange rates, the rise was 1%. A lower average dollar-euro parity in 2002 represented a €113 million decline in sales, offset by external growth. In line with the strategy introduced at the start of the year, acquisitions remained on a small scale and did not make any significant contribution to organic sales growth.

Stability in France

Sales in metropolitan France amounted to €4.2 billion, the same as in 2001 though representing a 1% drop like-on-like. Business was stable in roadworks and waterproofing, down in safety



and signalling, and up in pipelines and railway contracting.

Roads

Colas's sixteen regional subsidiaries built on last year's solid performance, maintaining total sales at almost the same level even though the market contracted by 6%. However, less favourable weather conditions and uneven workflow meant that activity was less regular than in 2001. In addition, the average price of oil products remained relatively high despite falling raw materials prices. Fierce competition, especially on

Rapid renovation of runway 2 of Roissy airport

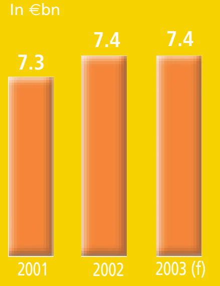
A number of exceptional projects were completed to very tight deadlines in 2002, requiring the mobilisation of substantial human and material resources. For example, Colas Ile-de-France-Normandie, Screg Ile-de-France-Normandie and Sacer Paris-Nord-Est joined forces to renovate the second runway at Charles de Gaulle airport in eleven days, with the tarmac still in use. The project involved reinforcing the runway with 90,000 tonnes of asphalt in a 15 cm layer and widening it to 7.5 m for the future Airbus A 380 super jumbo airliner.

major projects like the high-speed rail link to eastern France and the widening of roads used to transport sections of the Airbus A380, caused margins to deteriorate across the board. An 8% increase in orders at end-2002 meant that business has been able to continue under normal conditions in early 2003, but uncertainties exist with regard to the second half of the year, especially in view of price levels, which are currently a source of some concern.

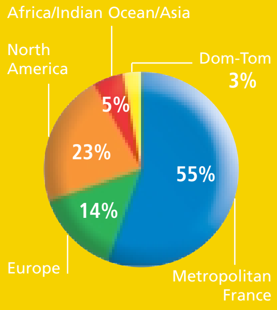
A large number of road construction and maintenance projects were carried out in 2002 across the entire French road network, from local minor roads to major arterial roads and motorways. Colas also helped to enhance the everyday living environment by laying silent and porous asphalts developed in its laboratories, landscaping finished projects, building retention basins, public transport infrastructure (tramways, bus lanes) and cycle paths, and laying paving and coloured asphalt mixes for pedestrian precincts.

Various acquisitions enabled the group to continue its strategy of growth in the production of aggregates. As a result, Colas is now the sole owner of the CCM quarry in northern France and acquired the Lazard quarries in south and south-east France, producing a total of 2.5 million tonnes of aggregates per year.

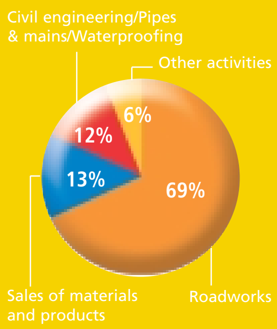
Sales



45% of sales abroad



All aspects of roadworks



Production of materials

90 Mt of aggregates
53 Mt of asphalt mixes
1.5 Mt of emulsions and binders

Consolidated income statement

(million euros)	2002	2001
SALES	7,415	7,328
OPERATING INCOME	292	299
Net financial items	(13)	(27)
EARNINGS BEFORE TAX AND EXCEPTIONAL ITEMS	279	272
Exceptional items	1	(10)
Income tax	(100)	(77)
NET EARNINGS OF CONSOLIDATED COMPANIES	180	185
Share in earnings of companies accounted for by the equity method	38	36
Amortisation of goodwill	(12)	(16)
NET EARNINGS BEFORE MINORITY INTERESTS	206	205
CONSOLIDATED NET EARNINGS ATTRIBUTABLE TO THE GROUP	208	203
Minority interests	(2)	2

Consolidated balance sheet at 31 December

ASSETS *(million euros)*	2002	2001
FIXED ASSETS	1,675	1,626
Stocks	191	177
Trade and other receivables	1,977	2,080
CURRENT ASSETS	2,168	2,257
Cash and equivalent	383	253
TOTAL ASSETS	4,226	4,136

LIABILITIES *(in million euros)*	2002	2001
Share capital and reserves	945	867
Minority interests	22	27
STOCKHOLDERS' EQUITY	967	894
Other equity	-	-
STOCKHOLDERS' EQUITY AND OTHER EQUITY	967	894
Provisions for liabilities and charges	458	452
Financial liabilities	161	197
LONG-TERM CAPITAL	1,586	1,543
CURRENT LIABILITIES	2,574	2,539
Short-term bank borrowings and overdrafts	66	54
TOTAL LIABILITIES	4,226	4,136

Net cash surplus

€2m in 2001 / **€156m** in 2002

Projects in France

55,000

International projects

35,000

20 to 25 years
reserves of materials, continually renewed or increased

1,200
establishments in over
50 countries

A new product each year

Each year the Colas laboratory, the world's leading private road research centre located to the west of Paris, develops products which improve safety and comfort for road users, limit road traffic noise and protect the environment. The Miniphone road surface reduces vehicle rolling noise by 3 to 5 decibels, easily halving sound pollution from traffic. Coletanche membranes act as barriers to protect soils and ground water. Castor and Pollux, new-generation water-based paints for road marking, do not contain any components harmful to health or the ozone layer. The Colgrip surface course, developed in 2002, reduces braking distances by 30% to 50%.

Safety and signalling

Somaro reported a 9% drop in sales in 2002 due to lower demand for new safety barriers and vertical signalling on motorways, fewer new sections, and the resumption by its American subsidiary FDS of core business following the completion of major contracts. The maintenance and services division reported increased sales as a result of the successful marketing of manufactured products (tow-trucks, warning lights).

Pipes and mains

Spac's markets were buoyant in 2002, enabling the company to report a 3% rise in sales even though EDF cancelled or scaled back some orders. Two major projects for Gaz de France helped to sustain the pipes business.

Rail

Seco-Rail reported a 23% increase in sales. The acquisition of RTS has extended Seco-Rail's skills in the renovation and widening of tunnels, a market with considerable potential for growth over the coming years.

In the UK, the consortium in which Seco-Rail has a 50% stake increased its sales. In contrast, activity in Belgium slipped back to its level in 2000.

Waterproofing

In a fiercely competitive environment, Smac Acieroïd's sales remained stable in 2002. Significant projects included waterproofing of the Tulle viaduct (16,000 m^2) and the start of an exceptional project involving roofing work on the factory in Toulouse where the Airbus A 380 will be assembled.

Solid performance on international markets

International and overseas activity rose by 2% in 2002 to €3.4 billion. Sales were stable in North America and increased in Europe, Africa and Asia.

Europe

Sales outside France rose by 4% to €1 billion. Business slowed in Belgium and Ireland, remained stable in Switzerland, expanded in northern Europe (UK, Finland) and central Europe (Hungary, Czech Republic, Romania), and fell back in Germany and Poland.

North America

Sales fell back by 2% to €1.7 billion, though the like-on-like figure was the same as in 2001. The slowdown of the US economy persisted in 2002 as private-sector investment dried up and the number of new industrial and commercial projects fell. Certain states did not fully use up the resources allocated to them by the federal government under the TEA programme to modernise and improve transport infrastructure. Given the circumstances, the 10 subsidiaries operating in 23 states performed well. In Canada, Terus returned satisfactory results despite lower sales resulting from a sharp drop in investment in Alberta and British Columbia, two states which have made the reimbursement of all their debt a priority. In contrast, Works Alberta reported a rise in revenue from its

seven long-term maintenance contracts, while Quebec-based Sintra Inc. also reported a sharp rise in sales.

Africa

Colas subsidiaries in Morocco increased their sales, mainly as a result of two motorway projects. Exceptionally heavy rains and delays in freeing up land hindered the smooth progress of work on the Casablanca orbital motorway. In West Africa, substantial funding for infrastructure projects from international organisations helped to boost revenue and levels of activity in Benin, Gabon, Mali and Burkina Faso, despite the consequences of unrest in Côte d'Ivoire. Business continues to flourish in the Indian Ocean and southern Africa, due to major projects in La Réunion and Mayotte, the planned rise in roadbuilding budgets in South Africa and Namibia, and the confidence of international organisations in Madagascar.

Asia

In Thailand, market conditions favoured sales of bitumen rather than emulsions. Tasco reported a rise in sales. In China, sales of bitumen and special products exceeded forecasts. In India, Hincol has expanded its product range by starting to make modified bitumens. Total output at the existing three plants increased by more than 30% in comparison with the previous year. A fourth plant, at Baroda in Gujarat state, is due to open in early 2003. In Indonesia, Wasco also reported higher revenues.

OUTLOOK 2003

2003 has got off to a good start despite global economic and political uncertainty: order books at the end of January were satisfactory, slightly higher than in 2002 both in France (+8%) and internationally (+4%).

Colas has much in its favour: a network of profitable businesses operating on markets where much of their activity is recurrent, a growing share of industrial activities, 95% of sales in developed countries and no exposure in emerging or unstable countries, efficient plant which means that capital expenditure can be adapted to any slowdown, a solid financial situation with a net cash surplus at end-2002, and a flexible structure of 1,200 establishments close to their markets.

Colas's strategy and growth priorities remain the same: to pursue prudent and profitable growth in all its lines of business by strengthening its industrial activities, especially the production of construction materials (aggregates, asphalt mixes, emulsions), and by extending and strengthening its international network. Colas will also monitor developments with regard to privatisation of the French motorway network. Depending on what the government decides, Colas, with the backing of Bouygues, is a natural candidate for the privatisation of a motorway concession holder.

Bouygues Immobilier

A multi-specialist *property* developer

Sales in 2002: **€1,288m**

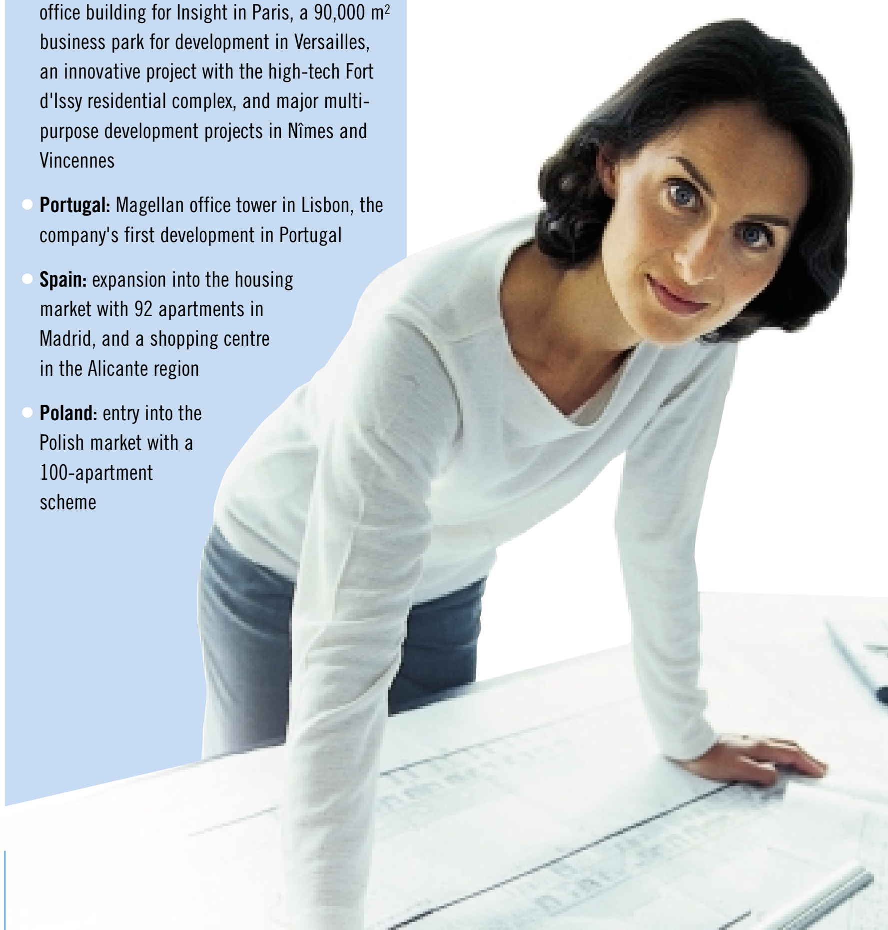
Ebitda: **€69m**

Net earnings: **€37m**

Employees: **840**

Highlights

- **France :** the headquarters of Le Monde and an office building for Insight in Paris, a 90,000 m² business park for development in Versailles, an innovative project with the high-tech Fort d'Issy residential complex, and major multi-purpose development projects in Nîmes and Vincennes
- **Portugal:** Magellan office tower in Lisbon, the company's first development in Portugal
- **Spain:** expansion into the housing market with 92 apartments in Madrid, and a shopping centre in the Alicante region
- **Poland:** entry into the Polish market with a 100-apartment scheme



Bouygues Immobilier is active in all areas of private property development, including apartment buildings, cluster housing, office and commercial space, hotels and land development.
2002 was a record year for production as the company reported a 35% increase in sales to €1,288 million.

Bouygues Immobilier is France's second largest housing developer with 4,400 units sold in 2002, behind Nexity and ahead of Kaufman & Broad. It is the leading developer of office space, especially in the Paris region, its main rivals being land development companies and British or American property developers.

As of 2002, consolidated book sales have been recorded according to the percentage of completion method for all sales (including individual housing units). The increase in revenue in 2002 reflects the very high level of sales in the corporate property sector in 2001 and significant growth in the housing sector. Business grew strongly in Europe in 2002, with sales doubling to €119 million.

Profitability continued to improve as a consequence of this high level of activity. Operating profits rose to €62 million compared with €45 million in 2001 (€38 million like-on-like), and net earnings attributable to the Group rose by 43% like-on-like to €37 million. As in the previous year, Bouygues Immobilier had a small cash surplus at

the end of 2002, due to favourable buyer financing terms obtained in the corporate property sector. Sales remained firm, with reservations amounting to €1,015 million, though this was still 11% down on 2001.

Solid performance in the housing sector

Prices in the housing sector continued to climb in a context of steady market growth. Reservations were taken for 4,511 housing units representing €649 million, an increase of 4% by volume and 17% by value. Reservations declined in the Paris region due to a shortage of land for development, but unit sales rose by 9% in the rest of France.

ValPar Immo, a 66% subsidiary acquired from EDF in October 2001, had a good year and contributed 338 reservations representing €44 million.

In Europe, the company completed a block sale of 92 housing units in Spain and started marketing its first housing development in Poland.

Corporate property: falling demand

As expected, demand for corporate property fell sharply: reservations representing €366 million were taken for 130,000 m² of offices, shops, hotels and business premises, 39% down on the record levels attained in 2001.

Bouygues Immobilier delivered a number of very large projects in 2002, on time and to high standards of quality. They included the 189-room Park Hyatt Paris-Vendôme on rue de la Paix, the 300-room Marriott Hotel at Roissy, the Novotel at San Joan Despi in Catalonia, the headquarters of Saipem at Saint-Quentin-en-Yvelines (30,000 m²) and of Steria at Issy-les-Moulineaux (13,000 m²), the River Plaza at Asnières (25,000 m²), the Premium at Villeurbanne (11,000 m²) and the headquarters of Ericsson at Madrid (20,000 m²).

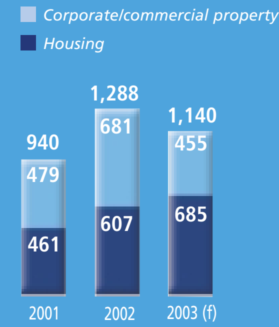
Work started on a number of projects, including the headquarters of Sofres at Montrouge (11,862 m²), Ipsos at Gentilly (16,000 m²) and CNAM at Bagnolet (34,000 m²), the Innovatis I and II developments at Saint-Denis (59,000 m²), the Grand Large in Marseille (15,000 m²), KPMG in Lyons (5,000 m²), Trianon in Madrid (18,000 m²) and Magellan in Lisbon (8,000 m²).

OUTLOOK 2003

In order to preserve its position as France's leading private property developer, Bouygues Immobilier is pursuing controlled growth through product diversification and expansion in the housing range while reducing its exposure to economic swings. A rise in reservations is expected as the housing sector continues to expand in the Paris region and in Europe. The decline in corporate property reservations is likely to be limited by a sales policy that targets users directly. An 11% decline in revenue is expected as a result of the slowdown in corporate property business in 2002.

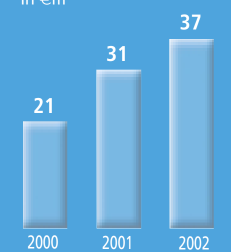
Sales in 2002: +37%

In €m



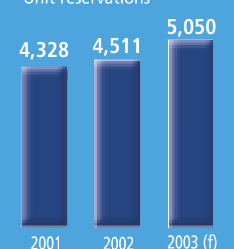
Net earnings: +19%

In €m



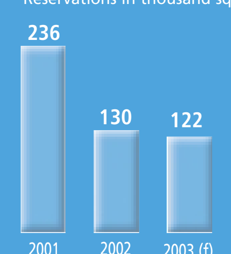
Housing

Unit reservations



Corporate/commercial property

Reservations in thousand sq.m.



Consolidated income statement

(million euros)	2002	2001
SALES	1,288	940
OPERATING INCOME	62	45
Net financial items	(12)	(8)
EARNINGS BEFORE TAX AND EXCEPTIONAL ITEMS	50	37
Exceptional items	4	1
Income tax	(15)	(6)
NET EARNINGS OF CONSOLIDATED COMPANIES	39	32
Share in earnings of companies accounted for by the equity method	-	-
Amortisation of goodwill	-	-
NET EARNINGS BEFORE MINORITY INTERESTS	39	32
CONSOLIDATED NET EARNINGS ATTRIBUTABLE TO THE GROUP	37	31
Minority interests	2	1

Consolidated balance sheet at 31 December

ASSETS *(million euros)*	2002	2001
FIXED ASSETS	120	122
Stocks	608	678
Trade and other receivables	841	896
CURRENT ASSETS	1,449	1,574
Cash and equivalent	94	134
TOTAL ASSETS	1,663	1,830

LIABILITIES *(million euros)*	2002	2001
Share capital and reserves	183	146
Minority interests	12	11
STOCKHOLDERS' EQUITY	195	157
Other equity	-	-
STOCKHOLDERS' EQUITY AND OTHER EQUITY	195	157
Provisions for liabilities and charges	97	76
Financial liabilities	61	58
LONG-TERM CAPITAL	353	291
CURRENT LIABILITIES	1,307	1,527
Short-term bank borrowings and overdrafts	3	12
TOTAL LIABILITIES	1,663	1,830

Net cash surplus

€64m in 2001 / **€30m** in 2002

Bouygues SA
parent company

Sales in 2002:	**€63m**
Ebitda:	**€(28)m**
Net earnings:	**€121m**
Employees:	**247**

Bouygues is an industrial group. Consequently, the activity of Bouygues SA, the parent company, mirrors that of the Group's various business areas. The parent company is entirely dedicated to their development. It is the place where the decisions are taken that determine the Group's strategy and the allocation of its financial resources.
Bouygues SA also provides the Group as a whole with a range of different services.

Bigger stake in Bouygues Telecom

In March 2002, Bouygues SA increased its stake in Bouygues Telecom by buying out Telecom Italia's interest in BDT, the holding company which controls Bouygues Telecom, for €750 million (shares plus shareholder advances). As a result of this acquisition, Bouygues SA increased its direct and indirect shareholding in Bouygues Telecom from 53.7% to 64.5%.

On 16 January 2003, Bouygues SA and the German group E.ON concluded an agreement which will allow Bouygues to acquire E.ON's stake in Bouygues Telecom. Under the terms of the agreement, on 5 March 2003 Bouygues acquired 5.8% of Bouygues Telecom for €334.4 million, increasing its shareholding in the company to 72.9%. In addition, provided that certain legal conditions are met, E.ON granted Bouygues an option to acquire the rest of its stake in Bouygues Telecom, representing 10.1%. Bouygues can exercise its option between 1 April 2003 and 14 October 2005. If Bouygues decides not to do so, E.ON has an option to sell its remaining interest in Bouygues Telecom which may be exercised, in principle, between 31 October 2005 and 14 February 2007. If this option were exercised at the end of 2005, Bouygues would have to pay a final price of €670.7 million for E.ON's remaining stake. If either option were exercised, Bouygues would own between 80% and 83% of Bouygues Telecom, depending on whether the other shareholders exercised their right of pre-emption or not.

After being advised of the agreement with E.ON, Standard & Poor's confirmed Bouygues' long-term and short-term credit ratings (A- stable and A-2 respectively).

Bouygues SA needed to finance not only these acquisitions but also the subscription to the capital increase launched by Bouygues Telecom to finance its UMTS licence. The company's financial situation is such that it was able to do so without issuing new shares or convertible bonds. On 15 May 2002, Bouygues SA tapped the market with a €750 million issue of 7-year bonds, increased to €1 billion on 6 December 2002. A total of 1,000,000 bearer bonds maturing 15 May 2009 were issued for €1,000 par at a fixed rate of 5.875%. The additional financing requirement will be covered by available cash resources and confirmed lines of credit.

Services provided to other Group businesses

As well as being responsible for the overall management of the Group, Bouygues SA provides a range of general and expert services to Group businesses in areas such as finance, communication, new technologies, insurance, legal affairs, human resources, etc. For that purpose, Bouygues SA concludes annual agreements with its operating divisions under which it invoices them for services rendered. These agreements and the amounts invoiced under them are described in the auditors' special report on regulated agreements.

Financial flows

In 2002, Bouygues SA received dividends totalling €161,998,686 from the following subsidiaries:

TF1	€54,477,848
Saur	€7,381,673
Bouygues Construction	€11,424,358
Colas	€81,914,935
Other, including Bouygues Immobilier	€3,799,872

There are no significant flows of funds between Group subsidiaries.

Cash management is centralised within financial subsidiaries wholly-owned by Bouygues SA. This arrangement ensures optimum management of financial expenses, since the surplus cash generated by certain subsidiaries can be used in addition to or in place of confirmed lines of credit granted by credit institutions to other subsidiaries.

Management and coordination

Bouygues SA also plays an important role in encouraging exchanges and taking maximum advantage of the accumulated experience within the Group, and in promoting personal development and the Group's corporate values and spirit.

In pursuit of these aims, in 1999 Bouygues SA created the Bouygues Management Institute. A training resource for experienced executives, it provides a framework for exchanges between almost five hundred senior managers from the Group's six business areas, enhancing their vision by giving them access to the experience of others from both inside and outside the Group. Topics tackled at workshops in 2002 included sustainable development and the use of intranets as a management tool.

Bouygues SA also organises forums on specific subjects. After a Human Resources forum in 2000, a Technology forum was organised in 2002. An exhibition visited by 5,000 people provided a showcase for over 70 major innovations from the Group's technical subsidiaries.

Lastly, to nurture the Group's corporate culture, Bouygues SA publishes a twice-yearly in-house magazine called Le Minorange, circulated to 45,000 employees.

Environmental and social information

Commitment to the environment

Driven by the dual objectives of preserving the living environment of its clients while respecting the regulations in force, the Group is continually seeking to improve the integration of its activities within the environment.

Concerned to varying degrees by environmental problems, each of Bouygues' businesses is responsible for structuring an environmental approach according to its own specific situation. Beyond simply meeting environmental regulations and regularly verifying their implementation, they are gradually formalising many activities that already exist or are under development.

For example, in the past three years, Saur has drawn up a standard environmental management system, applicable to all of its activities, which is gradually helping to improve the company's environmental performance. Bouygues Construction has developed know-how in the construction of High Environmental Quality (HEQ) buildings, a label calling for strict environmental protection criteria in the use of materials, energy control and site management. Colas has drawn up an environmental charter, defining quantifiable objectives and precise commitments that are then monitored by each subsidiary's environment manager.

Three main activities have been identified among the approaches and initiatives under way: preserving the living environment by improving interactions between the companies' activities and their environment, conserving natural resources and managing waste, and initiating a continuous improvement process to ensure the environmental performance of all products and services.

Preserving the living environment

Reducing their environmental impact has become a key concern for the Group's companies, regardless of their sector of activity. Various systems, some very stringent, have been put in place to reduce noise emissions, preserve architectural harmony or improve production conditions in industrial units.

Limiting noise emissions for residents. In order to decrease the noise pollution caused by its work sites, Bouygues Construction has developed a new generation of non-vibrated concrete so as to dampen the noise produced by traditional concrete vibrating operations. This new material, applied to date only in certain specific structures, is used in 10% of construction projects in the Paris area.

Saur will soon be starting construction in Guilvinec (Finistère) of the largest waste water treatment plant in France using a membrane bio-reactor.

The twin viaducts at Avignon, built by Bouygues Construction, were given a Ministry of the Environnement award in 2001 for the quality of their integration into the landscape

This process makes it possible to build much more compact plants than the traditional models, without large clarification tanks so they are easier to deodorize and integrate in an urban area.

Respecting wildlife and nature. Colas, for example, seeks opportunities to reintroduce plant and animal species when rehabilitating closed quarries. A case in point is the gravel pit at Mordhouse in the Haut-Rhin that will be classified as a nature reserve when the rehabilitation is complete.

Improving the integration of equipment in the landscape. When installing its aerials, Bouygues Telecom strives to preserve the environment and the cultural heritage of French regions by applying a national charter of environmental recommendations signed on 12 July 1999 by France's three mobile phone operators with the Ministries of the Environment and Culture. Since 2000, Bouygues Telecom has negotiated partnership agreements with local authorities, the goal of which is to define the best solutions to blend mobile phone towers into the landscape by using fake chimneys, trompe l'oeil, plant coverage, transformation of rooflines, etc.

In the same spirit, Bouygues Construction and Bouygues Immobilier, with the approval of their clients, prefer to use building materials and construction techniques that are in harmony with the special features of each region.

Conserving natural resources and managing waste

Reducing the quantity of raw materials and energy used. Bouygues Construction, in collaboration with Lafarge and Rhodia, has designed Ductal, a new type of ultra high performance concrete that greatly reduces the thickness of elements, thus reducing the use of raw materials. VSL used this new material to build the Footbridge for Peace in South Korea, completed in 2002, a bridge boasting an arch spanning 120 meters with a bridge deck only 3 cm thick.

The Footbridge for Peace in South Korea. Ductal, a new concrete, made it possible to considerably reduce the thickness of elements and hence the quantity of raw materials used

Smac Acieroïd, a Colas subsidiary, is finalising an innovative process to make asphalt at temperatures around 150° instead of the 250° required in traditional production methods. This lower temperature helps reduce by one third the volume of heating fuel required for its production.

Decreasing waste production and optimising waste recycling will help limit the amount of emissions and maximise recycling. Systematic collection and sorting of office waste will be progressively implemented. At TF1, the recovery rate of fluorescent tubes and batteries exceeded 70% in 2002.

Motivated to create clean work sites, Colas companies use fixed operating platforms to organize the collection, sorting and recycling of their spoils and road demolition materials, which can then be used by other sites. Colas now runs about 60 of these permanent platforms, and continues to install new ones in order to create a network providing maximum coverage.

Bouygues Telecom has launched systematic collection and recycling procedures for pollutants used by telephones and telecoms equipment. In 2002, 2.5 tons of batteries and 44 tons of used accumulators were collected across 500 approved collection centres.

Colas collects waste from mechanical workshops

At Colas, the quantity of waste from mechanical workshops treated by specialised companies has shown a constant increase. This policy is being implemented more widely, especially in Reunion, Mayotte, South Africa and New Caledonia.

Special wastes treated in mainland France *(in tons)*

	2000	2001	2002
Aerosols	*4*	*7*	*9*
Batteries	*65*	*63*	*82*
Degreasants, diluents, paints and adhesives	*8*	*7*	*18*
Packaging	*2*	*8*	*10*
Petrol and diesel	*4*	*3*	*3*
Filters	*70*	*94*	*120*
Coolants	*5*	*7*	*9*
Dry batteries	*1*	*4*	*5*
Contamined solids	*9*	*20*	*26*
Total tonnage	***168***	***213***	***282***

Bouygues Telecom preserves the regional heritage when installing its aerials

Innovating

The environment is an ongoing concern for the R&D departments of the construction businesses and Saur.

Improving the environmental performance of production processes. As part of the European research project DARTS, Bouygues Construction is involved in the development of an innovative decision-making tool for the design and engineering of tunnels. Its objective is two-fold: to optimise safety (internal structures) and durability (concrete, joints) while respecting the environment during construction and throughout the lifetime of the structures.

In order to increase the lifetime of pavements, Colas has developed the Novacol process, which consists of on-site repair, without heat, of pavement surface layers from 5 to 20 cm thick. In addition to fewer nuisances to the user, lower cost for the local authority and no waste, the process consumes less energy (cold processing) and helps preserve natural resources, since all of the materials in place are recycled.

Noise walls

Solutions for environmental problems. In order to reduce the noise produced by road traffic, the Group proposes a series of efficient innovations. Colas' three noise-reducing asphalt mixes (Colsoft, Microville and Miniphone) significantly cut the rolling noise produced by tyre contact with the road surface. Colas and DTP Terrassement, a Bouygues Construction subsidiary, have each developed a technical solution for noise walls, especially for use on roads in urban areas. Bouygues Immobilier is one of the first property developers to implement the principle of the active facade (heat extracted from work areas is circulated inside double envelope facades), which provides excellent thermal and acoustic insulation for buildings.

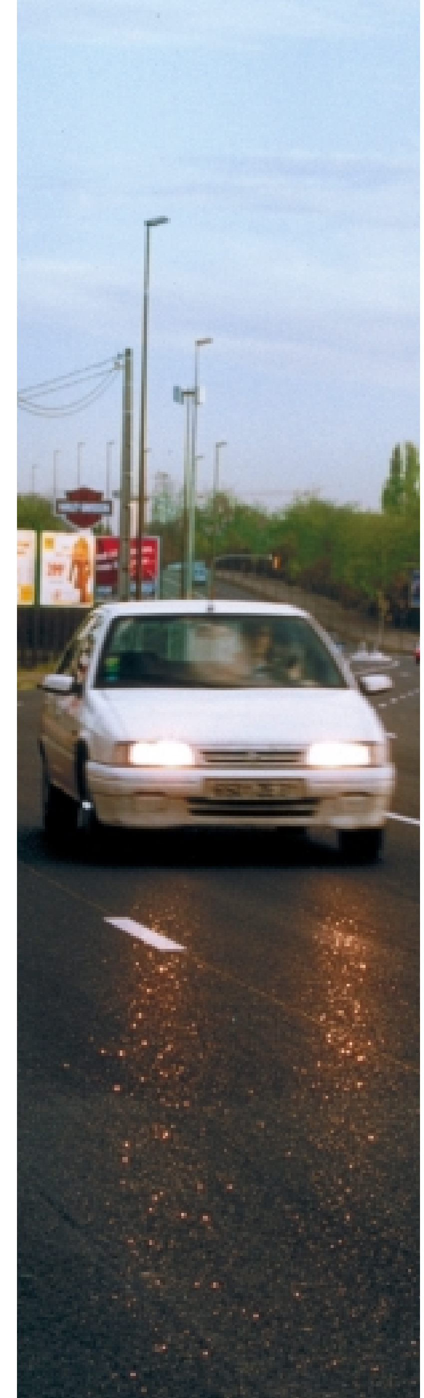
Reducing waste. Screg, a Colas subsidiary, uses the residues of Saint-Gobain mirror glass as a substitute for gravel to produce reflective bituminous concrete (Scintiflex), which is safer for drivers.

MycET, an ecological process developed by Saur to treat wastewater, is based on a culture of mycelium strains which is mixed into the sludge and converts the organic matter into gaseous elements. This entirely natural process decreases the volume of sludge produced by 20 to 30%.

Recognising that the environment is everyone's concern, the businesses of the Group sponsor awareness campaigns for its employees, clients and the general public. In 2001, every day for two months prior to each midday news bulletin, TF1 showed "The Earth says Thanks" ads in partnership with the French Ministry of the Environment. These clips tried to show how each individual could simply and personally participate in the protection of the environment. In December 2002, Bouygues Telecom created an environment page on its intranet to raise awareness among its employees and give them practical ideas on how to make improvements.

Developing stand-alone environmental activities

Saur and the construction businesses propose specific services for this emerging market. Colas Environnement et Recyclage specialises in the cleanup of sites, the removal of asbestos in buildings, the storage of industrial waste and the prevention of ecological accidents. It carried out one of the largest cleanup projects undertaken so far in France, an industrial site at the Nanchon mill in the Paris region.



Scintiflex, a reflective bituminous concrete, uses mirror glass residues

People, a core value

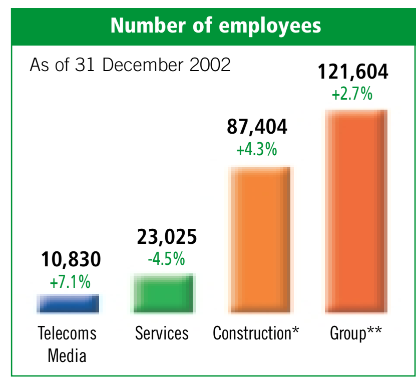
Bouygues' development relies on the capacity of its people to take on the most daunting challenges. Team spirit and responsibility, inherent in the construction business, are two of the foundations of the Group's culture.

The Bouygues group had over 121,000 employees at 31 December 2002. On a like-for-like basis, the Group's workforce grew by 2.7% in 2002. This increase was mainly generated by the construction businesses: Colas continued to expand and Bouygues Construction undertook new major projects. This partly compensated for the 4.5% decrease in the number of Saur employees due to the sale of businesses in the Czech Republic and Canada, among others. The increase in numbers in the Telecoms-Media business area was mostly due to the integration of all TPS employees.

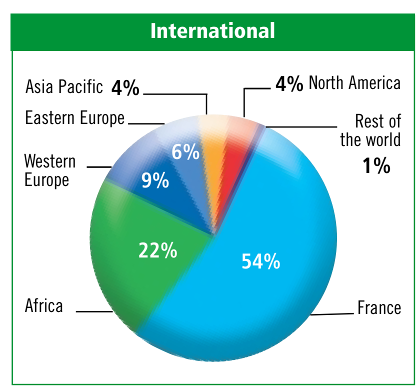
The breakdown of employees between France and international remained stable in 2002. 55,500 employees, close to half of the Group's total work force, work in international markets in 87 countries, almost exclusively in services and construction. Africa accounts for almost half of them (26,200 employees), distributed evenly between Saur, Bouygues Construction and Colas.

There was no significant change to the breakdown by category in 2002, except that the sale of Bouygues Offshore slightly increased the proportion of site workers in the construction businesses.

In France, 97% of employees have permanent work contracts. This figure is consistent throughout each of the Group's businesses.

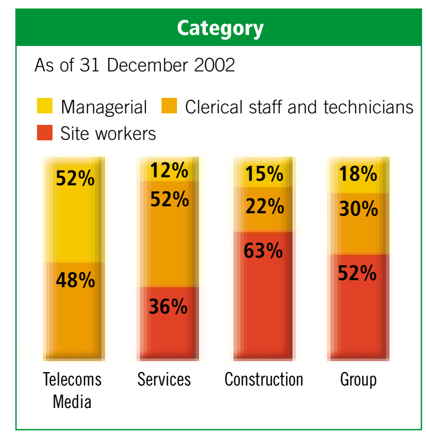


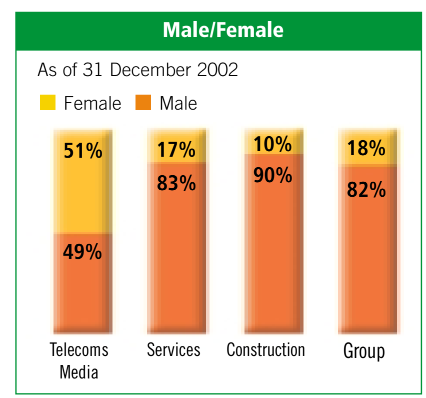
* Excluding the 6,652 employees of Bouygues Offshore, sold in 2002
** Including parent company + miscellaneous
Average workforce in 2002 (with Bouygues Offshore): 128,278



There are few women employees in the utilities and construction businesses. Women represented 18% of the Bouygues workforce in France at the end of 2002, the same proportion as in 2001.

Management and labour in each of the Group's businesses negotiated agreements on the reduction of working hours. By the end of 2002, all





* Excluding Bouygues Offshore
** Including parent company + miscellaneous

employees working in France were covered by such an agreement.

A number of initiatives were taken within the Group to encourage the hiring of disabled persons for the most suitable and long-term positions possible. In the past few months, Bouygues Telecom has hired disabled employees as customer advisors; for several years now TF1 has subcontracted some its activities to sheltered workshops. Colas has an active hiring policy, which in 2002 meant that its share of disabled employees in France was 14% higher than the required legal thresholds.

Integrating new employees

Having recruited over 7,500 new staff in France in 2002, almost 60% of them in its construction businesses, the Bouygues group continues to be a dynamic employer despite an increasingly difficult economic situation. Compared with the previous year, the number of hires is nevertheless down by about 20%, excluding Bouygues Offshore. The number of arrivals is broadly equivalent to the number of departures. The vast majority are voluntary, though some employees leave the Group on expiry of fixed-term contracts or as a result of isolated layoffs.

The under-30 age group represented two thirds of recruits. The Group's subsidiaries maintain permanent contacts and partnerships with schools and universities, a policy which promotes the integration of many trainees. Colas hosted 1,520 trainees in 2002. Bouygues Construction, where students trainees represent 40% of new hires, took on 2,000 interns and 60 young graduates for international assignments as part of the VIE scheme.

Each subsidiary within the Group has its own specific procedures for welcoming new recruits. In parallel and several times a year since 1989, the Bouygues parent company organises open house events for all newly recruited executives. Nearly 1,000 employees participated in these sessions in 2002. In addition, 230 employees in groups of about 20 were able to converse with Martin Bouygues during special lunches.

Sharing values

The Group asserts its difference through a strong culture based on the priority given to employees, respect for customers and a taste for challenges.

The Bouygues Management Institute, created in 1999, is intended for seasoned executives, of whom there are now some 500 from across the Group's businesses. Its objective is to encourage exchanges and enhance their vision by opening them up to experiences from inside or outside the Group. In 2002, a “Development of Bouygues values” cycle was set up to help managers spread the Group's principles of respect, responsibility, fairness and truth to those working around them. Martin Bouygues participates in each of these sessions. In 2003, 120 managers will attend these seminars.

Quality is a key value for Bouygues. ISO 9000, 9001 or 9002 certification of the Group's activities helps set up effective systems to continually improve the quality of products and services put on the market. An approach aimed at harmonising Quality, Safety and Environment (QSE) disciplines is being carried out in the different businesses. A QSE group that includes the various managers regularly meets to share best practice in these fields.

The Minorange Guild, quality and safety

Founded in the construction and civil works sector, the Minorange Guild for site workers conveys, at each site, the values of respect for safety, work well done, drive and commitment to the company. Other businesses in the Group have developed guilds founded on the same principles, at Colas and Saur. The Group now has 1,742 site workers, divided into 23 guilds of which some have been created overseas, namely in Africa.

Developing expertise

The training expenses of Bouygues subsidiaries with an activity in France were almost identical to those for the previous year: 69 million euros, which is about 3.6% of the total payroll excluding social security charges.

As an example of an initiative in this field, the Gustave Eiffel training centre for apprentices was created in 1997 by Bouygues Construction, in partnership with the Versailles Chamber of Commerce. With a success rate of close to 80% in the class of 2002, the centre achieved one of the highest rates in the Paris region. Since its creation, it has trained some 250 apprentices, all of whom were offered employment within the Group.

Employee mobility is encouraged because it furthers the shared corporate culture and helps both employees and subsidiaries move forward. In 2002, around 1,900 employees changed companies within the Group. A computer site set up in 1990 groups the jobs available and allows employees to post their wishes for different jobs. Accessible by Intranet, Internet or Minitel, this internal employment database, called Mobilitel, posts an average of 400 ads. Individual entities have also taken many mobility-related initiatives. At Bouygues Telecom, the Mobiljob intranet site, helped fill 80% of job offers from inside the company in 2002.

In 2002, Saur implemented an expertise management system. In the water businesses in France, 83 reference employment files were drawn up based on the classification in the collective agreement. As well as assisting recruitment,

annual employee assessment and the management of careers and mobility, these job descriptions contribute to a more rigorous definition of personalised training programmes.

Motivation and loyalty

Bouygues is attached to its individualised remuneration policy based on every employee's professionalism, performance and potential.

An annual assessment helps the employee's hierarchy to set the objectives with each employee that will serve as a reference.

A dynamic pay policy, which may contain a variable element, is implemented, particularly for young employees who have potential. The payroll, including social security charges and profit sharing, amounted to 4.7 billion euros in 2002. On a like-for-like basis, the payroll increased by around 3.5%. Over 1,300 employees benefited from stock-option plans in 2002.

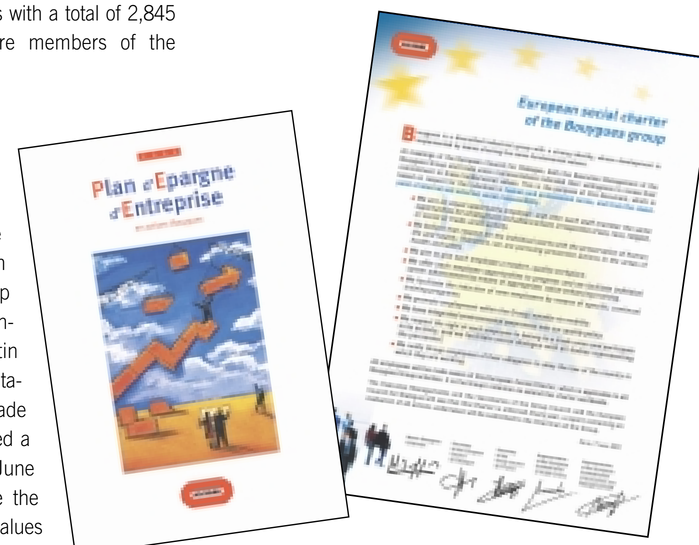
A good way to encourage employee shareholding, the Group's corporate savings plans now have close to 25,000 subscribers. Over 30,000 employees also subscribed to the reserved capital increases, called Bouygues Confiance, carried out in 1999/2000 and 2001/2002. These operations, whose profitability depends on the value of Bouygues stock, are leveraged in such a way that the holders can benefit from any capital gains on an amount equal to ten times their personal contribution. In addition, the personal contribution is guaranteed at maturity by the banks that set up the scheme. At the end of 2002, the Group's employees were the second largest shareholder of Bouygues SA, with 10.0% of the capital and 13.4% of the voting rights.

Listening and dialogue

The quality of social dialogue is a priority, as it enables management to properly identify and understand individual and collective aspirations, and then respond appropriately. Bouygues employees participate in their company's social life through employee representative bodies. In France, 359 works councils with a total of 2,845 elected representatives are members of the Group Works Council.

A European Council for Dialogue, compliant with European directives, has been set up to bring together employee representative bodies. Every European country in which the Group is active names its representatives. In addition, Martin Bouygues and the representatives of the European Trade Unions Confederation signed a European social charter in June 2001. It is intended to be the foundation for the social values applicable to every employee in Europe.

Several of the Group's subsidiaries routinely carry out satisfaction surveys of their employees. At the end of 2002, Saur surveyed 95% of its employees working in France, asking them about their evaluation of working conditions, their perception of management, their understanding of the company's strategic directions and their belief in its values.

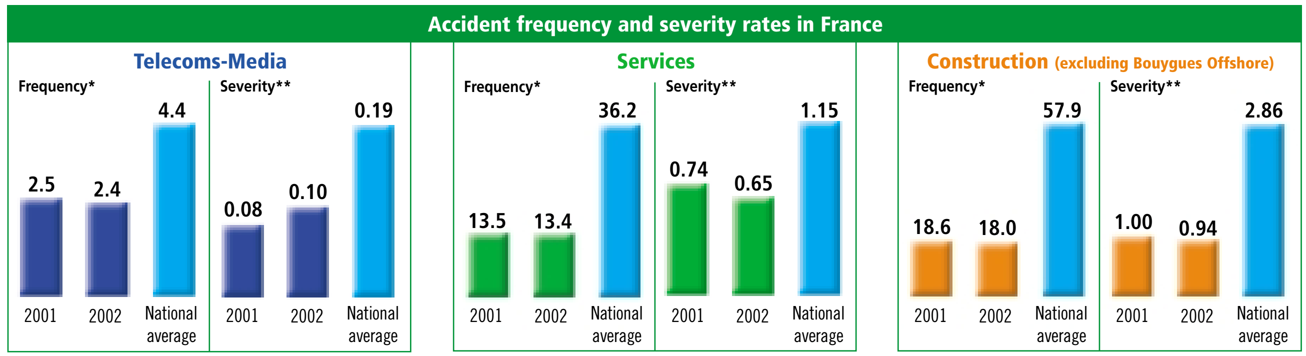


Corporate savings plan - European social charter

Health and safety, major priorities

The health and safety of people who work within the Bouygues group – employees, subcontractors and temporary staff – are an imperative priority. They are core issues which demand the commitment and motivation of all.

Because of the range of activities in which the Group is involved and their levels of risk, it is impossible to compare figures from one business to another. Therefore consolidated data cannot be significant. However, in France, the rate of accident frequency and severity held steady in 2002 compared with the previous year. For each business, these rates are significantly better than estimated rates for their business segment.



* Number of industrial accidents with lost-time, per million man-hours
** Number of lost-time days, per thousand man-hours

In the vanguard of their respective professions, the Group's entities pursue an ongoing and proactive risk prevention policy based on four main actions: evaluation, training, communication and reward.

Evaluation

In application of the decree of 5 November 2001 and with the on-going aim of improving employee protection, the Group's subsidiaries in France carry out preventive diagnostics and systematically analyse risks, launching practical actions to decrease their potential impact while simultaneously implementing effective control and guidance systems. The companies apply the same approach to their international activities.

Bouygues Construction, for example, has implemented a Health Safety Environment (HSE) structure, which coordinates safety and environment initiatives. Agents visit every site to carry out risk measurement tests (noise, vibrations, toxicology and explosimetry in particular) and to draw up any necessary corrective plans.

More than merely complying with regulations, Bouygues Construction, Saur and Colas have adopted a systematic and comprehensive safety approach for their highest risk activities, which resulted in a series of certifications. Safety actions are often implemented according to the OHSAS 18001 frame of reference, a health and safety management system that reinforces the effectiveness of such policies.

The protection of all expatriates is also a priority for the Group. A common policy has been introduced to provide all expatriates with the fullest practical information available on the countries where they work. In the event of a serious crisis, the Group takes the necessary means to ensure the protection and repatriation of its expatriates.

As well as taking appropriate safety measures, the Group's subsidiaries implement actions to ensure well-being at work and to protect the health of its

Safety for all is everyone's business

employees. Colas has launched an information and awareness campaign about alcohol and the dangers of drinking in terms of both workplace and road accidents. Strict instructions have been given to respect the legislation in force concerning the presence of alcohol on company premises.

Training

Training employees to comply with legal and regulatory obligations and instructions for using products, equipment and services related to their work is the second strand of the Group's safety policy.

At TF1, film crews are trained in the appropriate response to difficult situations, physical safety procedures and first aid. Bouygues Construction organises on-site safety meetings and HSE breakfasts. Site managers and supervisors regularly get together to review employee safety and other safety-related issues.

Communication

Prevention is a key element of the safety policies applied by the Group's businesses. In October 2002, Saur launched a large-scale awareness campaign on the topic of "Safety for all is everyone's business" that will have reached all of its employees by the end of 2003. It deals with subjects such as road safety, as well as the risks related to Saur's activities.

Reward

The Group's subsidiaries regularly hold competitions aimed at encouraging its teams to define and implement safety action plans. For example, Colas organizes an annual inter-company road safety competition.

Bouygues Construction has created a "Prevention initiatives-actions" competition which, calling upon the creativity of its staff, brings out new ideas. A safety programme on CD-ROM presented in 2002 by Norpac, a subsidiary of Bouygues Construction, helps evaluate the safety reflexes of employees under real on-site conditions and provides targeted training actions. This initiative received the Jean Montens prize, awarded by the OPPBTP, for its contribution to improving safety and working conditions on work sites.

Every year, Bouygues Telecom launches four safety challenges that offer prizes to the region with the best prevention record, the structure or structures with the fewest road accidents, and the units with the lowest accident rates and the best safety standards.

Road safety campaign at Colas

Five years ago, Colas decided to apply a policy for its employees regarding the prevention of risks linked to road traffic. Backed by a powerful internal communication system and general management's dedicated involvement, an action and prevention program was put into place with the aim of integrating road safety within the company culture. In 1997, Colas signed the road safety charter and committed to reducing the number of road traffic accidents at its sites by 25% within three years. The objective has been surpassed. In 2001, when the charter was rolled-over, Colas gave itself the objective of decreasing the number of road traffic accidents by 5% over the next three years. Recently integrated companies must reach the level of average frequency within the same period of time. Within the fast five years, 11,000 employees have received specific training directed at learning driving safety.

A civil-minded company open to dialogue

Bouygues, a multinational and decentralised group, naturally and actively participates in the economic and social development of each region in which it is established.

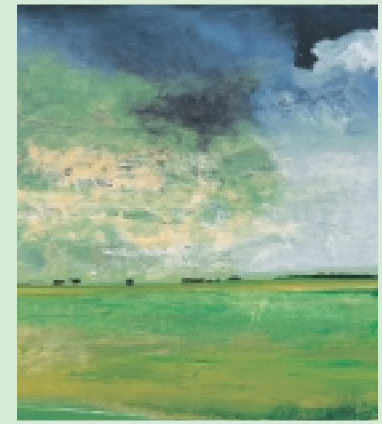
The Group's businesses, especially those which subcontract a large part of their activity, are committed to increasing their subcontractors' awareness of regulations relating to social and environmental responsibility, and then selecting them accordingly. Bouygues Bâtiment Ile-de-France, a Bouygues Construction subsidiary, recently launched a systematic procedure to monitor all of its subcontractors' compliance with their social obligations. When a contract is signed, a list of all approved subcontractors is prepared, using criteria based on compliance with social regulations. For the entire duration of the project, the works supervisor posts a monthly report.

Local development

Bouygues participates in the development of a region's economic and social fabric by locating its activities there. For example, Bouygues Telecom cooperated with the other two mobile phone operators to cover "blind spots", and thus provide mobile phone coverage for 1,600 municipalities. In September 2000, TF1 helped launch TV Breizh, the Lorient-based Breton cable and satellite TV channel. Through this initiative, TF1 has reinforced social links within a community that is deeply concerned with its identity.

The commitment of the Group's companies is also seen through training schemes that help integrate local populations in France and abroad. Colas has instituted several integration programs at local level in cooperation with regional employers' associations, the French national employment agency and special-interest groups. Colas also maintains close relations with Chambers of Commerce, vocational training institutions, social organisations and other groups in order to promote the integration and training of young people.

On the international front, Bouygues Construction completed the construction of the N4 toll road that links Witbank in South Africa to the port of Maputo in Mozambique. This contract stipulated that 20% of the work had to be subcontracted to individuals disadvantaged by apartheid and that 40% of the work in Mozambique was to be done by local contractors. Around 11,500 people received qualifying or technical training during the project (masonry, plaster, earthworks, road surfacing, computing and management), thus gaining know-how that can be reused on future projects.



Painting by Peter Ross Bond

Colas Foundation

Created in 1990 and awarded a corporate sponsorship prize in 1992, the Colas Foundation promotes works of art, especially painting. Adopting the age old tradition of commissioning new artworks, every year it selects 12 to 15 artists from 200 candidates recommended by artists already known by the Foundation. It then commissions them to create a road-theme painting. The works are displayed in the company's offices and lobby areas. A budget of over 100,000 euros is allocated to each session. For its 10th anniversary, the Foundation's collection was brought together for the first time and exhibited at the Palais des Congrès in Paris during the 14th World Road Congress.

Solidarity

The Group's solidarity with communities is reflected in humanitarian actions and the sponsorship of cultural initiatives and sporting events. Bouygues created an Ethics and Sponsorship Committee in 2001. It gives an opinion on applications examined in the framework of the company's sponsorship policy, which focuses on humanitarian, medical, social and cultural causes. Applications submitted by employees are given priority.

Special-interest groups that have benefited include a day refuge for homeless people, the French federations for brain research and multiple sclerosis research, an association that inititatiates young people into craft trades, and an association that promotes the Paris Opera.

Actively committed to providing corporate support, the subsidiaries also have their own sponsorship policies. For the past 14 years, TF1 has sponsored the collection of small change by thousands of children to fund the ambitious and innovative projects led by Fondation Hôpitaux de Paris-Hôpitaux de France. In October 2002, Bouygues Telecom signed a partnership agreement with this foundation. TF1 has also been active for the past three years in the fight against AIDS along with the association "Ensemble contre le sida".

Saur helps needy populations by creating solidarity and mutual support funds, or by investing in educational and sports programmes in Poland, Senegal and Argentina.

Bouygues Telecom is involved in sports sponsorship and thus supports clubs and associations related to football, sailing or skiing. Some of their sponsored events include the French League Cup, Spi Ouest France and Eurocat, the largest French gathering of racing catamarans.

A responsible dialogue

Because of their activity, some Group companies are more in the public eye than others. In 2001 and 2002, Bouygues Telecom took a number of initiatives to address growing concern among the public and local authorities about the potential health effects of RF radiation.

Base station transmitters. On 3 May 2002, a decree setting limit values for public exposure to electromagnetic fields was published. Since that date, in order to reassure people living close to radio masts, Bouygues Telecom has offered, upon request, to commission an independent firm to measure the different components of the ambient electromagnetic field in the home. 450 measurements have been carried out in France to date.

Mobile phones. Since October 2001, Bouygues Telecom has applied the precautionary principle by systematically selling a hands-free earpiece in its kits. In addition, an independent laboratory verifies the compliance of mobile phones and their earpiece with SAR (Specific Absorption Rate) measures.

Information. To ensure total transparency with the public, Bouygues Telecom has undertaken a wide-scale information campaign on the advances made in research in this field. As well as creating a specific website (www.sante.bouyguestelecom.fr), it has distributed over 30,000 copies of an information brochure and answers all correspondence on the subject, replying to 1,400 letters and 250 e-mails in the past three years.

A strategic focus on research and innovation

The Group's businesses are committed to innovation. Their aim: to develop products and services that are increasingly efficient, safe, useful and environment-friendly.

Colas

Safety is a major R&D objective for Colas, which has developed a new range of safety products with high skid-resistance that reduce braking distances by 30 to 50%, thus diminishing the risk of accidents. At one accident black spot on the RN 118 approaching Paris, the number of accidents involving bodily injury has been divided by 21 in one year.

A process used to improve safety in accident-prone areas was initially developed in the United Kingdom, and is now being exported to France and Switzerland.

At the 3rd World Congress on Emulsion, Colas, the world's leading producer of emulsions, presented an original method for emulsion mixes that allow for faster re-opening up to traffic.

For several years now, Colas has focused its research on preserving the environment and sustainable development. Several programmes were launched or continued in 2002:

- Improvements in the production and application of asphalt mixes, with lower temperatures to save energy.
- Development and use of biodegradable components, particularly for emulsifiers and other bitumen additives.
- Improvements in the performances of noise-reducing surfacing that should enhance the range by 2004. Development of a very high performance noise wall will be finalised in 2003.

Bouygues Construction

At this time, one of the challenges of R&D is to improve the technical characteristics of materials and structures (strength, durability etc.), and to prevent disturbances and damage to the immediate environment. The development of new technologies helps provide a higher level of safety for people during the construction of major works and in the event of natural disasters. In 2002, the budget devoted to R&D amounted to about 14 million euros.

Bouygues Construction continues to be committed to European research programs. Its teams are currently participating in two major European projects: Goodlife, a project aimed at increasing the productivity of tunnel boring machines, and Darts, a decision-making tool for tunnel design and engineering.

The Safeti project takes a multi-disciplinary approach to eliminating the handling of heavy loads. This constitutes one of the greatest health risks to workers on sites involving structural, architectural and technical trades.

Saur

With the support of its R&D teams, Saur develops special solutions and innovative processes to optimise the management and operation of its plants at every stage of the process for treating water and waste.

The main research in drinking water focuses on membrane ultrafiltration and nanofiltration, particularly of pesticides and bacteria. This work has been going on since April 2002 at the Briollay site (Maine-et-Loire), which has an experimental treatment unit using this technology. In parallel, the technical division has developed a process to absorb arsenic in drinking water, which is operational at the Vieux-Ferrette site (Haut-Rhin).

In addition, a continuous alert system, which checks water quality through the DNA detection of pathogens, is being developed.

Other research projects include:

- Lipolift for the biological removal of grease and Aqua RM to filter wastewater through membranes,
- Sludge treatment with MycET™,
- the Rhizodor process using plants and micro-organisms as treatment agents.

Bouygues Telecom

Bouygues Telecom contributes to several scientific research programmes, keeps abreast of the latest advances on the health effects of RF radiation and actively participates in conferences by the World Health Organization and European and US bio-electromagnetism organisations.

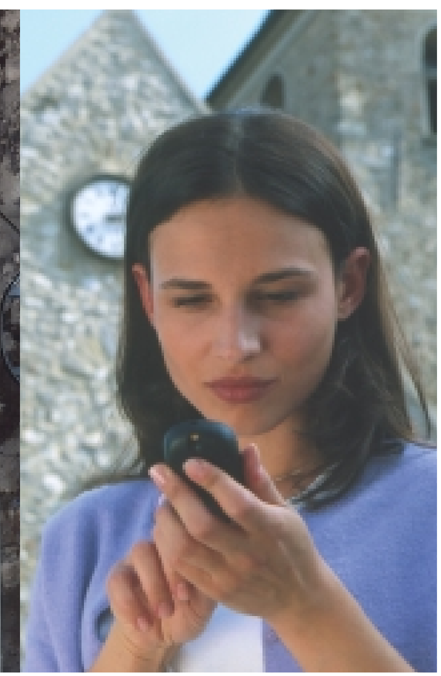
It has contributed over €14m to research, development and training actions, in line with its licence conditions. Bouygues Telecom has led seven French or European cooperative projects, as part of national or EU programmes supporting innovation. The company is also involved in research and exploratory work in numerous areas, including the effects of electromagnetic waves on health, network and computer technologies, multimedia services, the ergonomics of applications and the sociological behaviour of users.

In 2002, Bouygues Telecom opened an office in Tokyo in addition to the one in San Francisco. These offices serve as both a technological observatory and a springboard for partnerships.

Efforts to protect and exploit Bouygues Telecom's innovations in 2001 resulted, in 2002, in a 30% increase in the patent portfolio, and the signing of the first licence agreements and technology transfers. An in-house initiative to promote innovation was also launched.

The Scientific Committee, created in 2001 and reporting to senior management, was entrusted with the important question of the potential health-related consequences of RF radiation. The Committee organised a major scientific conference at the Collège de France and expanded its scope to cover research and innovation policy.

Finally, Bouygues Telecom continued its work with higher education institutions, both in terms of R&D and the teaching of new technologies. Bouygues Telecom doctoral programme had nine doctoral candidates as of 31 December 2002.



Risks and their prevention

Bouygues and its subsidiaries are exposed to the general risks inherent in any economic activity in France or elsewhere. Some parts of the world are more particularly prone to deterioration in the economic or social situation, war, acts of terrorism and sabotage, or natural disasters.

Each business is exposed to specific risks. Mobile phone operators are mainly exposed to information systems risk, while builders face geological risks or the need to ensure the safety of their employees and third parties. Problems can arise during the launch of a product using a new technology or in the creation of a prototype, causing clients to change the scope of the contract during its execution. This is true for many of the projects carried out by Bouygues Construction. Other activities have fewer risks by nature. In the case of Colas, for example, the average cost of road works is low, clients are numerous, and the group does 95% of its business in Europe and North America.

Risk-taking is an essential concern in the conduct of the Group's commercial actions or the launch of a new activity. Risk spreading and management are key issues when contracts are negotiated. The demands of backers and insurers, the appearance of new laws and certain convergences in legislation or jurisprudence generate practices or uses related to the distribution and management of these risks. Standard contracts are used in the infrastructure construction and operation sector. Bouygues believes that the spreading and management of risks as included in signed contracts comply with the practice and standards applied in the various businesses of the Group. Bouygues also considers that it has put into place insurance policies and other means of transfer or coverage that comply with the standards and practices of companies involved in comparable activities.

Bouygues has set up a committee whose task is to strengthen and better organise procedures for managing major risks within Group businesses. The aim is to focus attention and improve the effectiveness of how businesses detect, prevent and control major risks. Entities gradually acquire specific structures and procedures, such as crisis units, action plans and programmes, that identify and then handle the main risks incurred.

Industrial and environmental risks

Due to their activities, a number of Bouygues subsidiaries are concerned by industrial and environmental risks.

Bouygues Telecom

Bouygues Telecom is attentive to the potential health effects of electromagnetic waves, even though the studies carried out so far have not proved that they are harmful.

Saur

The activities of the Saur Group, especially the production and supply of drinking water, wastewater treatment and environmental services, are closely linked to protection of the environment and public health. The main environmental risks involve protecting the water resource, the quality of the water supplied, tracking and tracing waste (especially sludges), emissions, transport, treatment and storage of waste, and limitations of the noise and smells caused by plants. Saur may also be confronted with situations resulting from malicious acts or contamination by third parties upstream or downstream of the installations it manages for its clients. The client is nevertheless responsible for the organisation of the contracted public service. The public authorities are generally responsible for ensuring that plants comply with regulations and for policing networks to prevent breaches of environmental regulations by users. The practical conditions of the "polluter pays" principle remain to be defined, particularly in view of better identifying the responsibility of everyone who may directly or indirectly cause the emission of pollutants.

Finally, in order to control the risks inherent in its operator businesses, over three years ago, the Saur Group launched a quality management initiative that consists in ensuring compliance with the regulations and contracted obligations, especially as regards public health, environmental protection, health and safety.

Colas

The industrial activities of Colas (emulsion plants, bituminous membrane production plants, quarries, coating plants, asphalt production plants, etc.) are governed by the regulations on classified installations and quarries. On international markets where Colas is very active, the same principles are applied even more rigorously since some local regulations are extremely strict. Among these operating constraints, Colas commits to restoring sites under conditions defined by the relevant authorities and the work is provisioned in the accounts. The risks generated by these highly regulated activities are covered by an environmental policy .

Colas also has to deal with the risk of accidents to its employees, since road work sites are particularly dangerous places. The Colas Group has made the prevention of accidents one of its greatest priorities.

Bouygues Construction

A building and civil works company must manage the conventional risks that come from exercising this type of activity: geological risks, archeological discoveries, disturbances in the execution of contracts involving many players throughout the project, latent defects, harm or trouble caused to third parties as a result of the work. Added to these risks are those relating to design and operation when Bouygues Construction signs comprehensive design-build-operate contracts.

Bouygues Construction estimates that the risks generated by its activity largely reside in the organisation of site safety for its employees and certain partners (contractors and subcontractors). The risks are the result of the very nature of the construction activity: numerous participants working simultaneously in a variety of fields (different trades); configuration of the site in perpetual motion and change; continual displacement of security systems to adapt them to changes in the configuration; work frequently done high above the ground; moving of heavy and bulky machines and equipment. Bouygues Construction implements prevention procedures and applies predefined organisation methods, respecting local regulations, to ensure the working safety of its employees. Bouygues Construction's policy in terms of prevention and its experience with the organisation of major projects has helped it keep work accidents well below the sector average in all of the countries in which the Group operates.

In terms of the environment, Bouygues Construction does not believe it has identified any specific major risks at this time. The risks of polluting sites are in fact limited: Bouygues Construction does not have any fixed production site, such as a permanent industrial installation, with the exception of occasional installations at the sites. Moreover, the waste generated by construction activities is mostly classified as inert. Bouygues Construction endeavours to comply with local regulations concerning waste management, especially as regards sorting at source, and negotiates with the treatment organisations required by the local legislation. Risks linked to the storage or transport of waste or toxic products mainly arise from the use of oils and fuels during

the pouring of concrete or for earthworks. Project by project, Bouygues Construction sets up the necessary organisation to prevent any potential risks of accidental pollution.

Bouygues Immobilier

Bouygues Immobilier, in its work as a property developer, focuses on controlling the risk of underground pollution. In most cases, it protects against this risk by obliging the seller of the land to clean up the site or to cover the cost of this work. Clean-up actions are defined and implemented by recognised professionals. When a site includes existing buildings for demolition, Bouygues Immobilier makes sure that the seller performs an asbestos survey. Asbestos removal is then entrusted to an approved contractor, thus guaranteeing that safety rules will be respected.

Market risks

Interest rate and exchange rate risk management

Certain Group companies use hedging instruments in order to limit the income-statement impact of movements in exchange rates and interest rates. Group policy for using hedging instruments is as described below.

Nature of the Group's risk exposure

Exchange rate risk

Broadly speaking, the Group has little exposure to exchange rate risk in its ordinary business operations. As far as possible, the Group seeks to ensure that when contracts are invoiced in foreign currencies, the corresponding outlays are made in the same currency. This is the case for most contracts outside France, where the proportion of expenditure on sub-contractors and suppliers in local currency is much greater than the proportion of expenditure in euros. The Group is also especially attentive to the risks associated with assets in non-convertible currencies and, more generally, to 'country risk'. Saur's concession business is based on medium- and long-term contracts, which prompt the company to make specific arrangements to limit exposure to exchange rate risk during the life of the contract, mainly by focusing on financing in local currencies.

Interest rate risk

The Group's financial result is relatively insensitive to interest rate movements. Most of the Group's debt is effectively fixed-rate, in the form of fixed-rate bonds and a portfolio of hedging instruments that transform floating-rate debt into fixed-rate debt.

On average over the year, variable-rate bank debt on the balance sheet is less than cash and equivalents invested in variable-rate instruments.

Group-wide policies regarding instruments used to hedge exchange rate and interest rate risks

The instruments used by the Group are limited to the following: for exchange rate hedges, forward purchases and sales, currency swaps and currency options; for interest rate hedges, interest rate swaps, forward rate agreements (FRAs), caps and floors.

In addition, these instruments:

- are used only for hedging purposes;
- are contracted only with leading French and foreign banks;
- present no risk of illiquidity in the event of a downturn.

Specific reporting documents are produced concerning the use of these instruments, the choice of counterparties and, more generally, interest rate and exchange rate risk management.

Hedging rules

Exchange rate risk

The principle applied within the Group is to systematically cover any residual exchange rate risk arising from commercial transactions. When cash flows are certain, exchange rate risk is covered by forward purchases and sales or by currency swaps. For some major contracts, a hedge using currency options may be put in place before the deal is definitively concluded.

Foreign companies' participating interests are generally covered by debt of a comparable amount in the same currency issued by the companies holding the interests in question.

For purposes of rationalisation, the foreign exchange positions of some Group entities may be managed centrally so that symmetrical positions can be offset against each other.

Interest rate risk

The principle is to hedge, at the level of each subgroup, all or part of the financial assets and liabilities that are foreseeable and recurring.

In practice, the entities that hedge interest rate risk are those whose business is by nature capital-intensive (public utilities management, concession projects, telecommunications). These entities secure their future financial position by fixing the cost of their debt with swaps and FRAs or by limiting it with caps for a period of time linked to the maturity of the financial liabilities being hedged.

As with exchange rate risk, and likewise for purposes of rationalisation, the interest rate positions of some Group entities may be managed centrally and partially offset against each other.

Accounting method

Gains and losses realised during the year on transactions of this kind, together with provisions for unrealised losses at 31 December 2002, are included on the income statement in 'Net financial items'.

Market value of hedging instruments

At December 31 2002, the net present value of the portfolio of hedging instruments was -€52m. This figure is based on calculations carried out by the Group or figures obtained by the bank counterparties with which the instruments were contracted.

If interest rates increased by 1 percentage point across all maturities, the net present value of the portfolio of hedging instruments would be -€37m. If interest rates fell by 1 percentage point across all maturities, the net present value of the portfolio of hedging instruments would be -€63m.

In the event of an adverse €0.01 movement in the euro against all other currencies, the net present value of the portfolio of hedging instruments would be -€57m.

Maturity of financial liabilities at 31 December 2002

	1 year 2003	2 years 2004	3 years 2005	4 years 2006	5 years 2007	6 years 2008	7 years + 2009 +	Total 12/2002
Bonds	146	234	2	927	-	-	1,016	2,325
Bank borrowings	561	659	754	273	58	3	136	2,444
Other borrowings and financial liabilities	17	24	-	-	-	15	-	56
Total financial liabilities	**724**	**917**	**756**	**1,200**	**58**	**18**	**1,152**	(1) **4,825**
Total financial liabilities at 31/12/2001	121		1,439				1,521	3,081

(1) Of which finance lease liabilities: - Media (TF1) 22
- Services (Saur) 65
- Construction 18

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Interest rate hedging

Maturity	Outstanding at 31/12/2002 2003	2004 to 2007	Beyond	Total	Total Outstanding 12/2001
Interest rate swaps					
- on financial assets	315	-	-	315	416
- on financial liabilities	265	2,215	274	2,754	(1) 1,560
Forward Rate Agreements					
- on financial assets	-	-	-	-	-
- on financial liabilities	-	-	-	-	-
Caps / Floors					
- on financial assets	-	-	-	-	-
- on financial liabilities	79	456	-	535	504

(1) The change between 2001 and 2002 is mainly due to Bouygues Telecom, with the shift from proportional to full consolidation having a +€804m impact.

Breakdown of financial liabilities by currency at 31 December 2002

	EUR	GBP	USD	CFA	Other	Total
2002	4,567	70	69	104	15	**4,825**

Exchange rate hedging

Currency	31/12/2002 (value in € m) USD	GBP	CHF	HKD	Other	Total	Total outstanding 12/2001
Forward purchases/sales							
- Forward purchases	(a) 60	-	-	-	(a) 15	75	56
- Forward sales	(b) 132	166	-	(b) 33	30	361	516
Currency swaps	**77**	**60**	**62**	**20**	**12**	**231**	**307**
Currency options	13	3	-	-	7	23	-

(a) Of which €7m ZAR against USD. (b) Of which €13m HKD against USD.

Hedging of financial liabilities

Taking into account interest rate hedging instruments outstanding at the end of the year, financial liabilities broke down as follows:

	31/12/2002	31/12/2001
Fixed-rate debt (1)	86%	88%
Floating-rate debt	14%	12%

Guarantees and collateral

Bouygues SA assets pledged as guarantees

Guarantees	Start of pledge	Expiry of pledge	Amount of assets pledged (a)	Total balance sheet entry (b)	% (a) / (b)
Bouygues Telecom securities	1997	2006	€1,819,818,085	€7,817,293,568	23.3%
Bouygues Telecom subordinated loans	1997	2006	€166,213,734	€7,817,293,568	2.1%
Total			**€1,986,031,819**	**€7,817,293,568**	**25.4%**

Details of off-balance sheet commitments are provided in note 14 to the consolidated financial statements for the year ended 31 December 2002 (pages 107-109 below).

Liquidity risk

At 31 December 2002, the Group had available cash and securities of €1,624 million, in addition to which it had €3,158 million of medium-term confirmed and unused bank facilities. As a result, the Group does not face any liquidity risk.

Exceptional information
Legal disputes

Specific regulations

TF1 and Bouygues Telecom are subject to specific regulations in carrying out their activities. Under the terms of Act 86-1067 of 30 September 1986 relating to the freedom of communication and the Telecoms Regulation Act of 26 July 1996, use of the terrestrial frequency spectrum is treated as an exclusive occupation of the public domain. Consequently, in order to use terrestrial frequencies, TF1 and Bouygues Telecom must obtain a licence and comply with its terms. To use these frequencies, Bouygues Telecom pays a fee, while TF1 has to make non-financial commitments, i.e. to ensure that 60% of its broadcast output consists of European works, including 40% of original French works, and to allocate a large proportion of its annual revenues to buying new film and TV productions. Compliance with these terms and conditions is monitored permanently by two regulatory authorities, the Conseil Supérieur de l'Audiovisuel for TF1 and the Autorité de Régulation des Télécommunications for Bouygues Telecom. These authorities have the power to impose fines, and to suspend, shorten and withdraw authorisations.

TF1 was granted a 10-year licence on 4 April 1987. The licence was renewed on 17 September 1996, extending it by five years from 16 April 1997, and again on 20 November 2001, extending it by five years from 16 April 2002. Bouygues Telecom has a licence to set up a DCS 1800 network (decree of 8 December 1994, amended by the decree of 17 November 1998) valid for 15 years, until 8 December 2009. A decree dated 3 December 2002 also authorised Bouygues Telecom to set up a 3G (UMTS) network, lasting for 20 years and expiring on 3 December 2022. These authorisations are renewable. Neither regulatory body has ever found Bouygues Telecom or TF1 to be in breach of their terms and conditions.

To access certain contracts, particularly in the infrastructure construction market, a company must be approved on the basis of expertise and sound financial health. Bouygues Construction believes that it has the necessary approvals, or that it meets all criteria needed to obtain them, in order to ensure development in countries and markets identified as strategic.

In its construction and housing/infrastructure services activities, Bouygues Construction is subject to regulations devised by the governments and public authorities in the countries in which it operates. For example, each site must obtain a set of administrative authorisations before work begins. Failure to obtain these authorisations could result in the start of work being delayed, which could lead to penalties at the end of the project if the delay is not made up. Penalties of this kind that are included in contracts are generally limited. In the French infrastructure business, projects are subject to public utility declarations and environmental protection authorisations, such as those specified in the Water Act. There is a risk that the start of work will be delayed due to the time taken to obtain these authorisations and the results of surveys. Generally, it is the local authorities' duty to obtain these authorisations. However, in concession contracts, the duty falls to the concession-holder. Bouygues Construction makes permanent efforts to keep up with changes in these regulations, which are often rapid. The relatively short cycle of the construction business and the low level of investment required help to reduce the risk arising from regulatory change.

The activities of Saur and the infrastructure concession activities of Bouygues Construction share a characteristic common to all activities carried out on behalf of governments or local authorities: public-sector customers can exercise their public powers to modify or cancel contracts, although the contractor has the right to compensation if this happens.

Bouygues Immobilier's property development activities are subject to authorisations that may give rise to many third party claims, and these procedures can cause delays and difficulties in starting operations.

Exceptional information – legal disputes

Group companies are involved in various lawsuits and claims in the normal course of their business. Risks have been evaluated and provisioned on the basis of past experience and the analysis of the Group's legal departments and counsel. To the company's knowledge, there is no exceptional event or lawsuit that may substantially affect the activities, assets, results or financial position of the group as a whole. Lawsuits are examined regularly, particularly when new facts arise. The group uses all legal means possible to defend its legitimate interests.

The main lawsuits and events concern the infrastructure business and TF1.

The Territory of French Polynesia awarded a contract to build a 540-bed hospital in Papeete to a consortium, with Bouygues Bâtiment as the lead firm. The contract was worth €150m (ex-VAT), and the deadline was 36 months. Work was stopped after the project owner made large numbers of late changes to the design, and because of a lack of qualified labour after the Territory blocked a proposal to bring in labour. Legal proceedings are underway, with Bouygues Bâtiment requesting that the contract be cancelled.

The Ferden tunnel, in the Lötchberg massif in Switzerland, is currently being built by Bouygues Travaux Publics (76%) and four Swiss companies (24%). The contract began in March 2001 and is worth CHF405m. The Ferden tunnel is the second-largest tunnel currently being built in Europe, after the Gothard tunnel. The project is due for completion in September 2005, and is difficult due to unusual geological conditions. In 2002, Bouygues Travaux Publics encountered technical problems with the equipment it was using, causing it to fall behind with the materials excavation and removal rates. This has resulted in additional costs, which are affecting completion of the first phase of the project. A dossier concerning this matter is being sent to the customer.

Legal proceedings are more common in the delivery phase of projects. The most important current proceedings relate to the Wola Park shopping centre in Poland, and arbitration is taking place.

€76m of losses were booked for these three projects in the 2002 accounts. This appears to be adequate based on the risks estimated by Bouygues Construction and its advisors.

On February 16 2003, major subsidence took place in the 13th arrondissement of Paris, above work taking place on the Météor metro line. There were no victims. Regular checks had not revealed any unusual movements. At the moment, therefore, the subsidence appears to have been unforeseeable. An appraisal is currently being carried out to determine the causes of the subsidence. Contrary to some press reports, Bouygues Travaux Publics is not the design consultant in this project, i.e. the entity responsible for designing the project. Bouygues Travaux Publics is only responsible for carrying out the work.

TF1 subsidiary TPS has referred a complaint to the French competition authorities (Conseil de la Concurrence) relating to abuse of a dominant position and collusion, and has taken protective measures. The complaint relates to anti-competitive practices in the procedure organised by the French football league (Ligue de Football Professionnelle) for the allocation of TV rights for the French football league and league cup for the next three seasons. The referral relates mainly to the terms of consultation and the league's decision to accept Canal+'s proposal to pay €480m per season in return for exclusive broadcasting rights. According to TPS, this proposal was not authorised under the consultation settlement. On 23 January 2003, the competition authorities made a summary application for an interim order to apply protective measures, forcing the league and Canal+ to suspend the effects of the allocation decision and to refrain from any advertising or commercial use of the allocation decision until the ruling on the substance of the case is made, which should take place in the fourth quarter of 2003. The league and Canal+ have appealed against this decision by the competition authorities and the appeal judgement will be given in early 2003, with mediation taking place on the initiative of the Paris appeal court.

The precautions that mobile phone operators must take with respect to electromagnetic waves have now been clarified by a decree. As a result, the number of actions taken by local authorities has fallen. Negotiations are taking place with the City of Paris and other local authorities to set exposure levels, which should also help to standardise relations between local authorities and operators.

Country risks

Saur's long-term foreign projects expose it to risks that may have a significant impact on its earnings.

The Group's other businesses have little or no exposure. In particular, Colas generates 95% of its sales in Europe and North America. Bouygues Construction's approach is to insure against unexpected events that may affect projects in sensitive areas by taking out the necessary policies with insurers that offer this kind of cover.

Côte d'Ivoire

Saur operates in Côte d'Ivoire, where it distributes water and electricity via its CIE and Sodeci subsidiaries. Saur provides services as utilities manager, and does not bear any investment. The Ciprel subsidiary generates electricity and owns assets for this purpose. Saur also operates the Foxtrot offshore gasfield. 90% of these subsidiaries' activities take place in the south of the country.

Since 19 September 2002, political events have required specific measures such as provisions, recovery initiatives, repatriation of staff in areas of conflict, repatriation of expatriates' families and so forth. The aim has been to safeguard the interests of shareholders and staff as far as possible. The situation is under permanent review.

Water and electricity consumption in the areas of conflict account for less than 10% of national consumption. As a result, events at the end of 2002 had little impact on Sodeci and CIE's 2002 activity. In addition, strong export sales offset the decline in national consumption at the end of the year. Financial risk relating to the current situation was covered to a reasonable extent by provisions at 31 December 2002. A specific analysis of the fixed assets, inventories and trade receivables in areas of conflict has been carried out. Sodeci's 2002 activity was not significantly affected by these events. Provisions were booked to take into account the risk of deterioration in Sodeci's business and the risk of customers in areas of conflict defaulting on payments due, and this dragged Sodeci's 2002 results into the red.

Saur International's net exposure is estimated at €52.5m.

Value of stakes consolidated at 31/12/2002	**€91.1 m**
Provisions at 31/12/2002	(€12.4 m)
Dividends paid on 20/02/2003	(€5.2 m)
Net guarantees given/received	(€21.0 m)
Net exposure to political risk	**€52.5 m**

Argentine

Saur also operates in Argentina via its Obras Sanitarias de Mendoza (OSM) subsidiary, in which it has a 32% direct and indirect interest. OSM has a water distribution concession in Mendoza province.

The devaluation that took place on 6 January 2002 plunged Argentina into a serious political and economic crisis. After the exchange rate was initially set at 1.40 pesos to the dollar, the peso plunged to 3.82 to the dollar on 30 June 2002 before ending the year at 3.37 to the dollar.

At 31 December 2002, the book value of Saur International's Argentine assets was €15.3m. The following changes have taken place since 2000.

Risks relating to Saur's activities in Argentine since 2000

€ m	31/12		
	2000	**2001**	**2002**
Securities and gross receivables	162	81	49
Provisions on the the balance sheet	-	36	34
Net balance sheet value	**162**	**45**	**15***

* Not including €0.8m of trade receivables.

Technological risks

The Group does not use patents or techniques that expose it to the risk of technological obsolescence. Through its investment in research and development, it makes permanent efforts to maintain the highest level of technology in order to ensure that its businesses are competitive.

In order to prevent technical breakdowns in its mobile phone network and to cope with external attacks, Bouygues Telecom has implemented a programme called 'Réagir' (react), which allows it to repair all or part of its network and IT systems.

TF1 has also implemented security procedures and systems in order to prevent and deal with technical breakdowns or external attacks that may affect the continuity of its programmes.

Other risks

Health

Bouygues Telecom, as a mobile phone operator, faces a risk that the public will perceive radio waves as being damaging to health. Although these effects have not been proven, and despite the reassuring conclusions of various reports (Zmirou, OPECST etc.), Bouygues Telecom has adopted an information policy and measures relating to electromagnetic fields, while strictly applying new regulations that set limits to public exposure to electromagnetic fields.

Geographical location

Due to their geographical location, the head offices of TF1 and Bouygues Telecom could be affected if the water level in the Seine becomes exceptionally high. In the absence of adequate preventive measures, this could have an impact on the continuity of services. Given this risk, TF1 and Bouygues Telecom have devised an internal and external safety procedure which will allow rapid resumption of activity for the company's vital functions, as well as avoiding any interruption to programmes or services.

Dependence on customers and suppliers

TF1, Saur, Bouygues Construction, Colas and Bouygues Immobilier have large numbers of customers and suppliers. These group companies do not depend on any one customer or supplier for a dominant proportion of their sales or purchases. For example, Bouygues Construction's purchases from its number one supplier total €30m, while purchases from its top five suppliers total €103m and purchases from its top ten suppliers €161m. However, in some of its tunnel projects, Bouygues Construction uses tunnel boring machines built by specialist manufacturers. The market for large TBMs is dominated by a few worldwide suppliers. The economic performance of tunnelling projects depends on Bouygues Construction's ability to source the right TBM from these suppliers within the necessary timeframe. Penalties may result if deadlines are not met.

Mobile and fixed-line telecoms operators are interdependent, since a large portion of calls pass between their subscribers. However, the regulatory framework seriously limits any interconnection risk. At Bouygues Telecom, Nortel is the dominant supplier of radio network equipment. This dominance will fall gradually as Bouygues Telecom installs UMTS equipment. In general, since the mobile telephony industry is subject to regular technological change, Bouygues Telecom – like any operator – may be exposed to risks relating to the availability of equipment, and the supply of handsets in particular.

The Group's activities do not involve significant risks regarding the procurement of raw materials.

After a few months, any variation in the price of hydrocarbons can generally be passed on in selling prices. Since road construction companies are major users of raw material resulting from the oil refining process (bitumen), the business is exposed to the regularity of oil supplies and the price of oil. As a result, Colas is particularly vigilant in this area.

Insurance – risk coverage

The Group places great importance on the quality of its insurance policies, which not only cover its risks but enhance its competitiveness. When choosing partners, customers focus on the ability to offer high-quality guarantees. As a result, the Group keeps the content of its policies confidential.

Each business area has its own insurance policies. In addition to insurance that is required by law (such as insurance covering 10-year guarantees), the main policies are as follows.

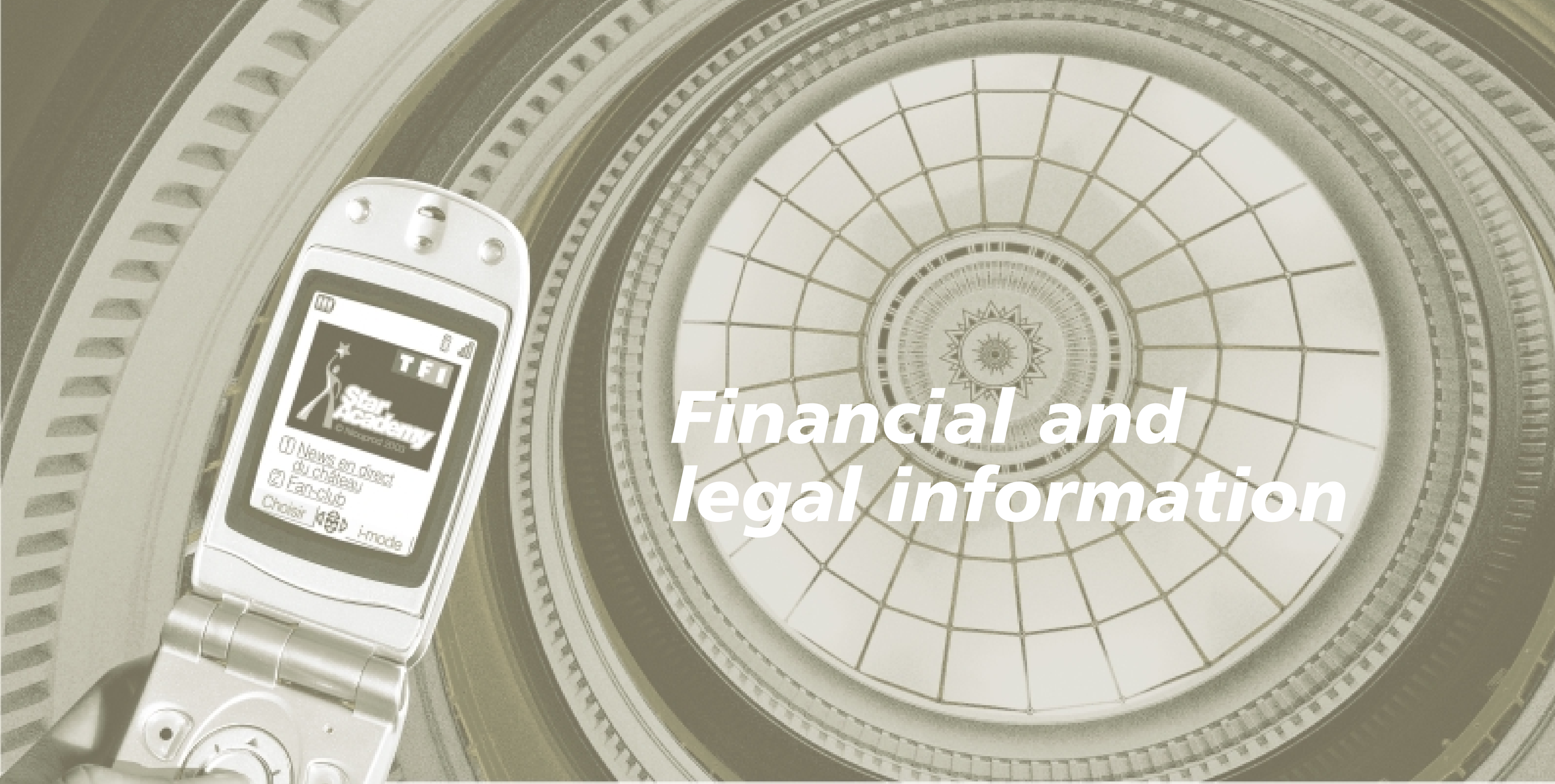
- Property and worksite insurance. Amounts insured are based on the characteristics of the assets insured, as agreed with the insurers. For the largest concentrations of value, amounts insured are decided after expert valuations have been carried out by external consultants.

  If there is a risk that total or partial destruction of these assets will cause activity to be interrupted, insurance is taken out to cover all resulting operating losses. The amount insured is based on the repair time resulting from the maximum possible loss and on rescue plans at the most sensitive sites.

- Liability insurance. These policies insure against damages incurred by third parties, for which Group companies may be responsible. Amounts insured are subject to confidentiality agreements with insurers.

The cost of these policies is also subject to confidentiality agreements.

The Group and its subsidiaries have continued to develop prevention and protection measures to reduce further the likelihood of accidents and losses. Despite these measures, insurers have substantially increased premiums, due to general price rises in the insurance industry. However, the Group is careful to keep a balance between its insurance premiums, the extent of cover provided and the size of its excesses. Finally, the Group is extremely careful to make sure that the aforementioned risks are transferred to insurers with the strongest possible financial positions.



Financial and legal information

Corporate governance

1 Board of directors

Organisation of the Board of Directors

Meetings

The Board of Directors normally holds four ordinary meetings a year, in February, June, September and December. At the February meeting, the Board closes the accounts for the previous financial year. At the June meeting, it reviews the company's performance during the first half of the year and considers the strategic options for each line of business and for the Group as a whole. In September, the Board considers the half-year accounts, and in December it reviews the company's performance and estimated results for the past year and the outlook for the year to come. Other Board meetings are held as the Group's business requires.

Membership

The Board currently comprises 19 directors and one non-voting supervisor:

- 17 directors are appointed by the Annual Meeting from among the stockholders for a six-year term,
- 2 directors are appointed by the Annual Meeting for a two-year term from among the members of the Supervisory Boards of the Group's profit-sharing, investment and corporate savings plan mutual funds, as representatives of employee stockholders.

The Annual Meeting may appoint one or more supervisors for a six-year term. Pursuant to Article 18 of the by-laws, supervisors are responsible for ensuring strict compliance with the by-laws. They attend Board meetings in a consultative capacity. They examine inventories and the annual accounts and present their observations on them to the Annual Meeting should they deem it appropriate.

The Board has created four committees to help it carry out its tasks: the accounts committee, the remuneration committee, the selection committee and the ethics and sponsorship committee.

Rules of procedure

At its meeting on 10 September 2002 the Board adopted a set of rules of procedure. Most of them are merely a formal expression of the rules and practices that the Board has already applied for a number of years. The rules of procedure have been amended to take account of the recommendations of the Bouton report.

The main features of the rules of procedure are as follows.

The rules of procedure set the annual programme of the Board's work. Any significant disposals or acquisitions planned by the Group must be put to the Board for prior approval.

The rules are also designed to ensure that the Board receives the information it needs in order to work properly. Each year, the agenda for one meeting will include an item concerning the Board's assessment of its own workings.

The directors undertake not to vote on matters where there is a conflict of interest and to disclose their transactions in the company's securities in accordance with recommendation 2002-01 of the Commission des Opérations de Bourse. Each director must own at least 500 Bouygues shares in registered form.

Annexes to the rules of procedure define the remit and operating rules of the four committees set up since 1995. They restrict membership of the committees to non-executive directors: corporate officers and inside directors may not sit on a committee. The most important committees are chaired by independent directors within the meaning of the Bouton report.

Particular attention has been paid to the accounts committee. In particular, the rules provide that the accounts committee should supervise the appointment of auditors (the committee implemented this new provision in 2003 because the term of office of one of the auditors is due to expire) and ensure that they are independent, for example by monitoring their fees. The rules of procedure also define how the remuneration committee should monitor the performance-related element of corporate officers' pay. It does not allow senior executives to be awarded stock options at a discount.

The rules of procedure state that at least two directors must be independent within the meaning of the Bouton report. The Board is examining the consequences of adopting the Bouton report's particularly broad definition of independence. As mentioned earlier, the Board has already implemented the principle according to which specific supervisory and advisory tasks should be entrusted to committees whose membership is restricted to independent, non-executive directors. The Board's deliberations are enriched by the contributions of its members, who have consistently included the largest stockholders, the Group's most senior executives and particularly well-qualified outside directors. Francis Bouygues and his successor, Martin Bouygues, have always believed that this make-up of the Board is essential for the Group. As well as favouring high-calibre discussion, this arrangement has also ensured the Board's willingness to take responsibility for its decisions, a factor which is without doubt central to the Group's steady growth and enduring presence. The Board has demonstrated its capacity to make the right choices in often highly complex situations, as when it decided to bid for TF1, or not to bid for a UMTS licence with a price tag of 5 billion euros. The Board, assisted by the selection committee, seeks to strike a balance between three elements: the need for a certain degree of independence on the Board, the rightful presence of the largest stockholders, and competence, experience and in-depth knowledge of the Group and its businesses.

Review of the Board of Directors' work in 2002

The Board met six times in 2002. The attendance rate was 90.24%.

In addition to the matters which it is obliged by law to consider and decide on, the Board reviewed and approved plans to make acquisitions (acquisition of Telecom Italia's interest in Bouygues Telecom, increase of TF1's interest in TPS, study by TF1 of the Kirch portfolio) and disposals (sale of Bouygues Construction's stake in Bouygues Offshore). It approved Bouygues Telecom's application for a UMTS licence and the conclusion of an agreement with the Japanese group NTT DoCoMo for the establishment of i-mode™ in France. More generally, it regularly reviewed progress in each of the Group's business areas, especially Bouygues Telecom, a company which is still in its development phase. The strategic options and business plans of each business area and of the parent company were put to the Board for review.

The Board reviewed and approved the principle and conditions of a €1 billion bond issue which took place in two tranches, on 15 May and 6 December 2002. It authorised a plan to award stock options to the Group's senior executives and employees.

After receiving reports from the relevant committees, the Board also finalised its management report and the annual and half-year accounts, reviewed the financial statements, approved the prospectus for the stock buy-back programme and set the amount of the dividend.

Lastly, the Board decided that the Chairman should also be the Chief Executive Officer, in accordance with the New Economic Regulations Act, and adopted a set of rules of procedure.

Directors' fees

Directors' fees totalling €591,502 were paid to the directors of Bouygues in 2002, apportioned as follows:

- Chairman: €48,784,
- each Director: €24,392,
- each Director sitting on a committee established by the Board: €6,098.

2 Directors

Information about individual Directors

Board of Directors at 31 December 2002

CHAIRMAN AND CEO

Martin Bouygues
Born 3 May 1952

- **Number of shares in the company:** 500 (SCDM, a company controlled by Martin Bouygues and Olivier Bouygues, owns 50,977,056 shares)
- **First appointed:** 21 January 1982
- **Current term of office expires:** 2006
- **Position in the company:** Chairman and CEO
- **Principal position outside the company:** Chairman and CEO of SCDM
- **Other significant appointments:** director of TF1, CCF, Sodeci, CIE, Actiby

Martin Bouygues was appointed Chairman and CEO on 5 September 1989 and reappointed by the Board most recently on 25 May 2000 for a six-year term. On 25 April 2002, the Board decided that Martin Bouygues should be both Chairman and Chief Executive Officer of the company.

DEPUTY CEOs

Michel Derbesse
Born 25 April 1935

- **Number of shares in the company:** 262,534
- **First appointed:** 5 June 1984
- **Current term of office expires:** 2008
- **Position in the company:** Deputy Chief Executive Officer (appointed on 25 April 2002 for one year)
- **Other significant appointments:** director of Bouygues Construction and Bouygues Immobilier, Colas, TF1, FNTP; standing representative of Bouygues on the Board of Saur, Chairman and CEO of BDT

After running the Bouygues group's construction division from 1986, Michel Derbesse was appointed Group Managing Director on 17 October 1995 (Deputy CEO since the New Economic Regulations Act). Michel Derbesse's appointment as Deputy CEO must be renewed each year for one year at most pursuant to Article 17.2 of the by-laws, which applies when a Deputy CEO reaches the age of 65.

Olivier Poupart-Lafarge
Born 26 October 1942

- **Number of shares in the company:** 159,690
- **First appointed:** 17 October 1985
- **Current term of office expires:** 2003
- **Position in the company:** Deputy Chief Executive Officer (for his term of office as director)
- **Other significant appointments:** director of Bouygues Telecom, Colas, Saur, TF1, Bic, Bouygues Management UK, standing representative of Bouygues on the Board of Bouygues Construction, Bouygues Bâtiment, Bouygues Travaux Publics and Bouygues Immobilier

Executive Vice-President, Strategy and Finance since 1984, Olivier Poupart-Lafarge was appointed Deputy CEO on 25 June 2002.

Olivier Bouygues
Born 14 September 1950

- **Number of shares in the company:** 452,780 (SCDM, a company controlled by Martin Bouygues and Olivier Bouygues, owns 50,977,056 shares)
- **First appointed:** 21 January 1984
- **Current term of office expires:** 2007
- **Position in the company:** Deputy Chief Executive Officer, Utilities Management (appointment expires in 2006), standing representative of SCDM, director
- **Principal position outside the company:** Chairman of the Board of Saur
- **Other significant appointments:** Executive Vice-President of SCDM, director of Bouygues Telecom, Colas, Saur France, Stereau, Sodeci, Coved, CIE, Sénégalaise des Eaux, Saur International, Actiby, Cefina, Eurosport. Non-shareholder manager of SIR

Olivier Bouygues has been Chairman of the Saur group since 1997.

DIRECTORS

Pierre Barberis
Born 29 May 1942

- **Number of shares in the company:** 500
- **First appointed:** 24 June 1997
- **Current term of office expires:** 2003
- **Position in the company:** director
- **Principal position outside the company:** Chairman of the Board of VEV
- **Other significant appointments:** Chairman of the Board of Wilson Gestion, director of Alliance Internationale, Bootsworks, Lainière Holding, Sengac, shareholder manager of Amrom, director and Chief Executive Officer of Oberthur Card Systems

Vice-Chairman of Axa from 1987 to 1991, Pierre Barberis has been Chairman of VEV since 1991.

Patricia Barbizet
Born 17 April 1955

- **First appointed:** 22 December 1998
- **Current term of office expires:** 2008
- **Position in the company:** standing representative of Artémis, director, a member of the Pinault Group which, through Tennessee and Amark, owns 27,006,518 Bouygues shares. Chief Executive of Artémis
- **Other significant appointments:** Chief Executive of Financière Pinault, Chairman of the Supervisory Board of Pinault-Printemps-Redoute, Chairman and CEO of Piasa, Chairman of the Board of Société Nouvelle du Théâtre Marigny, director of TF1, Christies International, FNAC. Member of the Supervisory Board of Gucci, Yves Saint-Laurent Parfums, Yves Saint-Laurent Couture, Yves Saint-Laurent Haute Couture. Member of the Management Board of SC du Vignoble de Château Latour. Member of the Conseil des Marchés Financiers. Standing representative of Artémis on the Board of Agefi, Hebdo Le Point

Patricia Barbizet was a senior financial executive at Renault before her appointment as Chief Financial Officer of the Pinault group in 1989. She has been a director and Chief Executive of Artémis since 1992.

Madame Francis Bouygues
Born 21 June 1924

- **Number of shares in the company:** 5,290,034
- **First appointed:** 19 October 1993
- **Current term of office expires:** 2006
- **Position in the company:** director

Georges Chodron de Courcel
Born 20 May 1950

- **Number of shares in the company:** 930
- **First appointed:** 30 January 1996
- **Current term of office expires:** 2006
- **Position in the company:** director
- **Principal position outside the company:** member of the Executive Committee of BNP Paribas, manager of Banque de Financement et d'Investissement
- **Other significant appointments:** member of the Supervisory Board of Lagardère, director of Scor, Nexans, Alstom

Deputy CEO of BNP from 1996 to 1999, Chairman of Banexi until 2000, Georges Chodron de Courcel is a member of the Executive Committee of BNP Paribas and manager of Banque de Financement et d'Investissement.

Lucien Douroux
Born 16 August 1933

- **Number of shares in the company:** 500
- **First appointed:** 30 March 1999
- **Current term of office expires:** 2007
- **Position in the company:** director
- **Principal position outside the company:** Chairman of the Board of Banque de Gestion Privée Indosuez
- **Other significant appointments:** Chairman of the Supervisory Board of the Deposit Guarantee Fund, Vice-Chairman of Wafabank, director of Suez, Euris

Lucien Douroux was Chief Executive of Caisse Nationale du Crédit Agricole from 1993 to 1999 and Chairman of the Supervisory Board of Crédit Agricole Indosuez from 1999 to 2001.

Alain Dupont
Born 31 July 1940

- **Number of shares in the company:** 500
- **First appointed:** 7 October 1997
- **Current term of office expires:** 2008
- **Position in the company:** director
- **Principal position outside the company:** Chairman and CEO of Colas SA
- **Other significant appointments:** director of Afriquia Liants, Speig, Spac, Colas Ile-de-France-Normandie, Colas Rhône-Alpes, Smac Acieroïd, Colas Canada, Colas Danmark, Colas Inc, Colas Limited, Hindustan Colas Limited, Tipco Asphalt, FNTP. Member of the Supervisory Board of La Route Marocaine, Société Moghrebienne d'Entreprises et de Travaux. Standing representative of Colas on the Board of Cofiroute, Colas Midi-Méditerranée, Colas Sud-Ouest, Colas Centre-Ouest, Somaro, Colas Emulsions, Grands Travaux Routiers. Standing representative of SPRI on the Board of Colas Nord-Picardie. Standing representative of Spare on the Board of Colas Est

Alain Dupont has headed the Colas group since 1985.

Yves Gabriel
Born 19 March 1950

- **Number of shares in the company:** 5,000
- **First appointed:** 10 September 2002
- **Current term of office expires:** 2004
- **Position in the company:** director
- **Principal position outside the company:** Chairman and CEO of Bouygues Construction
- **Other significant appointments:** Chairman and CEO of Bouygues Bâtiment, director of Bouygues Travaux Publics, ETDE, Saur, Sénégalaise des Eaux, FNTP

Chief Operating Officer of Screg Routes and Travaux Publics then Saur, Yves Gabriel has been Chairman and CEO of Bouygues Construction since September 2002.

Patrick Le Lay
Born 7 June 1942

- **Number of shares in the company:** 6,530
- **First appointed:** 24 April 1986
- **Current term of office expires:** 2008
- **Position in the company:** director
- **Principal position outside the company:** Chairman and CEO of TF1
- **Other significant appointments:** Chairman of TF1 Publicité, TV Breizh, director of Colas, TPS Motivation, standing representative of TF1 on the Board of Siccis, Telema, Film par Film, standing representative of TF1 Développement on the Board of TPS Gestion, standing representative of TF1 International on the Board of TF1 Films Production, standing representative of TV Breizh on the Board of TVB Nantes

Appointed Executive Vice-President for diversification in 1984, Patrick Le Lay has been Chairman and CEO of TF1 since 1988.

Jean Peyrelevade
Born 24 October 1939

- **Number of shares in the company:** 3,750
- **First appointed:** 25 January 1994
- **Current term of office expires:** 2007
- **Position in the company:** director
- **Principal position outside the company:** Chairman of the Board of Crédit Lyonnais
- **Other significant appointments:** director of Suez, LVMH, Power Corporation of Canada, standing representative of Crédit Lyonnais as a director of Lagardère Groupe

Deputy head of the Prime Minister's private office then Chairman of Compagnie Financière de Suez, Indosuez and UAP, Jean Peyrelevade has been Chairman of Crédit Lyonnais since 1993.

François-Henri Pinault
Born 28 May 1962

- **First appointed:** 22 December 1998
- **Current term of office expires:** 2004
- **Position in the company:** standing representative of Financière Pinault, director, a member of the Pinault Group which, through Tennessee and Amark, owns 27,006,518 Bouygues shares
- **Principal position outside the company:** executive director of Artémis
- **Other significant appointments:** director of FNAC, TV Breizh, Soft Computing, Afipa. Member of the Management Board of Château Latour. Member of the Supervisory Board of Pinault-Printemps-Redoute, Gucci Group NV, representative of Artémis on the Board of Conforama Holding, Guilbert, manager of Financière Pinault

François-Henri Pinault headed the FNAC group before becoming executive director of Artémis.

Alain Pouyat
Born 28 February 1944

- **Number of shares in the company:** 91,100
- **First appointed:** 21 September 1999
- **Current term of office expires:** 2004
- **Position in the company:** director
- **Other significant appointments:** director of TF1, SPEIG, ETDE, Bouygues Telecom, C2S, standing representative of Bouygues on the Board of Infomobile

Alain Pouyat has been Executive Vice-President, Information Systems and New Technologies of the Bouygues Group since 1994

Michel Rouger
Born 8 December 1928

- **Number of shares in the company:** 500
- **First appointed:** 30 January 1996
- **Current term of office expires:** 2005
- **Position in the company:** director
- **Principal position outside the company:** Chairman of Promega
- **Other significant appointments:** member of the Supervisory Board of Lagardère Groupe and Centuria, director of De Boeck Diffusion, Compagnie Financière M.I. 29, manager of Michel Rouger Conseil

Honorary President of Paris Commercial Court, Michel Rouger chaired the Consortium de Réalisation (CDR) until 1998.

Serge Weinberg
Born 10 February 1951

- **First appointed:** 22 December 1998
- **Current term of office expires:** 2006
- **Position in the company:** standing representative of Tennessee, director, a member of the Pinault Group which, through Tennessee and Amark, owns 27,006,518 Bouygues shares
- **Principal position outside the company:** Chairman and member of the Supervisory Board of Pinault-Printemps-Redoute
- **Other significant appointments:** Chairman and member of the management Board of France Printemps, Chairman of the Supervisory Board of Red Cats, member of the Supervisory Board of Gucci Group NV, director of FNAC, Rexel, manager of Serole, Adoval, Marema

Head of the Budget Minister's private office, Chief executive of Havas Tourisme then Chairman of CFAO, Serge Weinberg has been Chairman of the PPR group's management Board since 1995.

SUPERVISOR

Jacques-Henri Gougenheim
Born 19 November 1932

Term of office renewed in 1998. Pursuant to Article 18 of the by-laws, this term of office expires on 25 April 2003

Other significant appointments:
director of Logement Français

Jacques-Henri Gougenheim spent his entire career in the UAP group, of which he was Chief Executive from 1972 to 1984. He was subsequently Chief Executive of Banque Worms, then Chairman of UAP International then, until 1997, controller general of UAP and Chairman of Banque Worms.

REPRESENTATIVES OF EMPLOYEE MUTUAL FUNDS

Daniel Devillebichot
Born 3 January 1944

Representative of Bouygues employee stockholders

Director since 24 June 1997

Term of office renewed in 2001 until 2003

Carmélina Formond
Born 14 October 1962

Representative of Bouygues employee stockholders

Director since 24 June 1997

Term of office renewed in 2001 until 2003

Independent directors

Having examined the situation of its directors, the Board considers that Pierre Barberis, Lucien Douroux and Michel Rouger are independent directors within the meaning of the Bouton report.

Changes to the membership of the Board proposed to the Annual Meeting

Renewal of two directors' terms of office

The Annual Meeting on 24 April 2003 will be asked to renew the directorships of Pierre Barberis and Olivier Poupart-Lafarge for a six-year term (see information about individual directors pages 63-64).

Ratification of the co-option of a director

The Annual Meeting on 24 April 2003 will be asked to ratify the co-option as a director of Yves Gabriel in place of Jean-Pierre Combot for the remainder of his term of office, which expires on conclusion of the Annual Meeting called to approve the accounts for 2003 (see information about individual directors pages 64-65).

Appointment of two directors representing employee stockholders

The Annual Meeting on 24 April 2003 will be asked to appoint Mr. Daniel Devillebichot and Mrs. Carmélina Formond, in their capacity as members of the Supervisory Boards of employee mutual funds representing employee stockholders, as directors for a two-year term of office expiring on conclusion of the Annual Meeting called to approve the accounts for 2004.

Appointment of a supervisor

The Annual Meeting on 24 April 2003 will be asked to appoint Philippe Montagner as supervisor for a six-year term.

Born on 4 December 1942, Philippe Montagner headed the Riyadh University project and was co-Chairman of TML, the contractor that built the Channel Tunnel. After managing various Bouygues group subsidiaries with activities in France and abroad, Philippe Montagner was appointed Chairman and CEO of Bouygues Telecom on the company's creation in 1994. He has been Chairman of the Board of Bouygues Telecom since February 2003.

3 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.

Accounts committee

The accounts committee, created in 1995, reviews the half-year and annual accounts before they are put to the Board, ensures that the accounting methods used to draw up the accounts are both relevant and consistent, and verifies the internal reporting procedures that provide the information on which the accounts are based. It supervises the appointment of Auditors.

The members of the accounts committee are Michel Rouger (Chairman), Patricia Barbizet, Georges Chodron de Courcel and Jacques-Henri Gougenheim. The accounts committee met twice in 2002 and the attendance rate was 87.5%. The committee verified the comparability of the accounts after changes to the Group's scope and ensured that the scope of the audit was sufficient. Certain matters were subject to particular scrutiny, including the situation of Saur in Argentina, consolidation differences, changes in accounting methods and changes in the scope of consolidation. For that purpose, the accounts committee heard the Group's Chief financial officer, the head of accounts and audit and the auditors with no senior executives present. At the beginning of 2003, the committee also supervised the appointment of an auditor, as one of the two appointments is due to expire.

Remuneration committee

The job of the remuneration committee, created in 1996, is to put a proposal to the Board concerning the remuneration and other benefits of corporate officers. Its members are Pierre Barberis (Chairman) and Patricia Barbizet. The committee met once in 2002 and the attendance rate was 100%. It considered the remuneration of corporate officers and the stock options awarded to them. It 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.

Selection committee

The selection committee was created in July 1997. Its task is to review candidates for directorships and plans to create committees within the Board. It issues an opinion on any appointment, renewal or dismissal of a Chief Executive Officer or Deputy Chief Executive Officer. The committee comprises Jean Peyrelevade (Chairman) and Serge Weinberg. It met on one occasion in 2002, to consider the co-option of Yves Gabriel as a director. The committee issued a favourable opinion. The attendance rate was 100%.

Ethics and sponsorship committee

The ethics and sponsorship committee, created in March 2001, monitors compliance with the Group's values and rules of good conduct and issues opinions on corporate sponsorship projects. Its members are Lucien Douroux (Chairman), François-Henri Pinault and Michel Derbesse. The committee met twice in 2002 and the attendance rate was 83%. After reviewing a large number of projects, the committee gave a favourable opinion on the commencement or continuation of nineteen sponsorship initiatives of a humanitarian, medical or sporting nature.

4 Remuneration of corporate officers

Pay – Remuneration policy

The remuneration of corporate officers and inside directors is determined with reference to remuneration practice in comparable groups (1). It is performance-related, since it includes a variable component linked to the performance of the business area for which the corporate officer is responsible. Corporate officers and inside directors are included in the supplementary pension scheme for members of the Group's executive committee, equivalent to 0.92% of the reference salary for each year of membership of the scheme.

The corporate officers received the following emoluments and benefits in kind in 2002 (2).

1- Chairman and Chief Executive Officer

In 2002, the company paid Martin Bouygues, Chairman and Chief Executive Officer, a gross fixed salary of €983,604, including benefits in kind but excluding performance-related pay.

The performance-related part of his gross emoluments in 2002 was calculated on the basis of the following criteria: (a) the difference between the Bouygues share price and the Paris Bourse CAC 40 index; (b) consolidated net earnings attributable to the Group. It amounted to €941,016 and will be paid in 2003.

The total emoluments awarded in respect of 2002 correspond on a pro forma basis to effective remuneration of approximately €803,340 (3).

Martin Bouygues was also paid directors' fees amounting to €69,395 in 2002 in respect of his directorships of Bouygues, TF1, Sodeci and CIE (4).

No other remuneration was paid to Martin Bouygues in any form whatsoever by Group companies.

2 - Deputy Chief Executive Officer

In 2002, the company paid Michel Derbesse, Deputy CEO, a gross fixed salary of €964,604, including benefits in kind but excluding performance-related pay.

The performance-related part of his gross emoluments in 2002 was calculated on the basis of the following criteria: (a) the difference between the Bouygues share price and the Paris Bourse CAC 40 index; (b) consolidated net earnings attributable to the Group; (c) several qualitative objectives. It amounted to €1,112,275 and will be paid in 2003.

The total emoluments awarded in respect of 2002 correspond on a pro forma basis to effective remuneration of approximately €872,289 (3).

Michel Derbesse was also paid directors' fees amounting to €61,637 in 2002 in respect of his directorships of Bouygues, TF1, Colas and Bouygues Offshore (4).

No other remuneration was paid to Michel Derbesse in any form whatsoever by Group companies.

3 - Deputy Chief Executive Officer

In 2002, the company paid Olivier Poupart-Lafarge, Deputy CEO, a gross fixed salary of €849,988 (5), including benefits in kind but excluding performance-related pay.

The performance-related part of his gross emoluments in 2002 was calculated on the basis of the following criteria: (a) the difference between the Bouygues share price and the Paris Bourse CAC 40 index; (b) consolidated net earnings attributable to the Group; (c) several qualitative objectives. It amounted to €894,275 and will be paid in 2003.

The total emoluments awarded in respect of 2002 correspond on a pro forma basis to effective remuneration of approximately €871,683 (3).

Olivier Poupart-Lafarge was also paid directors' fees amounting to €65,562 in 2002 in respect of his directorships of Bouygues, Bouygues Offshore, TF1, Colas and Bouygues Telecom (4).

No other remuneration was paid to Olivier Poupart-Lafarge in any form whatsoever by Group companies.

4 - Deputy Chief Executive Officer, Utilities Management

In 2002, the company paid Olivier Bouygues, Deputy CEO, Utilities Management, a gross fixed salary of €944,564, including benefits in kind but excluding performance-related pay.

The performance-related part of his gross emoluments in 2002 was calculated on the basis of the following criteria: (a) the difference between the Bouygues share price and the Paris Bourse CAC 40 index; (b) consolidated net earnings attributable to the group of Saur; (c) several qualitative objectives. It amounted to €922,568 and will be paid in 2003.

The total emoluments awarded in respect of 2002 correspond on a pro forma basis to effective remuneration of approximately €784,195 (3).

Olivier Bouygues was also paid directors' fees amounting to €65,702 in 2002 in respect of his directorships of Bouygues, Bouygues Offshore, Bouygues Telecom, Colas, Sodeci, CIE and Sénégalaise des Eaux (4).

No other remuneration was paid to Olivier Bouygues in any form whatsoever by Group companies.

5 - Inside directors

5.1. In 2002, the company paid Patrick Le Lay, Chairman and Chief Executive Officer of TF1, a gross fixed salary of €988,855, including benefits in kind but excluding performance-related pay.

The performance-related part of his gross emoluments in 2002 was calculated on the basis of the following criteria: (a) the difference between the Bouygues share price and the Paris Bourse CAC 40 index; (b) the difference between the TF1 share price and the Paris Bourse CAC 40 index; (c) consolidated net earnings attributable to the group of TF1; (d) several qualitative objectives. It amounted to €773,602 and will be paid in 2003.

The total emoluments awarded in respect of 2002 correspond on a pro forma basis to effective remuneration of approximately €740,232 (3).

Patrick Le Lay was also paid directors' fees amounting to €54,637 in 2002, in respect of his directorships of Bouygues, TF1 and Colas (4).

No other remuneration was paid to Patrick Le Lay in any form whatsoever by Group companies.

5.2. In 2002, the company paid Yves Gabriel, Chairman and Chief Executive Officer of Bouygues Construction, a gross fixed salary of €577,683, including benefits in kind but excluding performance-related pay.

The performance-related part of his gross emoluments in 2002 was calculated on the basis of the following criteria: (a) the consolidated net earnings of Saur; (b) several qualitative objectives. It amounted to €400,000 and will be paid in 2003.

The total emoluments awarded in respect of 2002 correspond on a pro forma basis to effective remuneration of approximately €410,627 (3).

Yves Gabriel was also paid directors' fees amounting to €60,473 in 2002, in respect of his directorship of Bouygues.

No other remuneration was paid to Yves Gabriel in any form whatsoever by Group companies.

5.3. In 2002, the company paid Alain Pouyat, Executive Vice-President, Information Systems and New Technologies of the Bouygues Group, a gross fixed salary of €759,250, including benefits in kind but excluding performance-related pay.

The performance-related part of his gross emoluments in 2002 was calculated on the basis of qualitative criteria relating to the activity of his division and the development of new technologies in the Group. It amounted to €300,000 and will be paid in 2003.

The total emoluments awarded in respect of 2002 correspond on a pro forma basis to effective remuneration of approximately €444,885 (3).

Alain Pouyat was also paid directors' fees amounting to €44,464 in 2002, in respect of his directorships of Bouygues, TF1 and Bouygues Telecom (4).

No other remuneration was paid to Alain Pouyat in any form whatsoever by Group companies.

6 - Directors

Total emoluments paid to the members of the Board of Directors of Bouygues in 2002 amounted to €591,502. The Chairman was paid €48,784. Each director was paid €24,392. Directors who were also members of a committee established by the Board of Directors were paid an additional €6,098.

TF1 paid Patricia Barbizet €13,974 by in respect of her directorship of that company (2).

The legal persons represented on the Board of Directors were paid directors' fees only; no other emoluments were allocated to them.

Bouygues and its subsidiaries paid a total of €20,296 in directors' fees to the Chairman & CEO and to the three Deputy CEOs and €653,153 to the other directors. The total amount of directors' fees was therefore €915,449.

(1) In accordance with the recommendation of 16 January 2003 issued by the Commission des Opérations de Bourse, the fees paid to the two directors who represent employee stockholders and have a contract of employment with Bouygues are not given.

(2) Some of the remuneration paid by Bouygues is reinvoiced to the subsidiaries of which the director concerned is a corporate officer.

(3) Gross remuneration minus 58% (mandatory contributions plus income tax) on a pro forma basis.

(4) Group companies within the meaning of Article L. 233-16 of the Commercial Code.

(5) The company also paid Olivier Poupart-Lafarge €331,172 on his appointment as Deputy CEO, corresponding to entitlements acquired as an employee until the date of his appointment, relating in particular to holiday pay.

5 Stock options

(Special report on stock options granted pursuant to Articles L.225-177 and L.225-186 of the Commercial Code)

The Annual Meeting on 25 May 2000, in its sixteenth resolution, authorised the Board of Directors to grant on one or more occasions options giving entitlement to subscribe new stock or to buy existing stock in the company. The authorisation was given for a five-year period, the beneficiaries being employees and/or the corporate officers of Bouygues or companies or consortia directly or indirectly linked to it under the terms of Article 208-4 of the Act of 24 July 1966 (Article L. 225-180 of the Commercial Code).

Under the terms of the stock option plans granted by the Board of Directors, the stock options may not be exercised for five years as of the date on which they are granted and expire seven years after the date on which they are granted (see table on p.77).

Options granted

Options giving entitlement to subscribe new Bouygues shares were granted in 2002.

The Board granted a total of 3,598,100 options to 1,338 beneficiaries, who are corporate officers or employees of Bouygues or Bouygues group companies.

The exercise price for these options was set at 95% of the average of the first listed price on the twenty trading days before the meeting of the Board of Directors at which the options were granted.

The options are valid for seven years from the date on which they were granted.

General information

Date of award	Number of options granted	Exercise price (€)
25 June 2002	3,002,350	27.56
17 December 2002	500,000	27.08
Total	**3,502,350**	

Options granted to Bouygues' corporate officers and inside directors

By decisions taken at its meetings on 25 June and 17 December 2002, the Board granted Bouygues' corporate officers and inside directors options entitling them to subscribe Bouygues stock on account of their offices and duties in the company.

	Company granting the options	Date of award	Number of options	Exercise price (€)
Martin Bouygues	Bouygues	25 June 2002	200,000	27.56
Olivier Bouygues	Bouygues	25 June 2002	100,000	27.56
Michel Derbesse	Bouygues	25 June 2002	150,000	27.56
Yves Gabriel	Bouygues	25 June 2002	50,000	27.56
Olivier Poupart-Lafarge	Bouygues	25 June 2002	100,000	27.56
Alain Pouyat	Bouygues	25 June 2002 17 December 2002	50,000 500,000	27.56 27.08
Total			**1,150,000**	

Options granted to the ten Bouygues employees who have been awarded the greatest number of options

In the context of the same decisions taken by the Board, the ten Bouygues employees who have been awarded the greatest number of options granted by Bouygues and/or by companies or consortia linked to it under the conditions set forth at Article L. 225-180 of the Commercial Code are as follows:

	Company granting the options	Date of award	Number of options	Exercise price (€)
Jacques Bernard	Bouygues	25 June 2002	8,000	27.56
François Bertière	Bouygues	25 June 2002	50,000	27.56
Blandine Delafon	Bouygues	25 June 2002	10,000	27.56
Ariel Dubois de Montreynaud	Bouygues	25 June 2002	10,000	27.56
Jean-François Guillemin	Bouygues	25 June 2002	14,000	27.56
Hervé Le Bouc	Bouygues	25 June 2002	50,000	27.56
Philippe Montagner	Bouygues	25 June 2002	100,000	27.56
Gilles Pélisson	Bouygues	25 June 2002	50,000	27.56
Jean-Claude Tostivin	Bouygues	25 June 2002	14,000	27.56
Lionel Verdouck	Bouygues	25 June 2002	14,000	27.56
Total			**320,000**	

Bouygues' corporate officers and employees were not granted any options in 2002 by companies linked to Bouygues under the conditions set forth at Article L. 225-180 of the Commercial Code or by companies controlled by Bouygues within the meaning of Article L. 244-16 of the Commercial Code.

Options exercised by Bouygues' corporate officers and employees in 2002

General information

The options exercised by Group employees in 2002 were as follows.

Plan	Number of options granted	Exercise price (€)	Number of options exercised in 2002	Number of currently valid options at 31/12/2002	Expiry date
24/01/1995	4,836,981	7.41	35,740	0	24/01/2002
28/01/1997	4,102,050	7.44	574,790	1,349,580	28/01/2004

Options exercised by Bouygues' corporate officers and inside directors

Corporate officers Inside directors	Company granting the options	Plan	Number of options exercised	Exercise price (€)
Michel Derbesse	Bouygues	1997	274,820	7.44
Yves Gabriel	Bouygues	1995	5,000	7.41
Patrick Le Lay	TF1	1997	250,000	7.97

Options exercised by Bouygues employees who, by exercising their options, subscribed the greatest number of shares

Bouygues employees	Company granting the options	Plan	Number of options exercised	Exercise price (€)
Blandine Delafon	Bouygues	1997	2,000	7.44
Chantal Georges	Bouygues	1997	20,370	7.44
Philippe Montagner	Bouygues	1997	90,000	7.44

The company did not register any exercise of options by Bouygues SA employees other than the three referred to above.

6 Auditors

Statutory Auditors

Mazars & Guérard (Mazars group), 125, rue de Montreuil, 75011 Paris, represented by Michel Rosse, appointed at the Annual Meeting on 10 June 1998 (first appointment) for a six-year term.

Salustro Fournet & Associés (Salustro Reydel group), 8 avenue Delcassé, 75008 Paris, represented by François Fournet, appointed at the Annual Meeting on 24 June 1997 (first appointment) for a six-year term.

Alternate Auditors

Thierry Colin (Mazars group), appointed at the Annual Meeting on 25 May 2000 (first appointment) for the same term of office as Mazars & Guérard.

Michel Savioz (Salustro Reydel group), appointed at the Annual Meeting on 25 May 2000 (first appointment) for the same term of office as Salustro Fournet & Associés.

On the advice of the accounts committee, the Board decided to ask the Annual Meeting on 24 April 2003 to appoint Ernst & Young Audit as statutory Auditor and Mr. Christian Mouillon as alternate Auditor, since the terms of office of Salustro Reydel and Mr. Michel Savioz expired on conclusion of the Meeting.

Auditors' fees

The fees paid to each Auditor by Bouygues and all fully consolidated Group companies were as follows.

	Cabinet Mazars et Guérard		Cabinet Salustro Fournet & associés	
	Amount (€ 000)	%	Amount (€ 000)	%
Audit				
Audit, certification, review of parent company and consolidated accounts	2,650	85	2,816	94
Ancillary tasks	197	6	112	4
Sub-total	**2,847**	**91**	**2,928**	**98**
Other services				
Legal, tax, corporate,	124	4	38	1
Internal audit	36	1	-	-
Other	106	4	36	1
Sub-total	**266**	**9**	**74**	**2**
Total	**3,113**	**100**	**3,002**	**100**

Stockholders

1 Major stockholders

Changes in stock ownership over the last three years

Stockholder	Situation at 31/12/2002				Situation at 31/12/2001				Situation at 31/12/2000			
	Number of shares	% of capital	Voting rights	% of voting rights	Number of shares	% of capital	Voting rights	% of voting rights	Number of shares	% of capital	Voting rights	% of voting rights
SCDM (1)	50,977,056	14.80	93,457,919	22.30	52,266,192	15.20	91,933,368	21.90	52,921,340	15.91	64,508,650	17.55
Artémis (2)	27,006,518	7.84	34,496,758	8.23	34,606,518	10.07	42,096,738	10.03	47,199,740	14.19	47,199,740	12.84
Bouygues employees	34,418,380	9.99	56,154,080	13.40	33,261,180	9.68	54,708,739	13.03	22,655,147	6.81	36,071,385	9.80
Groupe Arnault (3)	17,139,940	4.98	17,134,940	4.09	32,687,795	9.50	32,687,795	7.79	29,883,330	9.0	29,883,330	8.13
Crédit Agricole	4,192,116	1.22	4,192,116	1.00	5,993,172	1.74	5,993,172	1.43	9,621,080	2.89	17,889,210	4.86
FMB	5,290,034	1.54	10,580,068	2.52	5,290,034	1.54	10,580,068	2.52	5,607,360	1.69	5,607,360	1.52
BNP Paribas	4,174,995	1.21	6,433,265	1.54	4,154,330	1.21	4,154,330	0.99	4,154,330	1.30	4,154,330	1.13
Crédit Lyonnais	1,535,715	0.45	1,535,715	0.37	659,361	0.19	659,361	0.16	1,460,360	0.2	1,460,360	0.40
Bouygues (4)	6,790,290	1.97	-	-	-	-	-	-	-	-	-	-
Public	192,836,865	56.00	195,095,077	46.55	174,832,797	50.87	176,940,594	42.15	159,192,001	48.01	160,747,291	43.77
Total	**344,361,919**	**100.00**	**419,084,948**	**100.00**	**343,751,379**	**100.00**	**419,754,165**	**100.00**	**332,694,688**	**100.00**	**367,521,656**	**100.00**

(1) SCDM is a company controlled by Martin Bouygues and Olivier Bouygues.

(2) Artémis is a Pinault group company which controls Tennessee et Amark, the companies which own the Bouygues shares.

(3) Figure given in the statement of 14 June 2002 in which the Arnault group announced that its interest in Bouygues had fallen below the 5% threshold.

(4) Treasury stock held as a result of the buy-back programme.

The main changes in stock ownership over the last three years are as follows:

- increase in employee stock ownership from 6.81% to 9.99% of the share capital,
- reduction in the shareholding of Artémis from 14.19% to 7.84% of the share capital;
- reduction in the shareholding of the Arnault group from 9% to 4.97%.

2 Stockholder agreements

Bouygues

The terms of the stockholder agreement between SCDM and Artémis relating to their holdings in Bouygues were published by the Conseil des Marchés Financiers (financial markets regulator) in a notice of 9 December 1998.

In accordance with the regulations, the parties acting in concert stated their intentions to the Conseil des Marchés Financiers in the following terms:

- "Concerted policy within the company: under the terms of a stockholder agreement concluded on 4 December 1998 for a three-year period, they intend to conduct a concerted business policy for the company and consult each other before taking any decisions that might cause a significant and lasting change in the strategy, legal structure or financial resources of the company or its major subsidiaries. To this end, Artémis will have three seats on the Board of Directors. The parties have undertaken to approve all the resolutions put by the Board of Directors to Annual Meetings.
- Shareholdings: they [the parties] do not rule out buying and selling shares but have agreed to limit their shareholdings such that they do not exceed 17.5% for SCDM and 15.5% for Artémis and such that the total number of shares or voting rights held by the parties, acting in concert, does not exceed one third of the share capital or voting rights.

  The parties have agreed to restrict their option of selling their shares for two years and have granted each other a reciprocal right of pre-emption."

On 12 September 2001, Artémis and SCDM concluded a supplementary agreement extending the stockholder agreement of 4 December 1998 until 4 December 2004. The Conseil des Marchés Financiers gave public notice of the supplementary agreement in a decision of 13 September 2001, stating in particular that:

"The non-transferability clause in the initial agreement, which expired on 4 December 2000, has not been renewed.

The agreement now states that each group may freely transfer any shares it holds in excess of 10% of the capital of Bouygues, including any shares they may acquire by allocation of bonus shares, by exercising a right of pre-emption or following a capital increase.

The right of pre-emption does not apply to transfers of shares in this free quota, though the seller must inform the other party, at most five trading days after the transaction, of the number of shares involved and the identity of the buyer, if known."

Bouygues Telecom – BDT

A stockholder agreement exists between Bouygues and Jean-Claude Decaux International, the two stockholders of BDT, which owns 50.1% of Bouygues Telecom. A stockholder agreement also exists between Bouygues, BDT, Veba Telecom (a subsidiary of E.ON, a German group) and BNP Paribas, the stockholders of Bouygues Telecom.

Stock market performance

1 Bouygues on the stock market in 2002

Stock

Bouygues is listed on the first market (Deferred Settlement Market) of Euronext Paris SA.

There were 344,361,919 shares and investment certificates in issue at 31 December 2002.

610,540 shares were created in 2002, of which:
- 610,530 shares as a result of stock options;
- 10 shares by conversion of Océane bonds.

An average of 344,250,000 shares and investment certificates were in issue in 2002.

Regarded as a telecommunications stock, the Bouygues share price fell in 2002 for the third year in succession.

With an average of 1,335,000 shares traded daily, 9% lower than in 2001, the Bouygues share price fell by 29% over the year, from €36.99 at end-2001 to €26.31 at end-2002. The CAC 40 index fell by 34% over the same period.

It reached a high of €38.80 on 4 January 2002 and a low of €20.40 on 6 August 2002.

(for convenience, all the figures in the table below take account of the stock split in 2000)

	Number of shares	Dividend (€)			Market price (€)			Dividend yield based on last price (%)
		Net	Tax credit	Total	Highest	Lowest	Last	
1998	261,671,780	0.259	0.13	0.389	19.15	10.38	17.56	2.2
1999	302,783,920	0.259	0.13	0.389	67.50	17.53	63.70	0.6
2000	332,074,968	0.360	0.18	0.540	97.90	45.60	49.00	1.1
2001	343,158,371	0.360	0.18	0.540	57.95	25.11	36.99	1.5
2002	343,801,210	0.360	0.18	0.540	38.80	20.40	26.31	2.1

The market price of the share at 31 March 2003 was €18.43.

Investment certificate

Bouygues investment certificates are listed on the first market of Euronext Paris. Five-year trends in the number of investment certificates (a form of non-voting preference stock first issued in 1986), dividends and yields are as follows:

(for convenience, all the figures in the table below take account of the stock split in 2000)

	Number of investment certificates bearing dividend	Dividend (€)			Market price (€)			Dividend yield based on last price (%)
		Net	Tax credit	Total	Highest	Lowest	Last	
1998	627,120	0.259	0.13	0.389	16.16	9.16	15.55	2.5
1999	620,800	0.259	0.13	0.389	24.11	14.52	24.10	1.6
2000	619,720	0.360	0.18	0.540	54.20	26.10	45.20	1.2
2001	593,008	0.360	0.18	0.540	47.47	29.16	37.60	1.4
2002	560,709	0.360	0.18	0.540	40.90	20.26	23.85	2.3

The market price of investment certificates at 31 March 2003 was €21.20.

2 Stock price and number of shares traded

Bouygues stock price in the last 18 months

	Highest	Lowest	Number of Shares traded	Capital (€milion)
2001				
July	40.40	34.50	26,058,367	964
August	40.10	36.70	23,731,139	909
September	38.00	23.00	34,438,566	1,057
October	37.90	26.90	35,314,925	1,162
November	39.20	31.70	32,781,978	1,179
December	40.80	35.80	18,969,030	717
2002				
January	38.80	33.00	25,168,110	898
February	34.84	30.50	19,951,468	641
March	38.95	32.75	28,397,405	1,053
April	37.84	32.32	29,065,071	1,025
May	34.75	30.62	31,166,784	1,029
June	32.10	25.32	29,157,551	824
July	29.27	21.15	32,513,380	818
August	26.75	20.40	23,368,911	558
September	27.60	23.10	34,655,366	893
October	28.18	23.74	35,825,228	945
November	30.45	24.94	28,663,649	803
December	30.44	25.01	28,397,785	771

Price of investment certificates

	Highest	Lowest	Number of investment certificates traded
1st quarter 2002	40.9	28.6	2,642
1st quarter 2002	37.1	26.7	2,184
3rd quarter 2002	32.1	21.4	232
4th quarter 2002	30.7	20.3	7,958

Price of convertible and/or exchangeable bonds

	Highest	Lowest	Number of bonds traded
1st quarter 2002	441.5	342.0	73,749
1st quarter 2002	395.0	294.5	34,968
3rd quarter 2002	323.0	277.8	40,524
4th quarter 2002	324.3	286.5	40,761

Capital

1 General information

Amount of share capital

At 31 December 2001, Bouygues had 343,751,379 shares of €1 par (1). 593,008 shares were divided into the same number of investment certificates and voting certificates.

The share capital was increased during 2002 following the exercise of share options awarded to Group employees and by the conversion of Océane bonds issued in 1999.

Consequently, Bouygues had share capital of €344,361,919 at 31 December 2002, divided into 344,361,919 shares of €1 par.

560,709 shares were divided into the same number of investment certificates and voting certificates.

There were 418,084,948 voting rights at 31 December 2002 (419,754,165 at 31 December 2001).

(1) The Annual Meeting on 25 May 2000 decided to express the share capital in euros and to raise the par value of each share to 10 euros. It then decided to carry out a ten-for-one stock split.

Five-year changes in the share capital

All amounts in the following table are expressed in euros.

Year	Capital increases in the last 5 years	Amount of changes in share capital (€)		Amount of share capital (€)	Aggregate number of shares and investment certificates
		Par	Premiums and incorporation of reserves		
1998	• Exercise of options for 369,675 shares	2,817,830	22,844,070	198,457,186	26,035,876
	• Subscription by the corporate savings plan of 194,014 shares	1,478,862	19,933,830	199,936,048	26,229,890
1999	• Exercise of options for 592,359 shares	4,515,227	41,632,375	204,451,275	26,822,249
	• Subscription by the corporate savings plan of 961,513 shares	7,329,086	228,898,200	211,780,361	27,783,762
	• Océane conversion: 150,492 shares	1,147,118	37,834,653	212,927,479	27,934,254
	• July capital increase: 2,406,218 shares (1)	18,341,278	525,174,329	231,268,757	30,340,472
2000 1 January to 25 May	• Exercise of options for 47,914 shares	365,222	3,233,661	231,633,979	30,388,386
	• Océane conversion: 14,500 shares	110,526	3,637,693	231,744,505	30,402,886
	• April capital increase: 2,026,186 shares (2)	15,444,503	1,491,824,192	247,189,008	32,429,072
2000 25 May	• Conversion of the capital into euros by conversion of the par value of shares.The par value was rounded up to 8 euros and then increased from 8 to 10 euros.			324,290,720	32,429,072
2000 25 May to 3 July	• Exercise of options for 8,251 shares	82,510	530,617	324,373,230	32,437,323
	• Océane conversion: 80,966 shares	809,660	20,059,914	325,182,890	32,518,289
2000 3 July	• Reduction of the par value of shares from 10 euros to 1 euro			325,182,890	325,182,890
2000 3 July to 31 December	• Exercise of options for 159,700 shares	159,700	1,151,374	325,342,590	325,342,590
	• Océane conversion: 367,466 shares	367,466	9,104,300	325,710,056	325,710,056
	• September capital increase (Colas stock swap): 6,984,632 shares (3)	6,984,632	483,685,766	332,694,688	332,694,688
2001	• Exercise of options for 1,009,490 shares	1,009,490	6,499,867	333,704,178	333,704,178
	• Subscription by the corporate savings plan of 10,034,985 shares	10,034,985	219,966,871	343,739,163	343,739,163
	• Océane conversion: 12,216 shares	12,216	302,664	343,751,379	343,751,379
2002	• Exercise of options for 610,530 shares	610,530	3,930,741	344,361,909	344,361,909
	• Océane conversion: 10 shares	10	246	344,361,919	344,361,919

(1) COB certificate 99-848 of 17 June 1999. (2) COB certificate 00-243 of 1 March 2000. (3) COB certificate 00-1328 of 21 July 2000.

Authorisations to increase the capital or issue bonds or transferable securities

The table below lists the securities issues that the company may undertake pursuant to the authorisations given at the Annual Meeting on 25 April 2002 or at annual meetings in previous years.

The Annual Meeting on 24 April 2003 will be asked to renew authorisations 2 and 7 without any change to the authorised maximum amount.

On 15 May and 6 December 2002, Bouygues carried out a €1 billion issue of 7-year bonds. A total of 1,000,000 bearer bonds of €1,000 par were issued at a fixed rate of 5.875%, maturing 15 May 2009.

2 Employee stock ownership

At 31 December 2002, Group employees held 10% of Bouygues' capital and 13.40% of voting rights, through a number of mutual funds.

- The employee mutual fund, created in 1968, invests in Bouygues shares bought on the market. The fund has received €19.9 million in contributions in the last five years. At 31 December 2002, the fund held 2.34% of Bouygues' capital and 3.80% of voting rights.
- The corporate savings plan mutual fund invests employees' voluntary savings and top-up payments from the company in Bouygues shares bought directly on the market. At 31 December 2002, it held 2.34% of Bouygues' capital and 3.21% of voting rights. A total of €217.1 million has been paid into the corporate savings plan in the last five years, including €128.7 million in employee contributions and €88.4 million in company top-up payments.
- Following the capital increase in December 1999 and January 2000, at 31 December 2002 Bouygues Confiance, a leveraged mutual fund, held 2.24% of the capital and 3.69% of voting rights.
- Following the capital increase in 2001, at 31 December 2002 the Bouygues Confiance 2 and Bouygues Confiance 2 International leveraged mutual funds held 2.82% of the capital and 2.32% of voting rights.
- A Bouygues Immobilier mutual fund holds 0.06% of the capital and 0.09% of voting rights. Two Saur mutual funds hold 0.19% of the capital and 0.28% of voting rights.

	Maximum nominal amount (€ million)	**Annual Meeting**	**Term**
1. Shares reserved for employees, without preferential subscription rights	10% of the company's share capital on the date on which the authorisation is used	25/04/2002	26 months
2. Shares, investment certificates and all other transferable securities, during a tender offer for the company's securities, with or without preferential subscription rights	150	25/04/2002	Until the meeting to approve the accounts for 2002
3. Shares, investment certificates and all other transferable securities (including share and investment certificate warrants), with preferential subscription rights	150 4,000 (debt securities)	25/04/2002	26 months
4. Shares, investment certificates and all other transferable securities (including share and investment certificate warrants), without preferential subscription rights	150 4,000 (debt securities)	25/04/2002	26 months
5. Shares to be issued under stock option plans, without preferential subscription rights	Statutory limit (Article L. 225-182 of the Commercial Code)	25/05/2000	5 years
6. Bond issues	4,000	25/05/2000	5 years
7. Purchase by the company of its own shares or investment certificates	600	25/04/2002	18 months

3 Stock options

Currently valid options to subscribe shares (stock options) granted under the terms of authorisations given at Extraordinary Annual Meetings, if they were exercised, would represent a maximum of 13,420,560 new shares.

Stock options by category of beneficiary

	Number of beneficiaries	Number of options granted	Number of currently valid options
Senior executives	15	7,131,445	5,960,180
Other beneficiaries	1,385	8,102,248	7,460,380
Total	**1,400**	**15,233,693**	**13,420,560**

Number of options per plan (for convenience, the following figures take the stock split into account)

Plan	Annual Meeting authorising the plan	Number of options granted per plan (1)	Exercise price (1) €	Exercise price (1) Discount	Number of beneficiaries	Number of options exercised or lapsed per plan	Number of currently valid options per plan at 31/12/2002	Options exercised during the year	Expiry
1997	27/06/1995	3,001,701	7.44	5%	96	1,652,121	1,349,580	5,798,200	28/01/2004
1998	-	-	-	-	-	-	-	3,696,750	-
1999	27/06/1995	3,474,742	21.59 to 29.64	5%	212	26,312	3,448,430	5,923,590	from 20/04/2006 to 04/11/2006
04/07/2000	25/05/2000	1,239,800	69.13	5%	627	79,200	1,160,600	721,350	05/07/2007
2001	25/05/2000	4,015,100	33.75 to 39.40	5%	1,065	55,500	3,959,600	1,009,490	from 27/03/2008 to 18/09/2008
2002	25/05/2000	3,502,350	27.56 to 27.08	5%	1,338	-	3,502,350	610,530	from 25/06/2009 to 17/12/2009
Total		**15,233,693**				**1,813,133**	**13,420,560**		

(1) After adjustment.

4 Bonds convertible into new shares and/or exchangeable for existing shares

1,905,490 Océane bonds with a par value of €262.4 at 1.7% per annum have been issued, bearing interest from 4 February 1999. They are redeemable in full on 1 January 2006 and, at any time after 4 February 1999, may be converted into new shares or exchanged for existing shares at a rate of one Bouygues share for one bond, subject to subsequent adjustment. The bonds are redeemable at Bouygues' discretion from 1 January 2003.

Following the capital increases with preferential subscription right carried out in July 1999 and April 2000, the conversion and/or exchange parity of the Océane bonds was revised from 1 Bouygues share to 1.013 Bouygues shares, then from 1.013 to 1.018 Bouygues shares. Following the stock split in 2000, this parity was set at 10.18 Bouygues shares.

279,680 Océane bonds had been converted by 31 December 2002, entailing the creation of 2,839,272 new shares (this figure takes account of the stock split). 1,625,810 Océane bonds remained in issue at the same date

If all the Océane bonds were converted, 16,550,746 new shares would be created.

5 Potential creation of new shares

17,900,326 shares would be added to the 344,361,919 shares in issue at 31 December 2002 if all the Océane bonds were converted and all the stock options that had matured were exercised, bringing the total number of shares to 362,262,245.

6 Buy-back of Bouygues stock

The Annual Meeting on 25 April 2002 authorised a programme for the company to buy back its shares. A memorandum relating to the buy-back, certified by the COB (02-290), was published on 28 March 2002.

Using the authorisation, the company acquired 6,790,290 shares in 2002 (4,010,548 shares acquired in January 2002 as part of the programme authorised by the Annual Meeting on 31 May 2001; 2,779,742 shares acquired in October 2002 as part of the programme authorised by the Annual Meeting on 25 April 2002), representing 1.97% of the share capital at 31 December 2002 (€36.2 million were written off the value of the shares at 31 December 2002, on the basis of the average market price in December 2002). In March 2003, the company acquired 1,130,547 shares as part of the buy-back programme authorised by the Annual Meeting on 25 April 2002.

The Board of Directors also decided, pursuant to the authorisation given by the Annual Meeting on 25 May 2000, to launch a programme for the company to buy back its own stock, up to a maximum number of 201,000 shares, so as to be able to provide Bouygues shares to those Colas employees with stock options who wished to exercise them. No Bouygues shares had been purchased under the programme at 31 December 2002.

Results of Bouygues SA

1 Dividend

Appropriation and distribution of the earnings of Bouygues (parent company)

The Annual Meeting, having acquainted itself with the Board of Directors' report on operations and having noted that distributable earnings for 2002, before appropriation to the legal reserve, amounted to €122,286,188.61 and that other reserves amount to €595,339,625, is asked to approve the following appropriation and distribution:

- appropriation of €61,054.00 to the legal reserve, allocated to the special long-term capital gains reserve, in order to bring it up to 10% of the share capital, by deduction from the earnings for the year;
- appropriation of €296,561,621.54 from other reserves to the special long-term capital gains reserve, reducing the available amount of other reserves to €298,778,003.46;
- distribution of a first net dividend (5% of par) of €0.05 per share or per investment certificate, representing a total amount of €17,218,095.95, deducted from distributable earnings;
- distribution of an additional net dividend of €0.31 per share or per investment certificate of €1 par, representing a total amount of €106,752,194.89, deducted as follows:
  - €105,007,038.66 from the balance of distributable earnings,
  - €1,745,156.23 from the available amount of other reserves, the balance of which is therefore reduced to €297,032,847.23.

Subject to approval by the Annual Meeting, the dividend of €0.36 net per share and per investment certificate plus a tax credit of €0.18 (assuming a 50% rate) will be paid in cash from 30 April 2003.

Should the company hold some of its own stock when the dividend is distributed, the sum corresponding to the amount of dividend not paid because of the nature of such stock shall be allocated to retained earnings.

The company is required by law to state the dividends distributed in the last three years and the related tax credits. They were as follows:

	1999	2000	2001
Number of shares	(1) 30,340,472	332,694,688	343,751,379
Dividend	€2.59	€0.36	€0.36
Tax credit (2)	€1.30	€0.18	€0.18
Total dividend per share	€3.89	€0.54	€0.54
Total dividend amount	**€77,579,811.79**	**€119,770,087.68**	**€123,750,496.44**

(1) Before ten-for-one stock split. (2) Assuming a 50% rate.

Dividends not claimed within five years are paid to the government.

2 Summary of last five years' results

	1998	1999	2000	2001	2002
CAPITAL AT YEAR-END					
Share capital	FF 1,311,494,500	FF 1 517,023,600	€332,694,688	€343,751,379	€344,361,919
Number of ordinary shares in issue (1)	26,167,178	30,278,392	332,074,968	343,158,371	343,801,210
Number of investment certificates (without voting rights) (1)	62,712	62,080	619,720	593,008	560,709
Maximum number of shares to be created in the future (1):					
• by conversion of investment certificates and voting certificates into shares	62,712	62,080	619,720	593,008	560,709
• by exercise of stock options	959,250	710,266	7,660,890	10,588,944	13,420,560
• by conversion and/or exchange of convertible bonds		1,779,769	16,562,972	16,550,756	16,550,746
OPERATIONS AND RESULTS FOR THE YEAR					
Sales excluding taxes	€1,205,693,902	€92,898,853	€64,302,455	€73,416,040	€62,497,403
Earnings before tax, depreciation, amortisation and provisions	€8,577,044	€297,957,737	€421,701,258	€230,010,624	€21,715,695
Income tax	€14,480,017	€(8,475,405)	€3,988,987	€22,310,429	€(1,925,403)
Employee profit sharing	-	-	-	-	-
Earnings after tax, depreciation, amortisation and provisions	€69,131,864	€185,407,286	€478,057,461	€236,941,212	€120,842,391
Distributed earnings	€67,978,256	€77,579,812	€119,770,088	€122,306,699	€123,970,291
Withholding	€157,697	-	-	-	-
EARNINGS PER SHARE					
Earnings after tax but before depreciation, amortisation and provisions	€0.88	€9.54	€1.28	€0.73	€0.06
Earnings after tax, depreciation, amortisation and provisions	€2.64	€6.11	€1.44	€0.69	€0.35
Gross dividend allocated to each share	€3.89	€3.89	€0.54	€0.54	€0.54
PERSONNEL					
Average number of employees during the year	5,329	306	249	261	253
Payroll	€245,730,355	€38,277,005	€32,117,774	€38,521,514	€36,496,987
Amounts paid in respect of benefits (social security, company benefits, etc.)	€118,069,894	€19,146,527	€14,837,450	€15,062,453	€11,250,274

(1) A ten-for-one stock split was carried out in 2000.

Legal information

1 General

Company name	Bouygues
Registered office	90, avenue des Champs-Élysées 75008 Paris
Registration number	572 015 246 Paris
APE code	452 B
Form	Société Anonyme (joint stock corporation)
Creation date	15 October 1956
Expiry date	14 October 2089
Financial year	1 January to 31 December
Governing law	French

2 By-laws

Purpose (Article 2 of the by-laws)

The company has as its purpose in all countries:

- the acquisition, directly or indirectly, of interests in all French or foreign companies or groupings, whatever their purpose or business, and the management and disposal as appropriate of such interests,
- the creation, acquisition, operation and disposal as appropriate of all French or foreign undertakings, in any field of business, whether industrial, commercial or financial, including in particular in the construction sector (building, civil works, roads, property) and the service sector (utilities management, media, telecommunications),
- and in general all industrial, commercial, financial, mining and agricultural operations or transactions and all operations or transactions involving movable or real property relating directly or indirectly to the purpose set forth above or to all similar or related purposes that may enable or facilitate the achievement or pursuit thereof.

Appropriation of earnings (Article 24 of the by-laws)

At least 5% of net earnings for the year, minus prior losses if any, are retained in order to constitute the legal reserve. This requirement ceases to be mandatory when the legal reserve equals one tenth of the share capital.

The sum necessary to pay the holders of shares and investment certificates a first dividend equal to 5% of the paid-up share capital is retained from distributable earnings. After appropriations to other reserves and to retained earnings decided by the Annual Meeting, the balance of distributable earnings is divided between the holders of shares and investment certificates.

Annual meetings (Articles 19 to 21 of the by-laws)

Annual meetings of stockholders are called in accordance with the formalities required by law. They consist of all holders of shares and voting certificates, whatever the number of shares or certificates they hold.

Special meetings of holders of investment certificates and of bonds issued by the company may be called in the cases provided for by the prevailing laws and regulations.

All documents required in order to vote at annual meetings must reach the company at the latest on the third day before the date of the meeting.

Double voting rights (Article 12 of the by-laws – this rule has been in effect since 1 January 1972)

Double voting rights are allocated to all fully paid-up shares that are proved to have been registered for at least two years in the name of the same holder.

In the event of a capital increase by incorporation of reserves, profits or premiums, double voting rights are conferred as of issue on registered shares allocated as a bonus to shareholders in respect of existing shares conferring such entitlement. Double voting rights attached to registered shares will be lost if such shares are converted into bearer shares or if title to them is transferred, except in cases where the law provides otherwise.

Thresholds (Article 8.3 of the by-laws)

Persons holding directly or indirectly at least 1% of the capital or voting rights are required to inform the company of the total number of shares or voting certificates they own. Notification must be made by registered letter with acknowledgment of receipt sent to the registered office within fifteen days of conclusion of the transaction, on or off the stock market, irrespective of delivery of the securities.

Further disclosures must be made under the same conditions each time the 1% threshold is crossed in either direction.

If disclosures are not made under the conditions set forth above, the voting rights attached to shares or voting certificates exceeding the fraction that should have been disclosed are suspended under the conditions provided by law if a request to that effect is made at the Annual Meeting by one or more stockholders holding at least 5% of the share capital or voting rights.

Under the terms of Article 8.2 of its by-laws, the company is authorised to use all legal means regarding the identification of holders of securities conferring an immediate or future right to vote at stockholders' meetings.

NB: Under the terms of Article L. 225-99 of the Commercial Code, the extraordinary stockholders' meeting has sole competence to amend the by-laws. However, it may not abolish double voting rights unless authorised to do so by a special meeting of the holders of such rights.

3 Places where legal documents may be consulted

Legal documents may be consulted at the company's registered office at 90, avenue des Champs-Elysées, 75008 Paris, and at Challenger, 1, avenue Eugène Freyssinet, 78280 Guyancourt.


TF1
Star Academy
1 News en direct du château
2 Fan-club
Choisir
i-mode

Accounts

Consolidated accounts

Consolidated balance sheet at 31 December

Assets (€ million)

	Notes	2002 Net	2001 Net	2000 Net
Intangible fixed assets		5,746	3,408	2,937
Goodwill		297	366	337
Tangible fixed assets		5,525	4,669	4,203
Long-term investments (a)		789	832	904
Non-consolidated subsidiaries and affiliates		*146*	*154*	*196*
Equity method subsidiaries and affiliates		*456*	*458*	*419*
Other		*187*	*220*	*289*
FIXED ASSETS	3	**12,357**	**9,275**	**8,381**
Inventories		1,111	1,087	1,002
Programmes and broadcasting rights		667	594	491
Advances and payments on account		97	317	243
Trade receivables (b)		5,865	6,445	6,123
Other receivables, prepaid expenses and similar items (b)		2,780	2,595	2,712
Short-term investment securities		1,380	1,565	1,626
Cash and equivalents		526	633	605
CURRENT ASSETS	4	**12,426**	**13,236**	**12,802**
TOTAL ASSETS		**24,783**	**22,511**	**21,183**
(a) Of which due in less than one year.		3	13	9
(b) Of which due in more than one year.		878	707	768

Liabilities and stockholders' equity (€ million)

	Notes	2002	2001	2000
Authorised capital		344	344	333
Premiums and reserves and consolidated earnings (c)		4,869	4,296	4,094
Translation reserve		20	100	73
Treasury stock		(222)	-	-
STOCKHOLDERS' EQUITY (attributable to the Group)		**5,011**	**4,740**	**4,500**
Minority interests		1,024	741	668
TOTAL STOCKHOLDERS' EQUITY		**6,035**	**5,481**	**5,168**
Other equity		344	22	-
TOTAL STOCKHOLDERS' EQUITY AND OTHER EQUITY	5	**6,379**	**5,503**	**5,168**
PROVISIONS FOR LIABILITIES AND CHARGES	6	**1,882**	**1,909**	**2,002**
FINANCIAL LIABILITIES (d)	7	**4,825**	**3,081**	**3,028**
PROGRESS PAYMENTS RECEIVED		**544**	**531**	**438**
Trade payables		5,241	5,236	5,052
Other non-financial liabilities, accrued income and similar items		5,630	6,010	5,325
NON-FINANCIAL LIABILITIES (e)	8	**10,871**	**11,246**	**10,377**
Short-term bank borrowings		282	241	170
TOTAL LIABILITIES AND EQUITY		**24,783**	**22,511**	**21,183**
(c) Of which net earnings for the year (attributable to the Group).		666	344	421
(d) Of which due in less than one year.		724	369	169
(e) Of which due in more than one year.		219	151	132

Consolidated income statement (€ million)

	Notes	2002	2001	2000
SALES (1)	13	**22,247**	**20,473**	**19,060**
Other operating revenue		1,249	1,138	1,544
Purchases and changes in inventories		(4,836)	(4,505)	(4,210)
Taxes other than income tax		(492)	(438)	(377)
Personnel costs		(4,710)	(4,475)	(4,119)
External charges and other operating expenses		(11,183)	(10,563)	(10,125)
Net depreciation, amortisation and provisions		(1,294)	(814)	(1,019)
Share in earnings of unincorporated joint ventures		77	60	58
OPERATING INCOME	13	**1,058**	**876**	**812**
Net financial items	9	(291)	(149)	(15)
EARNINGS BEFORE TAX AND EXCEPTIONAL ITEMS	13	**767**	**727**	**797**
Net exceptional items	11	368	73	15
Income tax	12	(316)	(268)	(152)
NET EARNINGS OF CONSOLIDATED COMPANIES		**819**	**532**	**660**
Share in earnings of companies accounted for by the equity method	13	52	22	7
NET EARNINGS BEFORE MINORITY INTERESTS AND AMORTISATION OF GOODWILL		**871**	**554**	**667**
Amortisation of goodwill		(42)	(44)	(40)
NET EARNINGS BEFORE MINORITY INTERESTS		**829**	**510**	**627**
Minority interests		(9)	-	(25)
Share of earnings acquired from minority interests		(154)	(166)	(181)
NET EARNINGS (attributable to the Group)		**666**	**344**	**421**
Earnings per share (€)		1.93	1.03	1.31
Diluted earnings per share (€)		1.84	0.98	1.23
(1) Of which sales generated outside France.		7,195	7,607	7,062

Consolidated cash flow statement (€ million)

	Notes	2002	2001	2000
A - OPERATING ACTIVITIES				
Cash flow from operations	13	**1,713**	**1,135**	**1,213**
Net earnings of consolidated companies (1)		804	512	617
Depreciation, amortisation and provisions on fixed assets		1,268	904	998
Net change in long-term provisions on liabilities and charges		93	(150)	(63)
Expenses to be amortised over several periods		(22)	(7)	(269)
Net gains (losses) on disposals of assets and other items		(430)	(124)	(70)
Change in working capital requirement		**438**	**326**	**169**
Current assets, prepaid expenses, deferred charges, accrued income and similar items		442	(6)	(1,230)
Net progress payments received, non-financial liabilities and other items		(4)	332	1,399
NET CASH FROM OPERATING ACTIVITIES		**2,151**	**1,461**	**1,382**
B - INVESTING ACTIVITIES				
Increase in fixed assets		**(3,618)**	**(1,951)**	**(2,650)**
Acquisitions of intangible and tangible fixed assets	13	(1,946)	(1,288)	(1,358)
Acquisitions of participating interests	13	(1,672)	(663)	(1,292)
Decrease in fixed assets		**751**	**429**	**577**
Disposals of intangible and tangible fixed assets	13	101	163	464
Disposals of participating interests	13	650	266	113
Net investment		**(2,867)**	**(1,522)**	**(2,073)**
Net change in other long-term investments		(3)	(13)	84
Net change in liabilities relating to fixed assets		46	(58)	37
Impact of changes in Group structure on cash position		24	10	22
NET CASH USED FOR INVESTING ACTIVITIES		**(2,800)**	**(1,583)**	**(1,930)**
C - FINANCING ACTIVITIES				
Increase in stockholders' equity and other equity		(82)	245	2,076
Dividends paid during the year		(229)	(229)	(256)
Net change in financial liabilities		644	2	(143)
NET CASH FROM (USED FOR) FINANCING ACTIVITIES		**333**	**18**	**1,677**
D - NET IMPACT OF EXCHANGE RATE MOVEMENTS		**(14)**	**2**	**(1)**
CHANGE IN CASH AND EQUIVALENTS (A + B + C + D)		**(330)**	**(102)**	**1,128**
Cash and equivalents at 1 January (2)		1,957	2,061	936
Net flows during the year		(330)	(102)	1,128
Other non-cash movements (3)		(3)	(2)	(3)
CASH AND EQUIVALENTS AT 31 DECEMBER (2)		**1,624**	**1,957**	**2,061**

(1) Net earnings of consolidated companies after amortisation of goodwill, including dividends received from companies accounted for by the equity method.
(2) Cash plus marketable securities less short-term bank borrowings.
(3) Transfers between line items.

Notes to the consolidated financial statements at 31 December 2002

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Amounts expressed in millions of euros (€), unless otherwise indicated

Note 1 *SIGNIFICANT EVENTS IN 2002*

1.1 Changes in the scope of consolidation in 2002

1.1.1 Acquisitions

BDT / Bouygues Telecom

In late March 2002, Bouygues acquired Telecom Italia's 19.6% stake in the BDT holding company, which owns 55% of Bouygues Telecom, for €640m, along with Telecom Italia's loans to BDT (€110m). As a result of its withdrawal from BDT, Telecom Italia's rights under the stockholders' agreement have lapsed. As a result, Bouygues Telecom is now controlled by the Bouygues group alone, and so is now fully consolidated, having been consolidated proportionally in 2001.

In late September, Bouygues subscribed to Bouygues Telecom's capital increase, buying €579m of shares out of the total issue of €619m. After this transaction, Bouygues owned 67.1% of Bouygues Telecom's capital either directly or indirectly.

The resulting valuation difference of €751m – calculated using the 'partial revaluation' method – was allocated to intangible fixed assets (market share).

TPS (TF1)

Under an agreement signed in late 2001, TF1 acquired France Télévisions Entreprises, which owns 25% of TPS, in 2002. This took TF1's interest in TPS to 50%. In July 2002, TF1 acquired an additional 16% stake in TPS from Suez for €102.4m, taking its stake to 66%, with the remaining 34% owned by M6. As a result of the stockholders' agreement between TF1 and M6, Bouygues continues to consolidate TPS proportionally, having accounted for TPS under the equity method in 2001.

The resulting valuation difference of €419m was allocated to intangible fixed assets (market share). TPS' consolidated financial statements are presented in note 13.

1.1.2 Disposals

Bouygues Offshore

After approval from the European Commission on 2 July 2002, Bouygues Construction sold all of its majority stake (50.8%) in Bouygues Offshore for €521m, leading to a capital gain of €347m after tax.

Saur

- At 31 December 2001, Bouygues owned 100% of Saur, but only consolidated 73% of the company. The remaining 27% stake, representing an investment of €341m, was recorded under marketable securities, since Bouygues planned to sell it in the short term.

  Despite various negotiations, Bouygues failed to sell this stake. As a result, Saur is now 100% consolidated (as at 31 December 2002).

  The resulting valuation difference of €277m – calculated using the 'partial revaluation' method – was allocated to intangible fixed assets (market share).
- The main impact of these 2002 transactions is discussed in chapter 2.3, 'Comparability of consolidated financial statements'.

1.2 Devaluation of Argentine peso (Saur)

The Bouygues group is present in Argentina through a 32.1%-owned affiliate of Saur.

Argentina's economic crisis has led to a serious recession, the outcome of which is uncertain. This makes it difficult to value local assets.

As a result, and in line with the method used in the 2001 financial statements, Bouygues booked provisions on its original investment based on the exchange rate at 31/12/2002, i.e. €0.283166 to the Argentine peso.

Taking into account movements in the US dollar and the Argentine peso, which reduced the value of Bouygues' investment to €49m at December 31 2002, related provisions totalled €34m. As a result, the net value of Bouygues' investment has been reduced to €15m, i.e. 17% of the original investment.

In addition, the Group is liable for a €4m performance bond issued by a bank to guarantee that OSM fulfils its contractual obligations. This pledge was not renewed on 31/12/2002.

1.3 Activity in Côte d'Ivoire (Saur)

Recent events in Côte d'Ivoire have prompted Bouygues to take a prudent view of local companies' contribution to consolidated profits.

As a result, the €13.9m contribution of these companies was offset by a €12.4m provision for contingencies.

After taking into account guarantees received and profits already earned, the group's net exposure to political risk in Côte d'Ivoire is €52.5m.

1.4 Bond issue totalling one billion euros

In order to finance development in the telecoms business, Bouygues issued bonds with a par value of €750m in May 2002. The main characteristics of these bonds were as follows:

- Maturity : 7 years
- Coupon : 5.875%
- Issue price : 99.636%

In December 2002, the company issued another €250m of these bonds, taking the total issue to €1bn. The issue terms were the same, apart from the issue price, which was 103.737%.

1.5 Telecoms

Bouygues Telecom was awarded a 20-year licence to operate third-generation (UMTS) mobile phone services by ART (France's telecoms regulator) on 27 September 2002.

The licence was officially granted by the Ministry of Finance and Industry on 12 December 2002 (publication in the *Journal Officiel*).

UMTS licence

The fees payable in relation to this 20-year UMTS licence are as follows:

- A fixed sum of €619m, which has been booked as an intangible fixed asset that will be depreciated over the duration of the licence.
- Variable fees, based on revenues generated from the third-generation mobile network, which will be booked as periodic expenses once the UMTS network is up and running.

To finance this €619m investment, Bouygues Telecom carried out a capital increase in the same amount on 30 September 2002.

1.6 Significant events taking place after 31 December 2002

In January 2003, Bouygues bought a 5.8% stake in Bouygues Telecom from E.ON for €334.4m.

This sale is subject to approval by the ART, and whether or not other Bouygues Telecom stockholders exercise their pre-emptive rights. After this purchase, Bouygues will own 71.7% or 72.9% of Bouygues Telecom depending on whether or not these pre-emptive rights are exercised. E.ON's remaining stake will be 10.1%.

E.ON has granted Bouygues an option, subject to certain legal conditions, to buy its remaining 10.1% stake in Bouygues Telecom between 1/4/2003 and 14/10/2005 at a price of €143.23 per share, plus a mark-up of 4.5% per year from the date of the aforementioned direct sale.

In the event that this option is not exercised, Bouygues has granted E.ON an option, subject to certain legal conditions, to sell its stake between 31/10/2005 and 14/2/2007 at a price of €143.23 per share, plus a mark-up of 4.5% per year from the date of the aforementioned direct sale. This option may be exercised early in certain circumstances, particularly if Bouygues were to dispose of a controlling interest in BDT or Bouygues Telecom. If the option were exercised at the end of 2005, Bouygues would have to pay €670.7m.

At the same time as the sale of E.ON's remaining stake in Bouygues Telecom, Bouygues will acquire 10% of E.ON's shareholder loans for their par value of €61m plus accrued interest at the transaction date (around €31m at end-2005).

If either option is exercised, Bouygues will own between 80% and 83% of Bouygues Telecom, depending on whether or not other Bouygues Telecom stockholders exercise their pre-emptive rights.

Bouygues' financial position means that it can fund these acquisitions without issuing new shares or convertible bonds.

This transaction, which will have a positive impact on net earnings attributable to the Group, is relutive as from 2003. It will have no impact on the consolidation method used for Bouygues Telecom.

1.7 Changes in the scope of consolidation after 31/12/2002

There has been no significant acquisition or sale of shares agreed after 31/12/2002 that could have a material impact on the Group's scope of consolidation.

Note 2 ACCOUNTING POLICIES

2.1 The consolidated financial statements of the Bouygues Group are presented in accordance with the various rules set forth and methodological guidance provided by France's accounting regulatory body, the *Comité de la Réglementation Comptable* (CRC).

The Bouygues group applies all the methods deemed preferable:

- The percentage of completion method of accounting for long-term contracts.
- Recognition on the income statement of translation gains and losses on monetary assets and liabilities denominated in foreign currencies.
- Amortisation of issuance expenses and redemption premiums over the life of debt securities issued by the Group.
- Recognition on the balance sheet of costs of post-employment benefits (projected benefit obligation determined by the retrospective method, based on forecast retirement date and final salary).
- For finance leases, recognition of a tangible asset and a corresponding financial liability on the balance sheet and recognition of imputed depreciation and financial charges on the income statement.

The accounting principles and methods adopted for the 2002 consolidated financial statements are the same as those used for the 2001 statements, with the exception of the following:

- CRC Regulation 00-06 on accounting for liabilities has been applied, without significant impact on the accounts.
- The method by which Bouygues Immobilier recognises revenue from single-unit sales has changed, with effect from 1 January 2002. Previously, sales and earnings on property developments pre-sold prior to completion were recognised upon completion for single-unit sales, but according to the percentage of completion for block sales.

To provide a more consistent picture of Group activity, the percentage-of-completion method is now used for single-unit sales as well. The impact of this change of accounting method on consolidated equity at 1/1/2002 is €1 million, which is not significant.

2.1.1 Criteria and scope of consolidation

Companies over which Bouygues exercises sole control, directly or indirectly, *de jure* or *de facto*, are fully consolidated.

Companies controlled jointly by several stockholders are proportionally consolidated on the basis of Bouygues's percentage of control.

Companies over which Bouygues has only a significant influence (i.e., it holds an interest between 20% and 50% but does not exercise sole control) are accounted for by the equity method. Similarly, companies in which Bouygues holds a 20% to 50% interest and whose business is accessory to a construction contract are accounted for by the equity method if Bouygues expects to divest its interest in them in the short term.

All Group companies with own-account sales of €2 million or more are included in the scope of consolidation. Companies that hold equity interests in other companies are included regardless of the amount of their sales.

Changes in Group structure

	12/02	12/01
Full consolidation	716	836
Proportional method	168	220
Equity method	33	38
	917	**1,094**

- The decrease in 2002 in the number of companies coming within the scope of consolidation is due primarily to disposals and mergers. The disposals included Bouygues Offshore and its subsidiaries, the Group's parking division, and various Saur subsidiaries. The mergers involved Colas subsidiaries and Bouygues Construction, among others.
- The main consolidated companies are listed in note 17.

2.1.2 Financial year and inclusion in the consolidation

The financial year for consolidated companies generally ends on 31 December. Companies with a financial year ending on a different date are included on the basis of audited interim accounts, unless their accounts were closed less than three months before 31 December. Newly acquired companies are included in the consolidation from the date of acquisition, and companies sold are deconsolidated with effect from the date of sale.

2.1.3 Goodwill

When an equity interest is acquired in a company that will be consolidated, any positive difference on first consolidation (i.e. any excess of purchase price over book value of net assets acquired) that is attributable to identifiable assets is allocated to the appropriate items on the consolidated balance sheet, in accordance with the fair value principles set forth in CRC Regulation 99-02.

Any remaining balance is booked to 'Goodwill' if positive or to 'Provisions for liabilities and charges' if negative. In the latter case, the remaining balance is released to income over a period not exceeding five years.

Valuation differences recognised on first consolidation may be allocated to non-amortisable intangible assets such as market share and brands when the value of such assets can be determined with sufficient accuracy and objectivity by a valuation method based on a range of criteria (sales, profitability, and, for TF1, audience share, share of the advertising market, and advertising income). Valuations are reviewed annually using the same criteria, and appropriate provisions are constituted when necessary. Amounts allocated to tangible assets are depreciated over the remaining life of the items in question.

The Bouygues group continues to use the partial re-estimation method of allocating valuation differences, as allowed by Article 230 of CRC Regulation 99-02. With this method, as opposed to the full re-estimation method, re-estimation is limited to the identifiable elements of the equity interest acquired. Minority interests are accordingly reckoned on the basis of book value as determined from the balance sheet of the acquired company.

Residual valuation differences that cannot be allocated to other line items on the balance sheet are recorded as goodwill. Subsequent impairment tests compare the entire set of allocated valuation differences against the recoverable value of the holding.

Goodwill is amortised over a period not exceeding 20 years according to a schedule specific to each acquisition, taking into account the economic sector of the activity and the future prospects and profitability of the business. Exceptional write-downs or impairment provisions may be booked if warranted.

2.1.4 Translation of foreign companies' financial statements

Balance sheet items are translated using the exchange rate at year-end. Translation gains or losses, calculated against net assets at the beginning of the year, are booked to stockholders' equity in the 'Translation reserve' item.

Income statement items are translated using the average exchange rate for the year. As an exception to the foregoing, the financial statements of companies in high-inflation countries (Romania) are translated:

- at the historical exchange rate, for fixed assets and other non-monetary assets, thereby maintaining the investment cost in euros at the acquisition date,
- at the year-end exchange rate, for monetary items on the balance sheet.

Earnings for the year, initially determined in the same way as for companies in other countries, are recalculated at the year-end exchange rate. Translation gains or losses resulting from the different rates used are recognised on the income statement.

2.1.5 Foreign currency translation

Receivables and payables in foreign currencies on the year-end balance sheet are translated at the exchange rate on the balance sheet date.

Revenues, expenses and cash flows are translated at the exchange rate prevailing on the date they were booked.

Translation gains or losses on receivables and payables denominated in foreign currencies are recognised on the income statement.

2.1.6 Deferred taxes

Consolidated deferred tax assets and liabilities are determined according to the accrual method and the so-called 'extended concept'. They result from:

- timing differences between book income and tax income (mainly in the form of provisions for non-deductible losses to completion) and timing differences generated by consolidation restatements (provisions on subsidiaries, excess tax depreciation, etc.),
- tax loss carryforwards, when there is a real likelihood of recovery in future years.

For France, the impact of changes in the corporate income tax rate is recognised in accrued earnings for the year, at the standard rate or the reduced rate for long-term capital gains, depending on the estimated due date.

Provisions have been recorded for estimated non-recoverable tax on dividends payable by French or foreign subsidiaries in 2003. After deduction of deferred tax liabilities of the corresponding companies, the residual net amount of deferred taxes is recorded as an asset on the balance sheet under 'Prepaid expenses and similar items', to the extent that there is reasonable assurance of recovery in future years.

2.2 | Accounting policies

2.2.1 Assets

a) Fixed assets

Fixed assets are valued at historical cost.

Intangible fixed assets

- Preliminary expenses and research and development costs

  Expensed in full in the year in which incurred.

- Commercial goodwill and leasehold rights

  Commercial goodwill that is recorded in individual company accounts is not amortised if it does not enjoy legal protection. It is written down if its market value falls below book value.

- Concessions, patents and similar rights

  For Bouygues Telecom, this item includes:

  - the cost of taking part in operations to free up radio frequencies, amortised over 12 years,
  - costs of software, especially network operating software, amortised over 3 to 10 years depending on the type of software,
  - the cost of the fixed portion of the 20-year UMTS licence (see note 1).

Other intangible assets

Other intangible assets include:

- Valuation differences on first consolidation of acquired entities relating to recognised intangibles such as customer base, business value, market share, etc.

  Commercial goodwill of acquired subsidiaries is estimated using objective indicators and a consistent methodology based on criteria of profitability, volume of business and market value.

  If need be, impairment provisions are booked.

- Films and audiovisual rights capitalised by TF1 as part of its film production business (co-productions, music rights, audiovisual distribution and trading rights).

  Depending on the activity, films and audiovisual rights are amortised either straight-line over 3 to 5 years or against actual revenue. Music rights are amortised over two years (75% in the first year). An impairment provision is recorded when forecast future revenues do not cover net book value.

- Amounts paid by Saur to local authorities for operating rights, which are amortised over the remaining term of the contract.

Tangible fixed assets

Tangible fixed assets are valued at acquisition cost.

Saur Group

Saur and its water distribution subsidiaries operate public utility systems under contract and are responsible for managing facilities that belong to the government or local authorities. Such facilities do not appear as assets on Saur's balance sheet, but expenditures to maintain and renew them are booked as charges. However, facilities managed under concession contracts, if financed by the group, are recorded on the balance sheet as tangible fixed assets and depreciated over the term of the contract.

In the UK, the water companies own the facilities, which are carried on the balance sheet at cost and are not considered depreciable assets. Maintenance costs are booked as charges for the year, in accordance with UK accounting rules.

Finance leases

If significant, properties obtained under finance leases are recorded on the balance sheet as fixed assets, and the corresponding financial obligations are recorded as liabilities.

Depreciation and provisions for impairment

Industry-specific depreciation schedules used in individual company accounts are not restated upon consolidation. Depreciation is charged on a straight-line basis.

Useful lives for depreciation purpose

	Telecoms	Media	Public Utilities Management	Construction
Buildings not used in operations	-	20 years	10 to 20 years	10 to 30 years depending on type
Industrial buildings	20 years	-	10 to 20 years	10 to 30 years depending on type
Industrial plant and equipment (1)	5 to 10 years	3 to 5 years	3 to 8 years	3 to 8 years
Other tangible fixed assets (vehicles, office equipment) (1)	2 to 10 years	2 to 10 years	3 to 8 years	3 to 10 years

(1) Depending on the type of equipment.

Excess tax depreciation appearing as a liability on the balance sheets of individual companies (mainly roadworks companies, TF1 and Bouygues Telecom) is restated, in accordance with accepted principles for drawing up consolidated financial statements.

First-consolidation differences allocated to non-depreciable tangible assets are written down when economic circumstances so warrant. First-consolidation differences allocated to depreciable tangible assets are depreciated over the remaining useful life of the asset.

Long-term investments

Other non-consolidated participating interests

Other non-consolidated participating interests are carried at acquisition cost, less any impairment provisions deemed necessary to reflect their value in use to the Group.

Affiliated companies accounted for by the equity method

Affiliated companies accounted for by the equity method are carried on the balance sheet at a value equal to the share of net assets attributable to the Group, including the proportionate fraction of earnings for the year.

b) Current assets

Inventories

Inventories are valued at cost or at market value, whichever is lower.

When the realisable value of inventories is less than the cost, provisions for impairment are booked.

Programmes and broadcasting rights (TF1)

This item includes programmes produced in-house by TF1 and not yet broadcast, acquired broadcasting rights to programmes produced by third parties, and co-productions. Programmes and broadcasting rights are valued at total cost of production (including a portion of indirect costs) or at acquisition cost for co-productions. The amortisation method depends on the nature of the programme and the potential number of broadcasts. Most are written off in full after the first broadcast or whenever it becomes apparent that a given programme will not be broadcast.

Trade receivables

Trade receivables are carried on the balance sheet at face value, less any impairment provisions deemed necessary to reflect the likelihood of recovery.

Under the percentage-of-completion method of accounting for long-term contracts, this line item includes:

- amounts receivable on statements issued in respect of work in progress and accepted by the client,
- amounts receivable on invoices to be issued, corresponding to work that has been completed but, because of timing differences, has not yet been billed to or accepted by the client.

Other receivables – Deferred charges and similar

Other receivables are carried on the balance sheet at face value, less any impairment provisions deemed necessary to reflect the likelihood of recovery.

Deferred charges and similar items include:

- Recoverable deferred tax assets (mainly Bouygues Telecom and Bouygues SA).
- Syndication costs in connection with the Bouygues Telecom credit facility agreement of 1997. These costs have been booked as deferred charges and are being amortised over the ten-year term of the credit facility.

Short-term investment securities

Short-term investment securities are stated at acquisition cost. Provisions are booked for unrealised capital losses at year-end.

2.2.2 Liabilities and equity

a) Stockholders' equity

The translation reserve consists mainly of the cumulative impact of changes in exchange rates on the net worth of foreign subsidiaries whose accounts are kept in foreign currencies.

For loss-making subsidiaries whose net worth is negative and whose minority stockholders' liability is limited to their equity investment, the entirety of the losses is assumed by the Group.

Own shares held for purposes other than stabilisation of the stock price or fulfilment of employee stock purchases or grants are considered treasury stock and booked as a deduction from stockholders' equity.

Stock options do not give rise to an accounting entry in this line item when granted. When stock options are exercised, however, the shares issued are recorded as a capital increase on the basis of the payments received from the beneficiaries.

Other equity corresponds mainly to a proportionate share of participating loans subscribed by minority shareholders of Bouygues Telecom, which is fully consolidated.

b) Provisions for liabilities and charges

These provisions are intended to cover liabilities and charges likely to arise as a result of events that have occurred or are ongoing. They include:

- Provisions to cover the uninsured portion of two-year and ten-year construction warranties. These provisions are booked by the companies concerned as revenue is recorded, based on statistical data derived from experience over a long period.
- Provisions for losses to completion on contracts. These provisions concern contracts in progress and take into account claims accepted by customers. They are evaluated project by project and are not offset against each other.
- Provisions for renewal of public utility facilities (Saur), booked when the group, under the terms of its management contracts, is required to renew water distribution and treatment facilities in order to keep them in good working order.

  These provisions are based on the estimated replacement cost at year-end and the theoretical useful life of the facilities. They are booked item by item whenever the probable useful life of the facilities is shorter than the remaining term of the contract, in accordance with current provisions of tax law.
- Provisions for deferred taxes.
- Provisions for notified additional tax assessments.
- Provisions to cover litigation, disputes and other foreseeable risks of the Group's activities, especially outside France, such as cancellation of contracts, major repairs and sundry liabilities and charges.
- Provisions for post-employment benefits payable to employees at retirement and not covered by insurance policies. The projected benefit obligation at the retirement date is determined by the retrospective method, based on final salary and plan benefits. The valuation is based on the pension plan for each occupation and takes into account:
  - rank, age and length of service by staff category;
  - turnover rate, calculated from average departures by occupation, age range and staff category;
  - average pay and benefits, increased by a coefficient reflecting the current rate of employer social insurance contributions;
  - final salary adjustment ratio (by occupation);
  - annual discount rate for present value calculations;
  - life expectancy, as determined from actuarial tables.

In accordance with CRC Regulation 00-06 on accounting for liabilities, information concerning the most significant provisions is provided in so far as such disclosure causes the Group no harm (see note 6).

c) Advances and payments on account

This item includes advances and down-payments from customers on construction contracts.

2.2.3 Income statement

a) Definition of consolidated sales

Consolidated sales is equal to aggregate revenue from work performed, products and properties sold and services rendered. This item comprises the sales of fully consolidated companies and the Group's proportionate share of the sales of companies consolidated by the proportional method, whether managed by the Group or not, after elimination of intra-group transactions.

b) Accounting for long-term contracts

Construction activities

All activities relating to long-term contracts are accounted for using the percentage-of-completion method, based on the ratio of actual spending to date to projected total spending on the contract.

Property development

The following rules are applied.

Revenue is recognised according to the percentage-of-completion method when the following conditions have been met:

- A final building permit has been issued.
- A binding sales agreement has been executed.
- A contract has been signed with the builder, and the order to proceed with the work has been given.

The percentage of completion is determined as the ratio of expenses incurred to date to projected total expenditure on the project.

Provisions for the cost of completing property development programmes on this type of contract are made based on the stage of completion.

Interest charges on ongoing and completed property developments are expensed in full in the year in which they are incurred.

c) Share in earnings of unincorporated joint ventures

This item corresponds to the Group's share in earnings of non-consolidated companies engaged in the manufacture of asphalt mixes and similar materials. As such, these earnings are included in operating income.

d) Exceptional items

Exceptional income and expense items result from events or transactions that are clearly distinct from the ordinary activities of the business and not expected to recur on a frequent or regular basis.

2.2.4 Hedging instruments

Certain Group companies use hedging instruments in order to limit the income-statement impact of movements in exchange rates and interest rates. Group policy for using hedging instruments is as described below.

a) Nature of the Group's risk exposure

Exchange rate risk

Broadly speaking, the Group has little exposure to exchange rate risk in its ordinary business operations. As far as possible, the Group seeks to ensure that when contracts are invoiced in foreign currencies, the corresponding outlays are made in the same currency. This is the case for most contracts outside France, where the proportion of expenditure on sub-contractors and suppliers in local currency is much greater than the proportion of expenditure in euros. The Group is also especially attentive to the risks associated with assets in non-convertible currencies and, more generally, to 'country risk'.

Interest rate risk

The Group's financial result is relatively insensitive to interest rate movements. Most of the Group's debt is effectively fixed-rate, in the form of fixed-rate bonds and a portfolio of hedging instruments that transform floating-rate debt into fixed-rate debt.

On average over the year, variable-rate bank debt on the balance sheet is less than cash and equivalents invested in variable-rate instruments.

The Group's income statement would not be greatly affected by a change in European interest rates or by a divergence between euro interest rates and interest rates in leading foreign currencies.

b) Groupwide policies regarding hedging instruments

The instruments used by the Group are limited to the following: for exchange rate hedges, forward purchases and sales, currency swaps and currency options; for interest rate hedges, interest rate swaps, forward rate agreements (FRAs), caps and floors.

In addition, these instruments

- are used only for hedging purposes,
- are contracted only with leading French and foreign banks,
- present no risk of illiquidity in the event of a downturn.

The management and supervisory bodies of the companies that engage in hedging are especially vigilant about the utilisation of these instruments and the choice of counterparties.

c) Hedging rules

Exchange rate risk

The principle applied within the Group is to systematically cover any residual exchange rate risk arising from commercial transactions. When cash flows are certain, exchange rate risk is covered by forward purchases and sales or by currency swaps. For some major contracts, a hedge using currency options may be put in place before the deal is definitively concluded.

Foreign companies' participating interests are generally covered by debt of a comparable amount in the same currency issued by the companies holding the interests in question.

For purposes of rationalisation, the foreign exchange positions of some Group entities may be managed centrally so that symmetrical positions can be offset against each other.

The Group's exposure to risks related to the devaluation of the Argentine peso is presented in note 1.

Interest rate risk

The principle is to hedge, at the level of each subgroup, all or part of the financial assets and liabilities that are foreseeable and recurring.

In practice, the entities that hedge interest rate risk are those whose business is by nature capital-intensive (public utilities management, telecommunications-media). These entities secure their future financial position by fixing the cost of their debt with swaps and FRAs or by limiting it with caps for a period of time linked to the maturity of the financial liabilities being hedged.

As with exchange rate risk, and likewise for purposes of rationalisation, the interest rate positions of some Group entities may be managed centrally and partially offset against each other.

d) Accounting method

Gains and losses realised during the year on transactions of this kind, together with provisions for unrealised losses at 31 December 2002, are included on the income statement in 'Net financial items'.

2.2.5 Cash flow statement

The Group's net cash position, for which an analysis of changes during 2002 is presented in the cash flow statement, is the net balance of the following balance sheet items:

- net cash and short-term investment securities,
- short-term bank borrowings.

Cash flow from operations excludes changes in provisions for current assets and changes in deferred tax assets and liabilities. It includes the net earnings of fully consolidated companies, dividends received from companies accounted for by the equity method.

2.2.6 Off balance sheet commitments

The Group has complied with the recommendations regarding disclosure of off-balance sheet commitments. Supplementary information has been provided on leases, lines of credit, securitisation contracts and the like. A summary of contractual obligations and commercial commitments is given in note 14.

2.2.7 Ebitda

Ebitda is equal to operating income plus net charges for depreciation, amortisation and provisions on tangible and intangible fixed assets.

2.3 | Other information: comparability of financial statements

The impact of major changes in scope of consolidation or accounting method during 2002 is summarised in the table below for the main line items of the balance sheet, income statement and cash flow statement. Impacts are valued as of December 2002:

2.3.1 Balance sheet at 31 December 2002

Assets/Liabilities	Bouygues Telecom (1)	Bouygues Offshore (2)	Saur (3)	TPS (4)	Bouygues Immobilier (5)	Total impact at 31/12/2002
Assets						
Intangible assets	1,248	(27)	277	424	-	1,922
Tangible fixed assets	1,038	(159)	-	67	-	946
Long-term investments	2	(13)	-	-	-	(11)
Subtotal assets	**2,288**	**(199)**	**277**	**491**	**-**	**2,857**
Current assets	674	(628)	-	223	(165)	104
Cash and equivalents (6)	(790)	389	(341)	15	-	(727)
Total assets	**2,172**	**(438)**	**(64)**	**729**	**(165)**	**2,234**
Liabilities						
Stockholders' equity						
- Group	10	356	2	(16)	1	353
- Minority interests	426	(94)	(66)	-	(1)	265
Stockholders' equity	**436**	**262**	**(64)**	**(16)**	**-**	**618**
Other equity	304	-	-	-	-	304
Provisions for liabilities and charges	25	(57)	-	(48)	(1)	(81)
Financial liabilities	852	(11)	-	424	-	1,265
Non-financial liabilities and SBC	555	(632)	-	369	(164)	128
Total liabilities and equity	**2,172**	**(438)**	**(64)**	**729**	**(165)**	**2,234**

(1) Bouygues Telecom:
- Switch from proportional consolidation at 53.7% to full consolidation at 100% creates line item for 46.3% minority interests.
- Impact of acquisition of 13.4% interest by Bouygues SA on cash position is attributable to valuation differences booked as intangible assets.

(2) Bouygues Offshore - impact of sale and deconsolidation
- Value at 30/6/02.
- Activity in first half 2002 is included in consolidated income statement.
- Balance sheet presentation of the transaction includes net gain to the Group of €347 million included in consolidated stockholders' equity.

(3) Saur:
- Equity interest of Group increased from 73% to 100%.
- Consolidation of the additional 27% interest resulted in a decrease in short-term investment securities.

(4) TPS :
- Switch from equity method of accounting at 25% to proportional consolidation at 66%.
- Investment of the 41% interest acquired by TF1.

(5) Bouygues Immobilier: Switch to percentage-of-completion method of revenue recognition for single-unit sales effective 1/1/2002.

(6) Cash position: Impact of acquisition/disposal transactions on the buyer/seller is reflected in the cash position.

2.3.2 Income statement 2002

	Bouygues Telecom (1a)	Bouygues Offshore (2)	Saur (3)	TPS (4)	Total impact at 31/12/2002
Operating revenue	1,333	-	-	278	1 611
Operating expenses	(1,192)	-	-	(292)	(1,484)
Operating income	**141**	**-**	**-**	**(14)**	**127**
Net financial items	**(72)**	**-**	**-**	**(9)**	**(81)**
Earnings before tax and exceptional items	**69**	**-**	**-**	**(23)**	**46**
Exceptional items and other	-	420	-	7	427
Income tax	(12)	(73)	-	-	(85)
Net earnings before minority interests	**57**	**347**	**-**	**(16)**	**388**
Net earnings (Group)	**10**	**347**	**-**	**(16)**	**341**

2.3.3 Cash flow statement 2002

	Bouygues Telecom	Bouygues Offshore	Saur (3)	TPS (4)	Total impact at 31/12/2002
Operating activities	**432**	**-**	**-**	**71**	**503**
Cash flow from operations	321	(91)	-	21	251
Investing activities/ disposals (net)	(1b) **(1,193)**	**377**	**(341)**	**(311)**	**(1,468)**
Financing activities	**(44)**	**-**	**-**	**255**	**211**
Change in cash and equivalents (Group)	**(805)**	**377**	**(341)**	**15**	**(754)**

(1) Bouygues Telecom:
(a) Switch from proportional to full consolidation involved 46% of Bouygues Telecom income and expense items in 2002.
(b) Impact of capital expenditure at Bouygues Telecom and financial investment by Bouygues SA.

(2) Disposal of Bouygues Offshore:
- Net gain on disposal shown on income statement (sales price less net cash of Bouygues Offshore). First-half activity is consolidated.

(3) Saur:
- Increase in Group's interest to 100% (value at 30 June) had no impact on the income statement as Saur was already fully consolidated. Impact on cash flow statement reflects the investment to acquire the additional 27%.

(4) TPS:
- Impact of the switch from equity method to proportional consolidation and 2002 investments:
  - 50% in first half 2002
  - 66% in second half 2002.

Note 3 *FIXED ASSETS* 12,357

Breakdown of fixed assets by segment is given in note 13.

3.1 | Consolidated capital expenditure

	2002	2001
Intangible fixed assets	(1) 787	200
Plant and equipment	1,159	1,088
Operating investments	**1,946**	**1,288**
Long-term investments Consolidated subsidiaries and affiliates and other long-term securities	(2) 1,672	663
Consolidated capital expenditure 2002	**3,618**	**1,951**
Disposals of fixed assets	(3) **(751)**	**(429)**
Net capital expenditure	**2,867**	**1,522**

(1) Of which €619 million for acquisition of UMTS licence by Bouygues Telecom.
(2) Of which €804 million for acquisition of Bouygues Telecom/BDT, €341 million for 27% interest in Saur, and €299 million net investment by TF1 in TPS.
(3) Of which €(521) million on disposal of Bouygues Offshore.

3.2 | Movements 2002

3.2.1 Intangible fixed assets 5,746

	1 January 2002	Changes in Group structure and translation adjustments	Additions and other increases	Disposals and other reductions	Net depreciation amortisation and provisions	Transfers and other movements	31 December 2002
Gross	**4,253**	**1,776**	**787**	**(16)**	**-**	**(22)**	**6,778**
Depreciation, amortisation and provisions	(845)	(93)	-	13	(175)	68	(1,032)
Net	**3,408**	**1,683**	**787**	**(3)**	**(175)**	**46**	**5,746**

Main items:
Net valuation differences allocated to intangible elements of participating interests

- Acquisition of shares Bouygues Telecom	1,678
- Acquisition of shares TF1 and subsidiaries	(1) 1,293
- Acquisition of shares Saur and subsidiaries	827
- Acquisition of shares Colas and subsidiaries	579
- Other	10
	4,387

(1) Of which €25 million for acquisition by TF1 of its own shares.

The allocations above relate essentially to market shares of the entities concerned.

- **Valuation differences**

A comparison of balance sheet valuations is made each year, either with recent transactions if deemed significant, as was the case in 2002 for Bouygues Telecom, or with valuations arrived at using an approach that considers multiple criteria, as is done for TF1, Saur and Colas.

The values obtained at year-end 2002 are appreciably greater than the historical book values.

The valuation of Bouygues Telecom's non-depreciable intangible assets has been bolstered by the valuations used in connection with the Group's March 2002 acquisition of the 13.4% stake in Bouygues Telecom held by Telecom Italia. At that date, these items represented intangible assets valued at €5.6 billion for the company as a whole, or €3.8 billion as Bouygues's proportionate (67.1%) share, compared with a carrying value of €1.7 billion.

In early 2003 Bouygues acquired an additional 5.8% stake from the E.ON group. On the basis of this transaction, these items represented intangible assets of €4.4 billion for the company as a whole, or €3 billion as Bouygues's proportionate share (67.1%).

- **Consolidated cost basis of quoted TF1 and Colas shares**

	Consolidated cost basis per share (1)	Average share price 31/12/2002 (2)
TF1	€8.74	€26.8
Colas	€51.06	€66.9

(1) Book value per share upon consolidation.
(2) Average share price between 2 December and 31 December 2002.

3.2.2 Goodwill 297

	1 January 2002	Changes in Group structure and translation adjustments	Additions and other increases	Disposals and other reductions	Net depreciation amortisation and provisions	Transfers and other movements	31 December 2002
Gross	**853**	**(19)**	**-**	**-**	**-**	**(24)**	**810**
Depreciation, amortisation and provisions	(487)	12	-	-	(65)	27	(513)
Net	**366**	**(7)**	**-**	**-**	**(65)**	**3**	(1) **297**

(1) Of which acquisition goodwill on TF1 and subsidiaries, €114 million; on Saur and subsidiaries, €90 million; Colas and subsidiaries, €81 million.

3.2.3 Tangible fixed assets 5,525

	1 January 2002	Changes in Group structure and translation adjustments	Additions and other increases	Disposals and other reductions	Net depreciation amortisation and provisions	Transfers and other movements	31 December 2002
Land (1)	559	13	14	(5)	-	24	605
Buildings (1)	1,077	(142)	37	(72)	-	93	993
Industrial plant and equipment	5,000	876	711	(183)	-	155	6,559
Other tangible fixed assets	1,411	256	194	(111)	-	17	1,767
Tangible fixed assets under construction, advances and payments on account	325	94	203	(7)	-	(346)	269
Gross	**8,372**	**1,097**	**1,159**	**(378)**	**-**	**(57)**	**10,193**
Depreciation, amortisation and provisions	(3,703)	(222)	-	291	(1,040)	6	(4,668)
Net	**4,669**	**875**	**1,159**	**(87)**	**(1,040)**	**(51)**	(2) **5,525**

	2002		2001	
	Gross	Net	Gross	Net
(1) Of which buildings intended to be kept in the portfolio of the Bouygues Immobilier sub-group	118	105	109	100

(2) Of which assets financed by finance leases (mainly lands and buildings): 178.

A breakdown of net intangible and tangible fixed assets by segment and geographic area is given in note 13.

3.2.4 Long-term investments 789

	1 January 2002	Changes in Group structure and translation adjustments	Additions and other increases	Disposals and other reductions	Net depreciation amortisation and provisions	Transfers and other movements	31 December 2002
Non-consolidated subsidiaries and affiliates	405	(7)	8	(37)	-	(84)	285
Equity method affiliates	458	(31)	57	(27)	-	(1)	456
Other long-term investments	243	(16)	53	(65)	-	2	217
Gross	**1,106**	**(54)**	**118**	**(129)**	**-**	**(83)**	**958**
Depreciation, amortisation and provisions	(274)	(10)	-	-	30	85	(169)
Net	**832**	**(64)**	**118**	**(129)**	**30**	**2**	**789**

- **Non-consolidated subsidiaries and affiliates (net) 146**

	12/2002				12/2001
Main participating interests (1)	**Gross**	**Provisions**	**Net**	**% interest**	**Net**
French companies					
CATC	23	14	9	99.7	9
Périphérique de Lyon	9	8	1	38.7	1
EMGP	5	-	5	7	5
Colas asphalt and paving subsidiaries	52	4	48	-	39
Other French subsidiaries and affiliates	86	48	38	-	34
Sub-total	**175**	**74**	**101**	**-**	**88**
Foreign companies					
Socoprim	14	-	14	66.3	13
Shanghai Fengxian	10	1	9	50.0	10
Harbin JV	8	2	6	50.0	6
VSL corporation	22	22		100.0	
Other foreign subsidiaries and affiliates	56	40	16	-	37
Sub-total	**110**	**65**	**45**	**-**	**66**
Total	**285**	**139**	**146**		**154**

(1) Non-consolidated participating interests not shown in this table have no significant net value.

- **Equity method affiliates** **456**

Equity method companies	At 01/01/2002	Net movements 2002 (1)	At 31/12/2002	Group share in 2002 earnings
Services				
Obras Sanit Mendoza (Argentina)	30	(27)	3	(6)
Aguas de Valencia	20	13	33	14
BRLE	11	1	12	
Other affiliates	6	(2)	4	1
Construction				
Cofiroute	266	20	286	36
Tipco Asphalt (Thailand)	11	(2)	9	
AKA RT (Hungary)	47	10	57	
Other affiliates holding concessions	35	9	44	6
Other affiliates	32	(24)	8	1
Total	**458**	**(2)**	**456**	**52**

(1) Including share in the year's earnings, acquisitions, changes in Group structure, currency translation adjustments, dividends distributed and capital increases.

- **Other long-term investments (net)** **187**

Advances to subsidiaries and affiliates		52
Capitalised loans and advances		46
Other long-term investments		89
Detail of other long-term investments:		
Security deposits	58	
Other long-term investment securities	31	

Main holdings included in 'Other long-term investment' securities above (€31 million):	
BRL (Saur)	5
PVE (Bouygues Telecom)	4
Sofinova (Bouygues SA)	3
Bymages (Bouygues SA)	8
Other – no item greater than €2 million	11
	31

Note 4 *CURRENT ASSETS, PREPAID EXPENSES AND SIMILAR ITEMS*

Inventories	12/2002 Gross	Provisions	Net	12/2001 Net
Inventories of raw materials, supplies and finished goods and unsold properties	1,207	(96)	1,111	1,087
TF1 programmes and broadcast rights	774	(107)	667	594

Other receivables, prepaid expenses and similar	12/2002 Gross	Provisions	Net	12/2001 Net
Other operating receivables (government, local authorities, employees, social security and other)	1,138	(29)	1,109	1,078
Sundry receivables (tax credits, amounts due on fixed asset disposals, stockholders' advances and other receivables)	577	(89)	488	643
Prepaid expenses and similar items (1)	1,323	(140)	1,183	874
Total	**3,038**	**(258)**	**2,780**	**2,595**

Securitisation commitments: see note 14.

(1) Detail of line item:

Prepaid expenses and similar items	2002	2001
Prepaid expenses	256	282
Expenses to be amortised over several periods (net)	60	50
Deferred tax asset (2)	866	540
Other	1	2
Total	**1,183**	**874**

(2) See detail in note 6.

- **Short-term investment securities**

The realisable value of short-term investment securities at 31 December 2002 was slightly greater than the book value of €1,380 million.

- **Counterparties**

The Group's short-term cash investments are placed with top-rank French and foreign banks.

Note 5 *STOCKHOLDERS' EQUITY AND OTHER EQUITY* 6,379

• Movements during the year in stockholders' equity (other equity not included) 6,035

Group share	Bouygues SA authorised share capital	Consolidated premiums and reserves	Other transactions	Net earnings	Total Group share
At 31 December 2000	**333**	**3,746**	**-**	**421**	**4,500**
Movements in 2001					
Changes in accounting method	-	(237)	-	-	(237)
Translation reserve	-	27	-	-	27
Capital increases	11	226			237
Appropriation of prior-year earnings	-	301	-	(421)	(120)
Net earnings 2001	-	-	-	344	344
Other movements	-	(11)	-	-	(11)
At 31 December 2001	**344**	**4,052**	**-**	**344**	**4,740**
Movements in 2002					
Changes in accounting method	-	-	10	-	10
Translation reserve	-	(79)	-	-	(79)
Capital increases	-	4	-	-	4
Appropriation of prior-year earnings	-	222	-	(344)	(122)
Net earnings 2002	-	-	-	666	666
Treasury stock	-	-	(222)	-	(222)
Other movements	-	-	14	-	14
At 31 December 2002	**344**	**4,199**	**(198)**	**666**	**5,011**

Minority interests	Share of equity	Share of earnings	Total minority interests
At 31 December 2000	**487**	**181**	**668**
Movements in 2001			
Translation reserve and changes in scope of consolidation	(2)	-	(2)
Capital increases	28	-	28
Appropriation of prior-year earnings	72	(181)	(109)
Net earnings 2001	-	166	166
Other movements	(10)	-	(10)
At 31 December 2001	**575**	**166**	**741**
Movements in 2002			
Changes in accounting method	7	-	7
Translation reserve and changes in scope of consolidation	4	-	4
Capital increases	199	-	199
Appropriation of prior-year earnings	60	(166)	(106)
Net earnings 2002	-	163	163
Other movements	16	-	16
At 31 December 2002	**861**	**(1) 163**	**1,024**

(1) Includes €9 million share of earnings acquired from minority interests (mainly Bouygues Telecom).

• Other equity 344

Movement due mainly to an issue of participating securities by Bouygues Telecom. Minority interests' share: €314 million.

• **Bouygues SA share capital (in euro): €344,361,919**

The authorised share capital of Bouygues at 31 December 2002 comprised 343,801,210 shares and 560,709 investment certificates, making a total of 344,361,919 equity securities of par value €1 each.

• **Translation reserve: €20m**

Unrealised foreign exchange gains and losses at 31 December 2002 for foreign companies whose financial statements are expressed in:

- Pound sterling = 24
- Hungarian forint = 8
- Euro zone currencies (lira/peseta) = (7) (amount frozen since 31/12/1998).

• **Consolidated net earnings per share (undiluted and diluted)**

Undiluted earnings per share: €1.93

Undiluted (basic) earnings per share are calculated as net earnings attributable to Group shareholders divided by the average number of shares outstanding in 2002, which was determined to be 344,248,287 shares.

Diluted earnings per share: €1.84

Diluted earnings per share are calculated by adding the number of shares that would result from conversion of convertible bonds and exercise of stock options to the denominator, raising it to 362,148,613.

These earnings per share figures are presented at the bottom of the consolidated income statement.

• **Convertible securities and stock options**

Instrument	Number outstanding at 31/12/2002	Conversion ratio	Potential number of new shares	Capital increase per share (€)	Issue premium per share (€)	Expiry and remarks
Océane	1,625,810	10.18	16,550,756	10.18	252.22	01/01/2006 unless called by issuer for early redemption on or after 01/01/2003
Stock options						
1997 plan	1,349,580	1	1,349,580	1	6.44	28/01/2004, exercisable at any time
1999 plan 1	2,174,040	1	2,174,040	1	20.59	20/04/2006, exercisable on or after 20/04/2004
1999 plan 2	969,630	1	969,630	1	23.72	06/07/2006, exercisable on or after 06/07/2004
1999 plan 3	304,760	1	304,760	1	28.64	04/11/2006, exercisable on or after 04/11/2004
2000 plan	1,160,600	1	1,160,600	1	68.13	05/07/2007, exercisable on or after 05/07/2005
2002 plan 1	1,959,600	1	1,959,600	1	38.4	27/03/2008, exercisable on or after 27/03/2005
2002 plan 2	1,500,000	1	1,500,000	1	37.62	03/07/2008, exercisable on or after 03/07/2005
2002 plan 3	500,000	1	500,000	1	32.75	18/09/2008, exercisable on or after 18/09/2005
2002 plan 1	3,002,350	1	3,002,350	1	26.56	25/06/2009, exercisable on or after 25/06/2006
2002 plan 2	500,000	1	500,000	1	26.08	17/12/2009, exercisable on or after 17/12/2006
Total	**13,420,560**					

Note 6 *PROVISIONS FOR LIABILITIES AND CHARGES* 1,882

• **Detail of provisions by type**

	1 January 2002	Changes in accounting methods, scope of consolidation and translation adjustments	Transfers between line items	Charges for the year	Written back during the year Utilised	Written back during the year Not utilised	31 December 2002
Liabilities							
• Customer warranties (after-sale service)	193	(1)	1	80	(62)	(7)	204
• Litigation, disputes and contract claims	203	6	1	90	(45)	(27)	228
• Completed contracts	76	(5)	(2)	24	(14)	(11)	68
• Risks on long-term investments	112	(4) (59)	-	5	(28)	-	30
• Sundry penalties and other risks (2) (5)	441	9	(4)	154	(118)	(44)	438
Sub-total liabilities	**1,025**	**(50)**	**(4)**	**353**	**(267)**	**(89)**	**968**
Charges							
• Renewal of plant and equipment (Saur)	198	0	11	30	(24)	-	215
• Major repairs	32	(7)	(1)	12	(10)	(1)	25
• Deferred tax liability	106	(7)	(1)	16	(5)	-	109
• Final contract settlement/site clean-up costs	165	(3)	(3)	72	(59)	(3)	169
• Losses to completion on contracts (5)	74	(6)	7	82	(54)	(4)	99
• Post-employment benefits	179	(17)	1	35	(10)	0	188
• Other charges (3)	130	(2)	(13)	61	(48)	(19)	109
Sub-total charges	**884**	**(42)**	**1**	**308**	**(210)**	**(27)**	**914**
Total	**1,909**	**(92)**	**(3)**	**661**	**(477)**	(6) **(116)**	(1) **1,882**
Of which write-backs not utilised:							
- Operating items						(104)	
- Financial items						0	
- Exceptional items						(12)	

(1) A breakdown of provisions for liabilities and charges by business segment is provided in note 13.

(2) Provisions for sundry penalties and other liabilities comprise mainly:

- Risks of non-payment by certain customers, notably international customers	102
- Risks associated with various administrative audits	130
- Technical risks on work sites and reinsurance	190
- Other	16
	438

(3) Provisions for other charges comprise mainly:

- Personnel costs	56
- Other	53
	109

(4) Provisions for liabilities of companies previously accounted for by the equity method (TPS, TCM) have been made unnecessary by the fact that those companies are fully consolidated beginning in 2002.

(5) The line items for other liabilities and losses to completion on contracts include the following, for which Bouygues Construction has set aside provisions of €39 million:
- Tahiti Hospital: disagreement on the design of the structure and the source of construction labour,
- Lötschberg Tunnel (Switzerland): start-up problems on one of the largest rail tunnels in Europe,
- Shopping centre in Poland: disagreement on acceptance of delivery, currently in arbitration.

(6) Taken individually, none of the unutilised write-backs is significant in amount.

• **Breakdown of net deferred tax assets or liabilities by segment and origin**

Segment	Net deferred tax asset/ liability 01/2002	Change in scope of consolidation	Change in exchange rates	Movements in 2002		Other	Net deferred tax asset / liability 12/2002
				Income (+)	Expense (-)		
Tax losses							
Telecom	396	339	-	-	(40)	(2)	693
Media	3					(2)	1
Subtotal Telecoms-Media	**399**	**339**	**-**	**-**	**(40)**	**(4)**	**694**
Services (Saur)	-	-	-	12	-	-	12
Construction	-	1	-	-	-	-	1
Bouygues SA and other	45	-		1	-	-	46
Subtotal	**444**	**340**	**-**	**13**	**(40)**	**(4)**	**753**
Temporary differences (1)							
Telecom	19	19	-	14	-	(7)	45
Media	(21)			3	(5)	2	(21)
Subtotal Telecoms-Media	**(2)**	**19**	**-**	**17**	**(5)**	**(5)**	**24**
Services (Saur)	(4)	1	-	-	-	-	(3)
Construction	(42)	-	5	5	(10)	-	(42)
Bouygues SA and other	38	-	-	-	(13)	-	25
Subtotal	**(10)**	**20**	**5**	**22**	**(28)**	**(5)**	**4**
Total	**434**	**360**	**5**	**35**	**(68)**	**(9)**	(2) **757**

(1) Arising from tax timing differences and consolidation restatements.

(2) Of which: Deferred tax asset = 866 (3)
Deferred tax liability = (109)
Net 757

(3) The deferred tax asset of 866 includes:
- Bouygues Telecom (fully consolidated in 2002): 738, of which +358 is due to the change in method of accounting. Recognition of tax loss carryforwards (due mainly to deferred depreciation charges) is dependent on earnings prospects as projected in the latest business plans presented to the board of directors.
- Bouygues SA: 71, arising from tax consolidation (residual tax losses and temporary timing differences).

• **Deferred tax assets not booked**

Deferred tax assets not recognised on the balance sheet because recovery is deemed unlikely: 200, of which 118 originate in construction activity (from tax losses and temporary timing differences in consolidation).

Note 7 *FINANCIAL LIABILITIES* 4,825

7.1 | Financial liabilities by maturity

	Up to 1 year 2003	1 to 2 years 2004	2 to 3 years 2005	3 to 4 years 2006	4 to 5 years 2007	5 to 6 years 2008	6 years and up 2009	Total 12/2002
Bond issues	146	234	2	927	-	-	1,016	2,325
Bank loans	561	659	754	273	58	3	136	2,444
Other financial liabilities	17	24	-	-	-	15	-	56
Total	**724**	**917**	**756**	**1,200**	**58**	**18**	**1,152**	(1) **4,825**
Situation at 31/12/2001	121		1,439			1,521		3,081

(1) Includes liabilities relating to capitalised lease obligations:

- Media (TF1)	22
- Services (Saur)	65
- Construction	18
	105

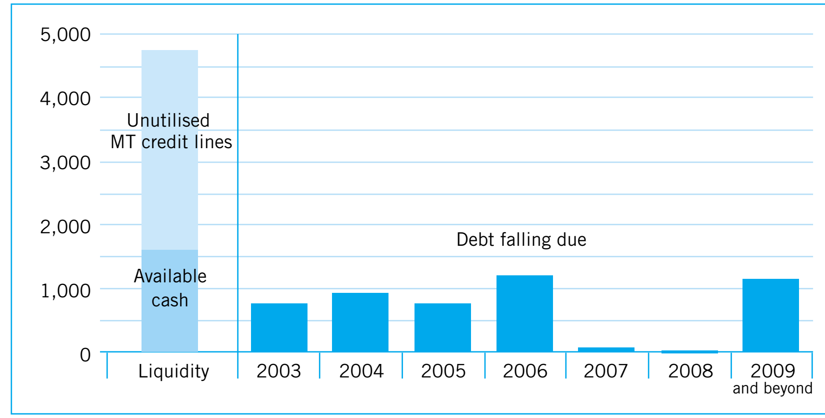
7.2 | Lines of credit authorised/utilised

Description	Lines authorised				Lines utilised			
	Less than 1 year	1 to 5 years	More than 5 years	Total	Less than 1 year	1 to 5 years	More than 5 years	Total
Bond issues (primarily Bouygues SA)	146	1,163	1,016	2,325	146	1,163	1,016	2,325
Bouygues Telecom syndicated loan taken out in 1997	299	1,407		1,706	299	1,407		1,706
Other borrowings and liabilities to credit institutions	525	3,136	235	(1) 3,896	262	337	139	(2) 738
Sundry financial liabilities	17	24	15	56	17	24	15	56
Total	**987**	**5,730**	**1,266**	**7,983**	**724**	**2,931**	**1,170**	**4,825**

(1) Of which TF1, 1,293; Saur, 932.
(2) Of which TF1, 197; Saur, 263.

7.3 | Liquidity at 31 December 2002

At 31 December 2002 the Group had €1,624 million of available cash and €3,158 million of unutilised confirmed medium-term credit lines.



The Group is therefore not exposed to liquidity risk.
The bank facilities for which Bouygues has contracted have no financial covenants or trigger events. The same is true for those utilised by Bouygues subsidiaries, with the exception of the 1997 syndicated loan to Bouygues Telecom. That loan requires certain financial ratios to be met. At 31 December 2002, those ratios were met.

7.4 | Financial liabilities by type of interest rate

Breakdown of financial liabilities on a gross basis, including all outstanding interest rate hedges at year-end.

	12/2002	12/2001
Fixed rate (1)	86%	88%
Floating rate	14%	12%

(1) Fixed rate debt due in more than one year.

7.5 | Interest rate risk

At 31 December 2002, the breakdown of financial assets and liabilities by type of interest rate was as follows.

	Floating rate	Fixed rate	Total
Financial liabilities	2,646	2,179	4,825
Financial assets	1,624	-	1,624
Net position before risk management	1,022	2,179	3,201
Interest rate hedges	(1,976)	1,976	-
Net position after risk management	(954)	4,155	3,201
Correction for cyclicality of certain business activities	300		
Net position after hedging and correction	(654)		

An instantaneous rise of 1 percentage point in short-term interest rates would reduce the Group's financial charges by €6.5 million on a full-year basis.

7.6 | Financial liabilities by currency

	Euro	Pound sterling	US dollar	CFA franc	Other	Total
2002	4,567	70	69	104	15	**4,825**
2001	2,751	80	85	106	59	**3,081**

A breakdown of financial liabilities by segment is given in note 13.

7.7 | Security interests granted as collateral for financial liabilities

	Total 12/2002	Telecoms	Media	Services	Construction	Bouygues SA and other	Maturity			Total 12/2001
							Less than 1 year	1 to 5 years	More than 5 years	
Mortgages of land and buildings, pledges of equipment	61	-	-	61	-	-	-	-	61	66
Pledges of securities (1)	2,998	-	-	-	18	2,980	-	2,980	18	1,949
Pledges of subordinated loans	598	-	-	-	-	598	-	-	598	252
Total security interests	**3,657**	**-**	**-**	**61**	**18**	**3,578**	**-**	**2,980**	**677**	**2,267**

(1) Relating primarily to the pledge of Bouygues Telecom stock and participating loans held by Bouygues SA and BDT under the terms of the Bouygues Telecom credit facility agreement.

See also note 14 on off-balance sheet commitments.

Note 8 *OTHER NON-FINANCIAL LIABILITIES AND ACCRUED INCOME*

	12/2002	12/2001
Tax and employee-related liabilities	1,903	1,883
Sundry liabilities Income tax payable, amounts payable to suppliers of fixed assets, advances from subsidiaries, non-consolidated affiliates and other partners	2,065	2,073
Prepaid income and similar (1)	1,662	2,054
Total	**5,630**	**6,010**
(1) Of which prepaid income.	1,655	2,047

Note 9 NET FINANCIAL ITEMS

	2002	2001
Income from non-consolidated affiliates (paving materials companies and others)	11	14
Net interest and similar expenses and expense transfers, €(11) million of commissions and lease prepayments (mainly relating to Bouygues Immobilier)	(292)	(190)
Net foreign exchange gains or losses	(40)	5
Net charge to or write-back of provisions against financial items	(8)	(17)
Net gain or loss on disposals of short-term investment securities and income from other marketable securities and long-term loans	42	43
Write-off of stockholder advances to non-consolidated affiliates and others	(4)	(4)
Net financial items	**(291)**	**(149)**

The change in net financial items from 2001 to 2002 is due primarily to the switch from proportional to full consolidation of Bouygues Telecom: €(72) million.

The breakdown of net financial items by segment is given in note 13.

Note 10 HEDGING INSTRUMENTS

For information, the following tables show the notional amounts outstanding at 31 December 2002 for each type of instrument used, broken down by residual maturity for interest rate hedges and by currency for exchange rate hedges.

Consolidated companies

- **Interest rate hedges**

Breakdown by maturity

	Outstanding at 31 December 2002				Outstanding at 12/2001
Maturity	2003	2004 to 2007	Beyond	Total	
Interest rate swaps					
on financial assets	315	-	-	315	416
on financial liabilities	265	2,215	274	2,754	(1) 1,560
Forward Rate Agreements					
on financial assets	-	-	-	-	-
on financial liabilities	-	-	-	-	-
Caps / Floors					
on financial assets	-	-	-	-	-
on financial liabilities	79	456	-	535	504

(1) The change from 2001 to 2002 is due primarily to the switch from proportional to full consolidation of Bouygues Telecom: + €804 million.

Breakdown by segment

	Telecoms	Media	Subtotal Telecoms/ Media	Services	Construction	Bouygues SA and other activities	Total 12/2002	Total 12/2001
Interest rate swaps								
on financial assets	-	-	-	-	-	315	315	416
on financial liabilities	1,638	341	1,979	180	121	474	2,754	1,560
Forward Rate Agreements								
on financial assets	-	-	-	-	-	-	-	-
on financial liabilities	-	-	-	-	-	-	-	-
Caps / Floors								
on financial assets	-	-	-	-	-	-	-	-
on financial liabilities	225	191	416	-	119	-	535	504

For renewable interest rate hedges, amounts are shown in the column corresponding to the farthest maturity.

- **Exchange rate hedges**

Breakdown by currency

Currency	Outstanding at 31 December 2002 (equivalent in € million) USD	GBP	CHF	HKD	Other	Total	Outstanding at 12/2001
Forward purchases and sales							
Forward purchases	(2) 60	-	-	-	(1) 15	75	56
Forward sales	(1) 132	166	-	(2) 33	30	361	516
Currency swaps	**77**	**60**	**62**	**20**	**12**	**231**	**307**
Currency options	13	3	-	-	7	23	-

(1) Of which €7 million ZAR against USD.
(2) Of which €13 million HKD against USD.

Breakdown by segment

	Telecoms	Media	Subtotal Telecom/ Media	Services	Construction	Bouygues SA and other activities	Total 12/2002	Total 12/2001
Forward purchases and sales								
Forward purchases	-	42	42	-	31	2	75	56
Forward sales	-	43	43	-	166	152	361	516
Currency swaps	**-**	**-**	**-**	**-**	**33**	**198**	**231**	**307**
Currency options	12	4	16	-	7	-	23	-

- **Market value of hedging instruments**

At 31 December 2002, the market value of the portfolio of hedging instruments was €(52) million; see note 2.2.4 for accounting policies relating to hedging instruments.

In the event of an upward (downward) shift of the yield curve by 1.00 percentage point, the market value of the portfolio of hedging instruments would be €(37) million (€(63) million).

In the event of a depreciation of the euro by one cent against all other currencies, the market value of the portfolio would be €(57) million.

Market values of the instruments in the portfolio have been calculated by the group or obtained from the bank counterparties to the contracts.

Note 11 *EXCEPTIONAL ITEMS*

						2002	2001
Net gains on disposals of long-term investments	(1) **428**					**105**	
Sundry disposals net of recoveries							
Net charges to exceptional provisions						**(14)**	**22**
		Charges		Write-backs			
		2002	**2001**	**2002**	**2001**		
Additional provisions on goodwill and intangibles		(32)	(28)				
Other exceptional provisions and sundry items		(103)	(106)	121	156		
		(135)	**(134)**	**121**	**156**		
Net exceptional income or expense on management operations							
Exceptional income from recovery of bad debts, insurance claims paid and sundry						26	29
Exceptional charges for litigation, taxes and duties, uninsured losses, fines, bad debts and restructuring	(64)					(84)	
Sundry exceptional items						**(8)**	**1**
Net exceptional items						**368**	**73**

(1) Includes €419 million pre-tax gain on disposal of Bouygues Offshore.

The breakdown of exceptional items by segment is given in note 13.

Note 12 INCOME TAX

• **Breakdown of net tax charge**

	2002			2001
	France	Other countries	Total	Total
Tax payable	(210)	(69)	(279)	(247)
Net deferred tax liability	(5)	(6)	(11)	(7)
Net deferred tax asset	(22)	-	(22)	(7)
Tax on proposed dividend distribution	(1)	(3)	(4)	(7)
Total	**(238)**	**(78)**	**(316)**	**(268)**
Of which: Bouygues Telecom deferred tax asset (writeback)			(26)	21

See note 13 for the breakdown by business segment.

• **Reconciliation of theoretical tax charge with total tax charge on the income statement**

The difference between the current statutory tax rate in France and the effective tax rate computed from the income statement for the period can be broken down as follows:

	2002	2001
Statutory tax rate in France	35.43%	36.43%
Utilisation/creation of loss carryforwards	5.86%	1.03%
Effect of permanent differences	3.63%	0.01%
Taxes other than on income, tax consolidation, differences in rates (long-term capital gains, foreign tax)	(17.31%)	(3.01%)
Effective tax rate	**27.61%**	**34.46%**

Note 13 INFORMATION BY BUSINESS SEGMENT

13.1 | Breakdown of consolidated sales by segment and geographic area

'Production' sales of fully consolidated companies include book revenue from works contracts and sales of goods and services.

• **Breakdown by segment**

	2002				2001	
	France	International	Total 2002	Total %	Total	Total %
Telecoms	2,932	-	2,932	-	1,434	-
Media	2,343	265	2,608	-	2,277	-
Telecoms-Media sub-total	**5,275**	**265**	**5,540**	**25**	**3,711**	**18**
Services	1,679	835	2,514	11	2,487	12
Construction	8,088	6,082	14,170	64	14,248	70
Other (1)	10	13	23	-	27	-
Consolidated sales	**15,052**	**7,195**	**22,247**	**100**	**20,473**	**100**
	68%	32%		o/w	international sales: 7,607	

(1) Bouygues parent company and various subsidiaries (Infomobile and others).

• **Breakdown by geographic area**

France	15,052	67.6	12,866	62.8
Other Western Europe	2,455	11.0	2,225	10.9
Eastern Europe	814	3.7	1,059	5.2
Africa	1,574	7.1	1,569	7.7
Middle East	44	0.2	32	0.2
USA and Canada	1,720	7.7	1,763	8.6
Central and South America	128	0.6	112	0.5
Asia-Pacific	460	2.1	847	4.1
Total	**22,247**	**100**	**20,473**	**100**

• **Percentage breakdown of consolidated sales, by type of contract, France vs. International**

	2002			2001		
	France	International	Combined	France	International	Combined
Public sector (2)	27	43	32	30	41	34
Private sector	73	57	68	70	59	66

(2) Sales invoiced directly to government agencies and local authorities (mainly works and maintenance contracts) in France and elsewhere.

13.2 | Breakdown of net intangible and tangible fixed assets by segment and geographic area

(€ millon)	Telecoms	Media	Telecoms-Media sub-total	Services	Construction	Bouygues SA and other activities (1)	Total 12/2002	Total 12/2001
France and overseas departments	4,992	1,610	6,602	1,098	1,385	77	9,162	5,837
Other Europe	-	1	1	732	330	29	1,092	1,172
Africa	-	-	-	344	233	-	577	583
Asia-Pacific	-	-	-	-	26	-	26	26
Americas	-	-	-	-	414	-	414	459
2002 total	**4,992**	**1,611**	**6,603**	**2,174**	**2,388**	**106**	**11,271**	**8,077**
% of 2002 total	44.3	14.3	58.6	19.3	21.2	0.9	100.0	-
2001 total	**2,430**	**1,088**	**3,518**	**1,896**	**2,542**	**121**	**-**	**8,077**
% of 2001 total	30.1	13.4	43.5	23.5	31.5	1.5	-	100.0

(1) Other activities: various subsidiaries of Bouygues SA.

13.3 | Other information by segment

(€ millon)	Telecoms	Media	Telecoms-Media sub-total	Services	Construction	Bouygues SA and other activities (1)	Total 12/2002	Total 12/2001
Balance sheet								
Fixed assets (net)	4,559	1,735	6,294	2,399	3,079	585	12,357	9,275
Provisions for liabilities and charges	54	112	166	494	1,082	140	1,882	1,909
Financial liabilities	1,842	517	2,359	586	239	1,641	4,825	3,081
Net debt (2)	1,486	481	1,967	549	(1,185)	1,870	3,201	1,124
Income statement								
Operating income (3)	305	293	598	108	385	(33)	1,058	876
Operating depreciation	514	113	627	113	396	12	1,148	822
Operating provisions	180	88	268	131	456	13	868	836
Net financial items	(157)	(30)	(187)	(30)	(16)	(58)	(291)	(149)
Earnings before tax and exceptional items	148	263	411	78	369	(91)	767	727
Net exceptional items	-	(4)	(4)	(41)	147	266	368	73
Share in earnings of equity affiliates	-	(1)	(1)	9	44	0	52	22
Income tax (4)	(26)	(94)	(120)	(5)	(177)	(14)	(316)	(268)
Cash flow statement								
Operating cash flow	128	140	268	25	227	(87)	433	(132)
Operating investment (net) (5)	1,078	75	1,153	175	514	3	1,845	1,125
Financial investment (net) (5)	(9)	345	336	7	(468)	1,147	1,022	397
Ebitda	**861**	**417**	**1,278**	**222**	**775**	**(15)**	**2,260**	**1,680**
Free cash flow (6)	**362**	**266**	**628**	**115**	**195**	**(17)**	**921**	**-**

(1) Other activities: various subsidiaries of Bouygues SA.
(2) The figures in brackets represent a positive cash position.
(3) An itemised breakdown of operating results is given in section 13.4.
(4) Net current and deferred tax expense.
(5) By segment of origin of investments made.
(6) Cash flow + broad WCR / minus net operating investment (excluding the €619m spent on the UMTS operating licence).

13.4 Income statement items by business segment

As a supplement to the consolidated income statement, a breakdown showing intermediate balances by business segment is given below.

(€ million)	Telecoms	Media	Telecoms-Media sub-total	Services	Construction	Bouygues SA and other activities (1)	Total 12/2002	Total 12/2001
Consolidated sales	**2,932**	**2,608**	**5,540**	**2,514**	**14,170**	**23**	**22,247**	**20,473**
Cost of goods sold	(1,925)	(1,963)	(3,888)	(2,028)	(12,342)	(14)	(18,272)	(17,095)
Gross profit	**1,007**	**645**	**1,652**	**486**	**1,828**	**9**	**3,975**	**3,378**
Gross margin (%)	34.3%	24.7%	29.8%	19.3%	12.9 %		17.9%	16.5%
Research and development costs	(251)	(3)	(254)	(6)	(58)	(1)	(319)	(192)
Sales expenses	(147)	(148)	(295)	(37)	(338)	(1)	(671)	(535)
Administrative expenses	(304)	(201)	(505)	(335)	(1,047)	(40)	(1,927)	(1,775)
Operating income	**305**	**293**	**598**	**108**	**385**	**(33)**	**1,058**	**876**
EBIT margin (%)							4.8%	4.3%
Net financial items	**(157)**	**(30)**	**(187)**	**(30)**	**(16)**	**(58)**	**(291)**	**(149)**
Earnings before tax and exceptional items	**148**	**263**	**411**	**78**	**369**	**(91)**	**767**	**727**

(1) Other activities: various subsidiaries of Bouygues SA.

Comments: Gross profit totalled €3.975bn in 2002, an increase of 17.7% on 2001.

- Cost of research and development: This item comprises mainly the cost of laboratories, research departments and the science division (excluding contract pricing costs).

- Sales expenses: This item includes the cost of the sales and marketing departments and contract estimating costs. In the roadworks segment, contract estimating costs are included in cost of sales or in administrative expenses and are not separately identified.

13.5 TPS: data from consolidated financial statements at 31/12/2002

TPS was consolidated proportionally at 66% at end-2002.
Data from TPS' consolidated financial statements (100%) are set out below.

13.5.1 Consolidated balance sheet (100%)

Assets (net)	12/2002
Intangible fixed assets	7
Tangible fixed assets	101
Financial fixed assets	-
Fixed assets	**108**
Programmes and broadcasting rights	**87**
Other current assets / adjustment accounts and similar	**196**
Total assets	**391**

Liabilities	12/2002
Capital and reserves	(290)
Profit for the financial year	(37)
Stockholders' equity	**(327)**
Provisions for liabilities and charges	**39**
Financial liabilities	**273**
Non-financial liabilities / adjustment accounts and similar	**406**
Total liabilities	**391**

13.5.2 Consolidated income statement

	100% 2002	Bouygues' interest (66%) (1)(2) 2002
Sales	501	290
Other operating revenues	-	-
Operating expenses	(524)	(304)
Operating income	(23)	(14)
Net financial items	(13)	(7)
Earnings before tax and exceptional items	(36)	(21)
Net exceptional items	(1)	(1)
Consolidated net profit	**(37)**	**(22)**

(1) Before deduction of transactions within the Bouygues group.

(2) TPS was consolidated at 50% in the first half of 2002, consolidated at 66% in the second half of 2002.

Note 14 *OFF-BALANCE SHEET COMMITMENTS*

14.1 | Off-balance sheet commitments relating to ordinary activities

- **Commitments given**

TF1 (reciprocal commitments)

	Total 12/2002	Maturity Less than one year	1-5 years	More than 5 years	Total 12/2001
Broadcasting and retransmission rights for sporting events	(1) 518	166	352		777
Broadcasting and retransmission rights for films and programmes	(1) 785	333	448	4	677
Image transmission	389	85	199	105	63
Total	**1,692**	**584**	**999**	**109**	**1,517**

(1) Of which €60.5m in CHF and €142.9m in USD.

Financial commitments include purchases of broadcasting rights and co-productions that have given rise to a firm contractual commitment by the group before the end of the financial year in question, and for which technical acceptance of the content has not yet taken place.

Lease financing and rental agreements (reciprocal commitments)

	Total 12/2002	Telecoms	Media	Services	Construction	Bouygues SA and other activities	Maturity Less than 1 year	1-5 years	More than 5 years
Lease financing agreements (1)	169	-	-	53	116	-	56	104	9
Rental agreements (2)	764	(3) 605	64	6	89	-	151	418	195
Total	**933**	**605**	**64**	**59**	**205**	**-**	**207**	**522**	**204**

(1) Future lease payments relating to long-term leasing contracts (equipment, vehicles etc.) without buying option (maintenance services included).

(2) Minimum future rental payments due until the normal contract renewal date (or date of first possible cancellation) under rental agreements relating to ordinary activities (land, buildings, equipment etc.)

(3) Bouygues Telecom: commitments given as part of the company's operations, mainly concerning commercial leases on operational buildings and land intended for use as technical network sites (including commercial leases of €406m and property leases of €179m).

Irrevocable purchase obligations (reciprocal commitments)

	Total 12/2002	Telecoms	Media	Services	Construction	Bouygues SA and other activities	Maturity Less than 1 year	1-5 years	More than 5 years
Irrevocable purchase obligations	344	-	-	-	(1) 344	-	214	116	14

(1) Bouygues Immobilier: firm commitments subject to conditions regarding property acquisitions: €331m.

Other contractual obligations or commercial commitments given

	Total 12/2002	Telecoms	Media	Services	Construction	Bouygues SA and other activities	Maturity: Less than 1 year	Maturity: 1-5 years	Maturity: More than 5 years	12/2001
Other contractual obligations or commercial commitments given (pledges, guarantees etc.) (2)	423	25	86	131	(1) 178	3	128	249	46	446

(1) Bouygues Immobilier:
- €28m of receivables (related to the sale before completion of two office property developments) ceded to a financial institution under a discounting arrangement, of which €14m remained outstanding at 31 December 2002.
This financing arrangement will come to an end on 30 December 2003 at the latest.
- Rent guarantees: €10m.

(2) In the normal course of business, the group gives ten-year warranties and performance guarantees. No quantitative value is estimated for these obligations unless it appears that they might give rise to payments by the Group, in which case a liability provision is booked.

14.2 | Complex commitments

• **Securitisation and ceding of receivables**

Receivables ceded through assignment to a financial institution

	Saur		Bouygues Telecom	
Receivables ceded (1)	Saur France receivables		Contract customer receivables	
Amount of programme	135		153	
Duration of contract	Renewable annually for 5 years			
Contract start date	July 1998		July 2002	
Beneficiary	Société Générale Bank Nederland VN non-recourse			
	12/2002	12/2001	12/2002	12/2001
Amount of receivables ceded (1)	125	113	112	0
Net debt reduced by (2)	125	113	29	0
Subordinated deposit constituted	13	12	(3) 61	0

(1) Existing receivables only. (2) Minus monies received from customers before 31 December. (3) Of which commitments given = 16

14.3 | Commitments received

	Total 12/2002	Telecoms	Media	Services	Construction	Bouygues SA and other activities	Maturity: Less than 1 year	Maturity: 1-5 years	Maturity: More than 5 years	12/2001
TF1 (1)	1,692	-	1,692	-	-	-	584	999	109	1,451
Lease financing agreements (1)	169	-	-	53	116	-	56	104	9	*
Rental agreements (1)	764	605	64	6	89	-	151	418	195	*
Irrevocable purchase obligations (1)	344	-	-	-	344	-	214	116	14	*
Commitments received (pledges, guarantees etc.)	129	7	47	42	33	-	46	77	6	177
Total	**3,098**	**612**	**1,803**	**101**	**582**	**-**	**1,051**	**1,714**	**333**	*****

* Information about certain items in 2001 could not be reconstituted. (1) Reciprocal commitments.

14.4 | Summary of off-balance sheet commitments

Commitments given	Total 12/2002	Maturity Less than 1 year	1-5 years	More than 5 years	12/2001
Off-balance sheet commitments relating to ordinary activities					
TF1 (1)	1,692	584	999	109	1,517
Rental agreements (1)	933	207	522	204	*
Pledges, mortgages, other real security (2)	3,657		2,980	677	2,267
Irrevocable purchase obligations (1)	344	214	116	14	*
Other contractual obligations or commercial commitments given	423	128	249	46	446
Sub-total	**7,049**	**1,133**	**4,866**	**1,050**	*
Complex commitments					
Securitisation: subordinated deposits	29	13	16	-	12
Total commitments given	**7,078**	**1,146**	**4,882**	**1,050**	*

* Information about certain items in 2001 could not be reconstituted.

(1) Reciprocal commitments.

(2) See page 101, paragraph 7.7.

Commitments given	Total 12/2002	Maturity Less than 1 year	1-5 years	More than 5 years	12/2001
Total commitments received	3,098	1,051	1,714	333	*

* Information about certain items in 2001 could not be reconstituted.

For more details, see paragraph 14.3 p.108.

Information about liquidity risk is provided in note 7 (credit lines).

The above presentation of commitments concerns all significant off-balance sheet commitments, in accordance with accounting standards currently in force.

Note 15 *STAFFING AND REMUNERATION OF SENIOR EXECUTIVES AND DIRECTORS*

• **Average number of employees during the year**

	2002	2001
Managerial	16,276	16,198
Supervisory, technical and clerical	23,439	23,474
Site workers	27,638	27,622
France sub-total	**67,353**	**67,294**
Expatriates and local labour	60,925	59,266
Total	**128,278**	**126,560**

• **Remuneration of senior executives and directors**

Senior executives (Chairman and CEO and three Deputy CEOs) received a total of €8,206,362 in direct and indirect emoluments of all kinds from French and foreign companies, including €4,073,932 in base pay, €3,870,134 in bonuses paid in early 2003 on the basis of performance in 2002, and €262,296 in director's fees.

Attendance fees paid to voting and non-voting directors amounted to €653,152.

Note 16 *AUDITORS' FEES*

In accordance with COB regulation 2002.06, we set out below the fees charged to the 2002 income statement that were paid to the auditors (and members of their networks) in charge of auditing the consolidated accounts of Bouygues SA and its fully-consolidated companies.

Comparative information relating to 2001 could not be reconstituted in the time available.

	Task Mazars et Guérard 2002 fee	%	Task Salustro Fournet et associés 2002 fee	%
Audit				
Statutory audit certification and examination of company and consolidated accounts	2,650	85	2,816	94
Related tasks	197	6	112	4
Sub-total	**2,847**	**91**	**2,928**	**98**
Other services				
Legal, tax, social	124	4	38	1
Internal audit	36	1	-	-
Other	106	4	36	1
Sub-total	**266**	**9**	**74**	**2**
Total fees	**3,113**	**100**	**3,002**	**100**

Note 17 LIST OF PRINCIPAL GROUP COMPANIES AT 31 DECEMBER 2002

Company	Location	Country	% interest 2002	% interest 2001	% direct and indirect control (1) 2002	% direct and indirect control (1) 2001
A - TELECOMS-MEDIA						
1 . Telecommunications						
Full consolidation (proportional consolidation in 2001)						
BDT SA	St-Quentin-en-Yvelines	France	79.08	59.47		
Bouygues Telecom SA and subsidiaries	Boulogne-Billancourt	France	67.13	53.71		
2 . Media						
TF1 Group						
Full consolidation						
Télévision Française 1 SA	Paris	France	41.57	41.68		
Ciby Droits Audiovisuels SA	Paris	France	41.57	41.68	100.00	100.00
La Chaîne Info (LCI) SCS	Paris	France	41.57	41.68	100.00	100.00
Les Films Ariane SA	Boulogne-Billancourt	France	41.57	41.68	100.00	100.00
Protecrea SA	Boulogne-Billancourt	France	41.57	41.68	100.00	100.00
Téléshopping SA	Boulogne-Billancourt	France	41.57	41.68	100.00	100.00
TF1 International SA	Boulogne-Billancourt	France	41.57	41.68	100.00	100.00
TF1 Publicité SA	Boulogne-Billancourt	France	41.57	41.68	100.00	100.00
TF1 Vidéo SA	Boulogne-Billancourt	France	41.57	41.68	100.00	100.00
Une Musique SA	Boulogne-Billancourt	France	41.57	41.68	100.00	100.00
e-TF1	Boulogne-Billancourt	France	41.57	41.68	100.00	100.00
Eurosport and subsidiaries	Boulogne-Billancourt	France	41.57	41.68	100.00	100.00
Proportional consolidation						
Film par Film SA	Paris	France	20.78	20.84	50.00	50.00
Télévision Par Satellite (TPS) SNC (equity method in 2001)	Issy-les-Moulineaux	France	27.44	10.42	66.00	25.00
B - SERVICES						
Utilities management						
Saur Group						
Full consolidation						
Saur SA	St-Quentin-en-Yvelines	France	100.00	73.00		100.00
Saur International SA	St-Quentin-en-Yvelines	France	100.00	72.99		99.99

(1) If % control is not equal to % interest.

Company	Location	Country	% interest 2002	% interest 2001	% direct and indirect control (1) 2002	% direct and indirect control (1) 2001
Saur France SA (formerly Cise SNC)	St-Quentin-en-Yvelines	France	100.00	73.00		100.00
Cise Réunion SA	St-Denis-de-la-Réunion	France	99.94	72.95		99.94
Coved SA	Guyancourt	France	100.00	73.00		100.00
Stereau SA	Louveciennes	France	99.99	72.99		99.99
Foreign						
Compagnie Ivoirienne d'Electricité	Abidjan	Côte d'Ivoire	70.46	51.44		71.51
Gestagua	Madrid	Spain	100.00	72.99		99.99
Saur UK Ltd and subsidiaries	Camberley	UK	100.00	72.99		100.00
Sénégalaise Des Eaux	Dakar	Senegal	62.83	45.86		62.83
Saur Neptun Gdansk	Gdansk	Poland	51.00	37.23		51.00
Sodeci	Abidjan	Côte d'Ivoire	48.86	35.67		50.88
Crea	Rome	Italy	100.00	51.82		100.00
Proportional consolidation						
Energie du Mali	Bamako	Mali	39.00	28.47		39.00
Equity method						
Obras Sanit Mendoza	Mendoza	Argentina	32.08	23.42		32.08
C - CONSTRUCTION						
1 . Bouygues Construction						
Full consolidation						
Bouygues Construction SA	St-Quentin-en-Yvelines	France	99.96	99.97		
Bouygues Bâtiment						
Bouygues Bâtiment SA	St-Quentin-en-Yvelines	France	99.96	99.97		
Bâtiment France subsidiaries						
Brézillon SA	Noyon	France	98.81	98.94		
O.F. Equipement (formerly Olin-Lanctuit SA)	Courbevoie	France	99.80	99.95		
O.F. Construction (formerly SB Ballestrero SA)	Vaux-le-Pénil	France	99.81	99.96		
Entreprises France Europe subsidiaries						
DV Construction SA	Bordeaux	France	99.96	99.96		
GTB Bouyer Duchemin SA	Nantes	France	99.96	99.96		
GFC SA	Bron	France	99.96	99.96		
Norpac SA	Villeneuve-d'Ascq	France	99.96	99.96		
Pertuy GTFC SA	Maxeville	France	99.96	99.96		
Quille SA	Rouen	France	99.96	99.96		

(1) If % control is not equal to % interest.

Company	Location	Country	% interest 2002	% interest 2001	% direct and indirect control (1) 2002	% direct and indirect control (1) 2001
Foreign						
Bouygues UK Ltd and subsidiairies	London	UK	99.96	99.96		
Losinger Construction SA	Berne	Switzerland	99.96	99.96		
Subsidiaries Bâtiment International						
Rinaldi Structal SA and subsidiaries	Colmar	France	99.96	99.96		
Foreign						
Bouygues Hungaria	Budapest	Hungary	99.96	99.96		
Bymaro	Casablanca	Morocco	99.94	99.94		
Bouygues Polska	Warsaw	Poland	99.96	99.96		
Bouygues TP						
Bouygues TP SA	St-Quentin-en-Yvelines	France	99.96	99.96		
Foreign						
Losinger Sion	Berne	Switzerland	99.63	99.63		
Prader AG	Zürich	Switzerland	99.84	99.84		
Other Bouygues Construction subsidiaries						
DTP Terrassement SNC	St-Quentin-en-Yvelines	France	99.96	99.96		
Intrafor SA	Montigny-le-Bretonneux	France	99.87	99.96		
Foreign						
Aciéroïd Española and subsidiaries	L'Hospitalet de Llobregat	Spain	99.96	99.96		
Basil Read and subsidiaries	Johannesburg	South Africa	70.60	70.60		
Dragages & TP Hong Kong Ltd	Hong-Kong	China	99.96	99.96		
DTP Singapour	Singapore	Singapore	99.96	99.96		
IP Foundations Hong-Kong	Hong-Kong	China	99.87	99.87		
VSL International and subsidiaries	Lyssach	Switzerland	99.87	99.87		
Car parks						
Parcofrance SA and subsidiaries	St-Quentin-en-Yvelines	France	Sold	99.96		
Bouygues Offshore Group						
Bouygues Offshore SA	Montigny-le-Bretonneux	France	Sold	51.08		
Camom SNC	Montigny-le-Bretonneux	France	Sold	51.08		99.99
Sofresid SA and subsidiaries	La Défense	France	Sold	51.18		99.96
Foreign						
BOS Congo	Pointe Noire	Congo	Sold	51.06		99.98
Delong Hersent	Urbanizacion Campo Allegre	Panama	Sold	51.06		100.00

(1) If % control is not equal to % interest.

Company	Location	Country	% interest 2002	% interest 2001	% direct and indirect control (1) 2002	% direct and indirect control (1) 2001
Nissco	Lagos	Nigeria	Sold	30.65		60.00
Petromar UEM	Luanda	Angola	Sold	35.76		70.00
BOS Offshore UIE Ltd	London	UK	Sold	51.20		100.00
ETDE Group						
ETDE SA and regional subsidiaries	Montigny-le-Bretonneux	France	99.96	99.96		
ETDE Réseaux et Communication SA	Massy	France	99.96	99.96		
Gallet Delage SA	Kremblin-Bicètre	France	99.96	99.96		
Foreign						
Sté Gabonnaise d'Électrification et de Canalisation (SOGEC)	Libreville	Gabon	84.39	84.38		
Proportional consolidation						
Bouygues Offshore Group						
SaïBos CML	Madeira	Portugal	Sold	25.54		50.00
Equity method						
Bouygues Bâtiment						
Consortium Stade de France SA	La Plaine-Saint-Denis	France	33.32	33.32		
Bouygues TP						
Foreign						
Aka RT	Budapest	Hungary	40.74	40.97	41.49	41.49
Bina Fincom	Zagreb	Croatia	50.98	50.98		
Trans African Concessions (TRAC)	Kyalami	South Africa	22.70	21.64	26.61	30.00
2 . Roadworks						
Colas Group						
Full consolidation						
Colas SA et and regional subsidiaries (Colas, Screg et Sacer)	Boulogne-Billancourt	France	95.36	95.80		
Grands Travaux Océan Indien (GTOI) SA	Le Port (La Réunion)	France	95.36	95.87	99.99	99.99
Spac SA and subsidiaries	Clichy	France	95.36	95.87	99.99	99.99
Secorail	Chatou	France	95.36	95.80	99.90	99.90
Société de Matériel Routier (Somaro) SA	Chatou	France	95.36	95.80	99.99	99.99
Colas Guadeloupe SA	Baie Mahault	France	95.36	95.80	99.98	99.98
Colas Martinique SA	Le Lamentin	France	95.36	95.80	99.98	99.98
Smac Aciéroïd SA and subsidiaries	Vitry-sur-Seine	France	95.36	95.80	99.99	99.99

(1) If % control is not equal to % interest.

Company	Location	Country	% interest		% direct and indirect control (1)	
			2002	2001	2002	2001
Perrier SA	Saint-Priest	France	95.36	95.80	99.90	99.90
Foreign						
Colas Hungaria and subsidiaries	Budapest	Hungary	95.36	95.88	99.91	99.91
Colas Danmark	Virum	Denmark	95.36	95.80	100.00	100.00
Colas Genève and subsidiaries	Lausanne	Switzerland	94.60	95.04	99.21	99.21
Colas INC and subsidiaries	Morristown, NJ	USA	95.36	95.80	100.00	100.00
Colas Maroc and subsidiaries	Casablanca	Morocco	95.36	95.73	99.93	99.93
Colas UK Ltd and subsidiaries	Rowfant-Crackley	UK	95.36	95.80	100.00	100.00
Strada	Sroda Wielkopolsko	Poland	55.50	55.82	58.20	58.20
Société routière Colas Gabon	Libreville	Gabon	85.72	86.11	89.89	89.89
Screg Belgium and subsidiaries	Brussels	Belgium	95.36	95.80	100.00	100.00
Proportional consolidation						
Carrières Roy SA	St-Varent	France	47.58	47.88	49.98	49.98
Equity method						
Cofiroute SA	Sèvres	France	15.93	15.96	16.66	16.66
3 . Property						
Full consolidation						
Bouygues Immobilier and subsidiaries	Boulogne-Billancourt	France	100.00	100.00		
Société financière et immobilière de Boulogne SA (SFIB)	Boulogne-Billancourt	France	Fusion	100.00		
D - OTHER SUBSIDIARIES						
Full consolidation						
Infomobile SA	Guyancourt	France	99.99	99.99		
Bouygues Relais SNC	St-Quentin-en-Yvelines	France	100.00	94.99		
Challenger SNC	St-Quentin-en-Yvelines	France	99.99	99.99		
Société française de participation & gestion (SFPG) SA	Paris	France	99.76	99.76		
Sofic SA	Boulogne-Billancourt	France	99.97	100.00		
Foreign						
Challenger Réassurance	Luxembourg	Luxembourg	99.99	99.98		
Uniservice	Geneva	Switzerland	99.99	99.99		

(1) If % control is not equal to % interest.

Parent company financial statements

Balance sheet at 31 December

Assets (€ million)

	2002 Gross	2002 Amortisation	2002 Net	2001 Net	2000 Net
Intangible fixed assets	2	1	1	1	1
Tangible fixed assets	9	2	7	8	8
Long-term investments	6,874	222	6,652	4,905	4,857
Subsidiaries and affiliates	*6,046*	*169*	*5,887*	*4,444*	*4,387*
Advances to subsidiaries and affiliates	*590*	*13*	*577*	*448*	*425*
Other	*238*	*40*	*198*	*13*	*45*
FIXED ASSETS	**6,885**	**225**	**6,660**	**4,914**	**4,866**
Inventories and work in progress	-	-	-	-	-
Advances and payments on account	-	-	-	-	-
Trade receivables	30	-	30	37	32
Other receivables	227	-	227	718	608
Short-term investment securities	787	6	781	998	727
Cash and equivalents	108	-	108	5	5
CURRENT ASSETS	**1,152**	**6**	**1,146**	**1,758**	**1,372**
Other assets	11	-	11	10	15
TOTAL ASSETS	**8,048**	**231**	**7,817**	**6,682**	**6,253**

Liabilities and stockholders' equity (€ million)

	2002 Net	2001 Net	2000 Net
Authorised capital	344	344	333
Premiums and reserves	4,636	4,516	3,930
Unallocated retained earnings	2	-	1
Net earnings for the year	121	237	478
Regulated provisions	-	-	-
STOCKHOLDERS' EQUITY	**5,103**	**5,097**	**4,742**
Provisions for liabilities and charges	232	273	262
Financial liabilities	2,232	1,197	1,200
Progress payments received	-	-	-
Trade payables	25	27	19
Other payables	86	88	30
LIABILITIES	**2,575**	**1,585**	**1,511**
SHORT-TERM BANK BORROWINGS	**139**	**-**	**-**
Other liabilities	-	-	-
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**7,817**	**6,682**	**6,253**

Income statement (€ million)

	2002	2001	2000
SALES	**63**	**74**	**64**
Other operating income	8	1	15
Purchases and changes in inventories	-	-	-
Taxes other than income tax	(2)	(3)	-
Personnel costs	(48)	(54)	(47)
Other operating expenses	(38)	(37)	(49)
Net depreciation, amortisation and provisions	(13)	(5)	(2)
EARNINGS FROM OPERATIONS	**(30)**	**(24)**	**(19)**
Net financial income	88	190	443
EARNINGS BEFORE TAX AND EXCEPTIONAL ITEMS	**58**	**166**	**424**
Exceptional items	65	49	50
Income tax	(2)	22	4
NET EARNINGS	**121**	**237**	**478**

Cash flow statement (€ million)

	2002	2001
A - OPERATING ACTIVITIES		
Cash flow	**120**	**198**
Net earnings for the year	121	237
Depreciation, amortisation and provisions on fixed assets	(65)	3
Net change in long-term provisions on liabilities and charges	(42)	12
Expense transfers	(4)	-
Net gain (loss) on asset disposals	110	(54)
Change in working capital requirement	**497**	**(47)**
Current assets	500	(114)
Current liabilities	(3)	67
NET CASH FROM OPERATING ACTIVITIES	**617**	**151**
B - INVESTING ACTIVITIES		
Increase in fixed assets		
Acquisitions of intangible and tangible assets	-	(1)
Acquisitions of participating interests	(1,654)	(55)
	(1,654)	**(56)**
Disposals of fixed assets	2	85
Net investment	(1,652)	29
Net other long-term investments	(134)	(25)
Liabilities relating to fixed assets	(1)	-
NET CASH USED FOR INVESTING ACTIVITIES	**(1,787)**	**4**
C - FINANCING ACTIVITIES		
Increase in stockholders' equity	4	237
Dividends paid during the year	(122)	(120)
Net decrease in financial liabilities	1,036	(3)
NET CASH FROM FINANCING ACTIVITIES	**918**	**114**
CHANGE IN CASH AND EQUIVALENTS (A + B + C)	**(252)**	**269**
Cash and equivalents at 1 January	1,002	733
Effect of partial contribution of assets	-	-
Net flows during the year	(252)	269
CASH AND EQUIVALENTS AT 31 DECEMBER	**750**	**1,002**

Notes to the parent company financial statements

CONTENTS

Amounts are expressed in millions of euros

Note 1 *SIGNIFICANT EVENTS OF 2002*

1.1 | Subsidiaries and affiliates

Significant increases

(€ million)		% interest held directly at 31/12/2002	31/12/2001
BDT	641	70.61	51.00
Bouygues Telecom (93.50% of capital increase)	579	27.58	21.00
Colas	35	95.36	95.02
Saur (reclassified from short-term investment securities to subsidiaries and affiliates)	54	77.19	73.00
TF1	122	41.33	40.11

Merger of SFIB into Bouygues SA

This merger has given Bouygues SA direct ownership of the 45,000 shares of Bouygues Immobilier that it did not already hold, making the latter a wholly-owned subsidiary.

1.2 | Subsequent events

In January 2003 Bouygues acquired 5.8% of Bouygues Telecom's capital from E.ON for €334.4 million. This transaction is subject to approval by the ART and to potential exercise of pre-emptive rights by other Bouygues Telecom stockholders. Upon completion of this transaction, Bouygues will directly or indirectly hold either 71.7% or 72.9% of Bouygues Telecom, depending on whether or not other stockholders exercise their pre-emptive rights. E.ON's remaining stake will be 10.1%.

E.ON has granted Bouygues an option to buy its remaining 10.1% stake provided certain legal conditions are met. This option is exercisable from 1 April 2003 to 14 October 2005 at a price of €143.23 per share, plus a mark-up of 4.5% per year as of the date of the aforementioned transaction.

If this option to buy is not exercised, Bouygues has granted E.ON an option to sell, provided certain legal conditions are met. This option is exercisable from 31 October 2005 to 14 February 2007 at a price of €143.23 per share, plus a mark-up of 4.5% per year as described above. This option can be exercised earlier under certain circumstances, in particular if Bouygues disposes of a controlling interest in BDT or Bouygues Telecom. If this option is exercised at year-end 2005, the total price paid by Bouygues will be €670.7 million.

At the same time as the sale of E.ON's remaining stake in Bouygues Telecom, Bouygues will acquire from E.ON 10% of Bouygues Telecom's stockholder loans at their face value of €61 million plus the accrued interest on the day of the transaction (roughly €31 million at year-end 2005).

If either of these options is exercised, Bouygues will own between 80% and 83% of Bouygues Telecom, depending on whether or not other stockholders exercise their pre-emptive rights.

Bouygues' financial position allows it to finance these acquisitions without issuing new shares or convertible bonds.

1.3 | Own shares

During 2002 Bouygues acquired 6,790,290 of its own shares for €222 million. These shares have been booked as other long-term investment securities. Their carrying value at 31 December has been written down by €36.2 million to reflect the average share price during December 2002.

1.4 | Cash transfers

Telecommunications

As part of the development of its telecommunications business, Bouygues made cash transfers in the following amounts:

BDT	€127 million
Bouygues Telecom	€8 million

1.5 | May 2002 bond issue

- First tranche – May 2002: €750 million
  Discount: 99.636%
- Second tranche – December 2002: €250 million
  Premium: 103.737%
- Interest rate: 5.875% per year - Term: 7 years
- Redemption: Redeemable in full at par on 15 May 2009

1.6 | Net financial income

Net financial items in 2002 amounted to income of €88 million, as follows:

- Dividends received and earnings of partnerships €171 million
- Net interest income €(33) million
- Net change in provisions on participating interests €(56) million
- Proceeds of disposals of investment securities €8 million
- Other €(2) million

Note 2 *ACCOUNTING POLICIES*

The financial statements have been prepared in accordance with current provisions of French law.

2.1 | Intangible fixed assets

Preliminary expenses and research and development costs are expensed in full in the year in which they are incurred. As a rule, software acquired from third parties is booked to intangible fixed assets and depreciated straight-line over a maximum of five years.

2.2 | Tangible fixed assets

Tangible fixed assets are valued at acquisition cost less deductible taxes. Non-intrinsic incidental expenses are charged directly to income during the year. Production for own use is valued at production cost plus a percentage of committed costs.

Depreciation expenses are calculated on a straight-line basis according to the type and expected useful life of the asset concerned. Additional charges for excess tax depreciation are booked in respect of assets eligible for accelerated depreciation.

Useful lives – Depreciation method

Buildings	40 years	straight-line
Fixtures and fittings	10 years	straight-line
Computer hardware	3 years	straight-line
Office furniture	10 years	straight-line

2.3 | Long-term investments

Participating interests and other long-term investment securities

Participating interests and other long-term investment securities are stated at acquisition cost. Non-intrinsic acquisition costs are not included and are booked as expense.

Valuation of participating interests

Participating interests and long-term investment securities are evaluated at their retention value to the Group, determined on the basis of objective criteria (quoted share price for listed companies, book value, profitability), forecast data (economic outlook, earnings prospects) or other data indicative of actual value. If retention value is less than stated value, an impairment provision is constituted for the difference.

Advances to subsidiaries and other loans

Advances and loans due in more than one year are stated on the balance sheet at face value. An impairment provision is constituted if realisable value taking into account the likelihood of recovery is less than stated value.

2.4 | Treasury accounts

Cash invested with or borrowed from the Bouygues group's cash management companies has been reclassified from other receivable and payables to current account debit and credit balances, as follows:

(€ million)	2002	2001
Bouygues Relais	103	472
Uniservice	(138)	(81)

The accounts for the year 2001 have not been restated on a pro forma basis to reflect this change in presentation, which was adopted during 2002.

2.5 | Receivables and payables in foreign currencies

Receivables and payables in foreign currencies are translated at the exchange rate on the balance sheet date or, if covered by a currency hedge, at the contract exchange rate.

Unrealised gains and losses are booked to suspense accounts on the balance sheet. Provisions are constituted for unrealised foreign exchange losses. Receivables and payables in euro zone currencies are valued at the official conversion rate.

2.6 | Short-term investment securities

The value of the securities portfolio is estimated in accordance with French accounting standards. Thus,

- the balance sheet value of bonds is determined by the average price in December 2002,
- the balance sheet value of equity securities, money-market funds, certificates of deposit and short-term notes is determined by the latest quoted price on 31 December 2000. For listed securities, the value is equal to the average price during December 2002.

2.7 | Prepayments, deferred charges and accrued income

Expenses to be amortised over several periods comprise mainly the portion of issuance costs relating to the bond issues of January 1997, February and July 1999, and May 2002 not covered by issue premiums. In the case of convertible bonds, the portion of unamortised costs relating to bonds converted to shares is charged against the issue premium for the new shares.

The amortisable bond discount concerns the July 1999 bond issue, for which the issue price was 99.854% of par.

The discount on the May 2002 tranche of the May 2002 bond issue has been charged against the issue premium on the December 2002 tranche.

2.8 | Provisions for liabilities

This item comprises mainly:

- provisions for income tax, intended to cover the amount of tax payable on capital gains on which tax has been deferred;
- provisions for additional liabilities arising from losses at subsidiaries. These provisions are constituted for subsidiaries whose negative net worth cannot be covered in full by provisions for impairment on investments and on other debts owed by the subsidiary to the parent.

2.9 | Hedging instruments

The company uses hedging instruments in order to limit the impact of exchange rate and interest rate movements on the income statement.

The instruments used are limited to the following: for exchange rate hedges, forward purchases and sales, currency swaps and currency options; for interest rate hedges, interest rate swaps, forward rate agreements (FRAs), caps and tunnels.

In addition, these instruments

- are used only for hedging purposes,
- are contracted only with leading French and foreign banks,
- present no risk of illiquidity in the event of a downturn.

Gains and losses during the year and provisions for unrealised losses at 31 December 2002 are included in the year's net financial items.

2.10 | Off-balance sheet commitments

The company's commitments in respect of post-employment benefits are calculated using the following methods and assumptions:

- Retrospective method based on projected final salary.
- Benefits as payable under collective agreements and company benefit plans, brought into compliance with the provisions of the Act of 30 July 1987 and the 1988 Finances Act.
- Vested benefits as of 31 December 2002.
- Personnel are classified into homogeneous groups by rank, age and length of service.
- Average monthly pay of each group as of 31 December 2002 is increased by a coefficient reflecting the current rate of employer social insurance contributions.
- Annual rate of increase in base pay: 1.5%.
- Discount rate for present value calculations: 4.87%.
- Average staff turnover rate in 2002 is calculated as the average rate of departures in the years from 1997 to 2002.
- Life expectancy is determined from actuarial tables for 1988 and 1990.

Note 3 FIXED ASSETS

	At 1 January	Transfer	Increase	Decrease	At 31 December
Intangible fixed assets					
Software	2	-	-	-	2
Other	-	-	-	-	-
Gross value	2	-	-	-	2
Amortisation	(1)	-	-	-	(1)
Net value	**1**	**-**	**-**	**-**	**1**
Tangible fixed assets					
Land and buildings	7	-	-	-	7
Other	2	-	-	-	2
Gross value	**9**	**-**	**-**	**-**	**9**
Depreciation	(1)	-	-	-	(1)
Net value	**8**	**-**	**-**	**-**	**8**
Long-term investments					
Subsidiaries and affiliates	4,722	245	1,432	353	6,046
Advances to subsidiaries and affiliates	455		135		590
Other	19	-	222	3	238
Gross value	**5,196**	**245**	**1,789**	**356**	**6,874**
Provisions	(291)	-	(43)	(112)	(222)
Net value	**4,905**	**245**	**1,746**	**244**	**6,652**
Total net value	**4,914**	**245**	**1,746**	**244**	**6,661**

Of which due within more than one year:	Gross
Advances to subsidiaries and affiliates	590

Note 4 MATURITY OF RECEIVABLES RELATING TO CURRENT ASSETS

	Gross	Less than 1 year	More than 1 year
Advances and payments on account	-	-	-
Trade receivables	38	32	6
Sundry receivables	219	202	17
Total	**257**	**234**	**23**

Note 5 PREPAYMENTS, DEFERRED CHARGES AND ACCRUED INCOME

	At 1 January	Transfers	Increase	Amortisation	At 31 December	Of which due within 1 year
Expenses of issuing bonds	6	-	4	2	8	2
Expenses of acquiring long-term investments	3	-	-	1	2	1
Total expenses to be amortised over several periods	**9**	**-**	**4**	**3**	**10**	**3**
Bond discounts	-	-	-	-	-	-
Other	1		1	1	1	1
Total	**10**		**5**	**4**	**11**	**4**

Note 6 CHANGE IN STOCKHOLDERS' EQUITY

Stockholders' equity at 31/12/2001 (before allocation of earnings)	**4,860**
Earnings allocated to net worth	237
Dividends paid out	(123)
Stockholders' equity at 1/1/2002 (after allocation of earnings)	**4,974**
Increase in capital and reserves	8
Net earnings in 2002	121
Stockholders' equity at 31/12/2002	**5,103**

Note 7 COMPOSITION OF AUTHORISED CAPITAL

	Number of votes	Number of shares	Number of investment certificates	Total
At 1 January	419,754,165	343,158,371	593,008	343,751,379
Change during the year	(669,217)	642,839	(32,299)	610,540
At 31 December	419,084,948	343,801,210	560,709	344,361,919
Par value				**€1**

Note 8 PROVISIONS FOR LIABILITIES AND CHARGES

	At 1 January	Transfer (1)	Charges for the year	Written back during the year	At 31 December
Provisions for subsidiaries and affiliates	32	-	13	-	45
Provisions for taxes	228	1	-	60	169
Other provisions	10	-	-	3	7
Provisions for liabilities	**270**	**1**	**13**	**63**	**221**
Provisions for charges	**3**	**-**	**11**	**3**	**11**
Total	**273**	**1**	**24**	**66**	**232**
Operating provisions			10	3	
Financial provisions			14	-	
Exceptional provisions			-	63	
			24	**66**	

(1) SFIB merger.

Note 9 LIABILITIES BY MATURITY AT 31 DECEMBER 2002

Liabilities	Gross	Less than 1 year	1-5 years	More than 5 years
Debt				
Convertible bonds (1)	433	7	426	-
Other bond issues:				
January 1997 bond issue (2)	242	13	229	-
July 1999 bond issue (3)	512	12	500	-
May 2002 bond issue (4)	1,037	37		1,000
	1,791	62	729	1,000
Bank loans	8	8	-	-
Total financial liabilities	**2,232**	**77**	**1,155**	**1,000**
Trade payables	**25**	**25**	**-**	**-**
Sundry liabilities	**86**	**86**	**-**	**-**
Short-term bank borrowing	**139**	**139**	**-**	**-**
Total	**2,482**	**327**	**1,155**	**1,000**

(1) February 1999 issue of convertible bonds in the amount of FF 3.28 billion (€500 million) bearing interest at 1.7%, redeemable at par on 1 January 2006. During 2002, 1 bond was converted into 10 shares.

(2) January 1997 issue of bonds in the amount of FF 1.5 billion (€228.7 million) bearing interest at 5.75%, redeemable in full at par on 6 January 2004.

(3) July 1999 issue of bonds in the amount of FF 3.28 billion (€500 million) bearing interest at 4.875%, redeemable in full at par on 3 July 2006.

(4) May 2002 issue of bonds in the amount of €750 million in May 2002 and €250 million in December 2002, bearing interest at 5.875%, redeemable in full at par on 15 May 2009.

Note 10 DETAILS OF ACCOUNTS CONCERNING AFFILIATES

	Amount
Assets	
Long-term investments	6,636
Trade receivables	30
Other receivables	181
Current account debit balances	103
Total	**6,950**
Expense	
Operating expenses	12
Interest charges	7
Income tax expense	-
Total	**19**

	Amount
Liabilities	
Financial liabilities	-
Trade payables	2
Other payables	11
Current account credit balances	139
Total	**152**
Income	
Operating income	62
Interest income	218
Negative income tax expense	84
Total	**364**

Note 11 HEDGING AND OTHER FINANCIAL INSTRUMENTS

- **Interest rate hedges**

Amounts outstanding at 31/12/2002 by maturity	2003	2004-2007	Beyond	Total
Interest rate swaps				
On financial assets	315	-	-	315
On financial liabilities	122	69	256	447

- **Exchange rate hedges** (equivalent in € million)

Amounts outstanding at 31/12/2002 by currency	CHF	GBP	Other	Total
Forward purchases and sales				
Forward purchases	-	-	-	-
Forward sales	-	123	-	123
Currency swaps	59	-	-	59

- **Transactions in options**

Puts: During 2002 Bouygues exercised the 79,400 “down and in” barrier put options on TF1 shares that it had acquired in 2001.

Calls: As part of the Bouygues Confiance II scheme, Bouygues has acquired 239,958 call options on Bouygues shares.

Note 12 OFF-BALANCE SHEET COMMITMENTS

	Total	Affiliates
Commitments given (liabilities)		
Guarantees		
Non-bank guarantees	-	-
Pledges relating to loan agreements		
Bouygues Telecom shares and advances	1,986	-
Post-employment benefits	**3**	**-**
Secured debt		
(mortgages-pledges of securities)	-	-
Other commitments given	**3**	**-**
Total	**1,992**	**-**
Commitments received (assets)	**-**	**-**
Other commitments received	**-**	**-**
Total	**-**	**-**

In the past, before the Group’s construction activities were spun off, Bouygues SA provided performance bonds on such activities. Certain of those guarantees have been kept as commitments of the company in regard to work performed by its subsidiaries. These commitments are not specifically identified, and no estimated figures are associated with them, unless it appears likely that they will give rise to payments by the Group, in which case provisions will be set aside for them on the balance sheet.

Note 13 SALES

Bouygues’ sales consist essentially of shared services rebilled to subsidiaries and affiliates.

Note 14 TAX CONSOLIDATION AND INCOME TAX

Since 1997, Bouygues SA has opted for tax consolidation under Articles 223 A to U of France's General Tax Code.

In addition to Bouygues SA, 71 companies were included in the consolidated tax group in 2002. Each subsidiary books its tax charge as though there were no consolidation. The tax saving accrues to the parent company.

At year-end, Bouygues SA booked a negative income tax charge as follows:

	€ m
Net tax expense	(86)
Tax consolidation (income tax expense recognised by profitable consolidated companies)	84
Total	**(2)**

Note 15 DEFERRED TAXES

	At 1 January		Change during year		At 31 December	
	Asset	Liability	Asset	Liability	Asset	Liability
Temporarily non-deductible expenses						
Tax provision	228	-	1	60	169	-
Other provisions	43	-	13	3	53	-
Total	**271**	**-**	**14**	**63**	**222**	**-**
Tax-deductible expenses and taxable income not booked:						
Unrealised foreign exchange losses						
Unrealised foreign exchange gains						
Net currency translation adjustment						
Expenses to be amortised over several periods	-	9	3	4	-	10
Zero-coupon bond	3	-	-	3	-	-
Other income and expense	**3**	**9**	**3**	**7**	**-**	**10**
Total	**3**	**9**	**3**	**7**	**-**	**10**

Note 16 AVERAGE NUMBER OF EMPLOYEES IN 2002

	2002	2001
Managerial	190	197
Clerical, technical and supervisory	63	64
Total	**253**	**261**

Note 17 ADVANCES AND LOANS TO CORPORATE BODIES, REMUNERATION OF SENIOR EXECUTIVES AND DIRECTORS

Remuneration of senior executives and directors:

- Group directors and senior executives (Chairman and CEO and three deputy CEOs) received a total of €8.206 million in direct and indirect emoluments of all kinds from French and foreign companies, including €4.074 million in base pay, €3.870 million in bonuses paid in 2003 on the basis of performance in 2002, and €262,000 in directors' fees.
- Attendance fees paid to voting and non-voting directors amounted to €470,000.

Note 18 SECURITIES PORTFOLIO AT 31 DECEMBER 2002

	Number of securities	%	Balance sheet value (1)
Participating interests			
TF1	88,456,858	41.325	2,252 (a)
Bouygues Telecom	11,160,501	27.582	1,820
Colas	29,531,082	95.365	1,934 (a)
Saur	9,712,528	77.191	507
BDT	13,637,740	70.608	1,059
Bouygues Immobilier	44,994	99.987	245
Bouygues Construction	1,705,110	99.934	200 (b)
Other equity			82
Total participating interests			**8,099**
Investment securities			
Other securities			767 (a)
Short-term notes			23 (a)
Total investment securities			**790**
Total transferable securities			**8,889**

(1) The balance sheet value is generally the acquisition cost. If greater, the following is used instead:
(a) stock-market value (closing price for equities, average price during the previous month for bonds),
(b) proportionate share of consolidated net assets.

Note 19 INFORMATION ON SUBSIDIARIES AND AFFILIATES

	Share capital (1)	Other equity (1)	%	Book value of securities (2) Gross	Net	Loans and advances (2)	Guarantees (2)	Sales (2)	Earnings (2)	Dividends received (2)	Remarks
A - Detailed information											
1. Subsidiaries (% > 50)											
FRANCE											
BDT	294	732	70.608	1,059	1,059	409		-	(7)	-	
Bouygues Construction	27	60	99.934	59	59	-		5,827	113	12	(5)
Bouygues Immobilier	69	77	99.987	245	245	-		1,288	37	-	(5)
Bouygues Relais	-	-	98.947	-	-	-		-	9	-	
C2S	-	-	99.940	-	-	-		10	-		
Colas	46	691	95.365	1,478	1,478	-		7,415	208	82	(5)
Infomobile	9	(11)	100.000	75		8		23	(4)	-	(4)
Saur	200	382	77.191	507	507	-		2,516	27	7	(5)
SFPG	-	(37)	99.760	-	-	-		-	(5)	-	(6)
SNC Challenger	-	-	99.990	15	15	-		14	5	-	
Sofic	-	(4)	99.970	60	-	5		-	(3)	-	(4)
Sotegi	-	-	99.760	-	-	-		-	-	-	(6)
TOTAL	**-**			**3,498**	**3,363**	**422**		**17,093**	**380**	**101**	
FOREIGN											
Uniservice	50	7	99.990	31	31				3	4	
TOTAL				**31**	**31**				**3**	**4**	
2. Affiliates (10 <% < 50)											
FRANCE											
Bouygues Telecom	617	603	27.582	1,820	1,820	166		2,945	130		
TF1	43	608	41.325	652	652			2,625	155	57	(5)
TOTAL				**2,472**	**2,472**	**166**		**5,570**	**285**	**57**	
TOTAL FOREIGN				**0**	**0**						
B - Other information											
1. Subsidiaries											
FRANCE				24	9			1	(4)		(3)
FOREIGN				11				4			
2. Affiliates											
FRANCE				4	1	2		56	1		(4)
FOREIGN				6							
GRAND TOTAL				**6,046**	**5,876**	**590**		**22,724**	**665**	**162**	

(1) In local operating currency.
(2) In euros.
(3) Revaluation differences.
(4) Provisions for loans and advances.
(5) Sub-group parent companies: consolidated reserves, sales and earnings of sub-group, excluding third-party interests.
(6) Year ended 30 November.

Annual General Meeting on 24 April 2003

Agenda

1 Ordinary part

- Board of Directors' annual report for 2002
- Auditors' reports for 2002
- Board of Directors' special report on stock options
- Approval of the company accounts for the year ended 31 December 2002 as presented by the Board
- Approval of the consolidated accounts for the year ended 31 December 2002 as presented by the Board
- Appropriation of earnings for 2002
- Auditors' special report on the agreements referred to at Article L. 225-38 of the Commercial Code and approval of the agreements mentioned in the report
- Ratification of the co-option of a Director
- Renewal of the term of office of two Directors
- Appointment of two Directors who are members of the Supervisory Boards of employee mutual funds representing employee stockholders
- Appointment of a new Supervisor
- Appointment of a statutory Auditor
- Appointment of an alternate Auditor
- Amount of Directors' fees
- Authorisation to be given to the Board of Directors to enable the company to buy back its own shares or investment certificates

2 Extraordinary part

- Board of Directors' and Auditors' reports
- Authorisation for the Board of Directors to reduce the authorised capital by retiring treasury stock
- Authorisation for the Board of Directors to use delegated powers to increase the authorised capital in the event of a tender offer for the company's stock
- Powers to carry out formalities

Board of Directors' report *and*

report on the resolutions put to the Annual General Meeting

Ladies and Gentlemen,

We have called you to this Annual General Meeting to submit the following resolutions to you for approval:

Resolutions within the competence of the ordinary part of the Meeting

We submit the following fourteen resolutions for your approval.

A - Company accounts – Consolidated accounts – Appropriation of earnings – Regulated agreements

The **first resolution** concerns approval of the parent company accounts as at 31 December 2002, which show net earnings of €120,842,391.33, and discharge of the Directors.

The **second resolution** concerns approval of the consolidated financial statements as at 31 December 2002, which show net earnings attributable to the Group of €666 million.

The **third resolution** concerns appropriation of earnings. The proposed net dividend, payable in cash, is €0.36 per share or investment certificate, with a tax credit of €0.18 (assuming a 50% rate).

The **fourth resolution** concerns approval of agreements referred to at Article L. 225-38 of the Commercial Code mentioned in the Auditors' special report.

B - Ratification, renewal and appointment of Directors

The **fifth resolution** concerns ratification of the Board's co-option as Director of Mr. Yves Gabriel in place of Mr. Jean-Pierre Combot for the remainder of his term of office, which expires on conclusion of the Annual Meeting called to approve the accounts for 2003.

The **sixth resolution** concerns renewal of the directorship of Mr. Pierre Barberis for a six-year term expiring on conclusion of the Annual Meeting called to approve the accounts for 2008.

The **seventh resolution** concerns renewal of the directorship of Mr. Olivier Poupart-Lafarge for a six-year term expiring on conclusion of the Annual Meeting called to approve the accounts for 2008.

The **eighth resolution** concerns the appointment as a Director of a member of the Supervisory Board of an employee mutual fund representing employee stockholders for a two-year term of office expiring on conclusion of the Annual Meeting called to approve the accounts for 2004.

The **ninth resolution** concerns the appointment as a Director of a member of the Supervisory Board of an employee mutual fund representing employee stockholders for a two-year term of office expiring on conclusion of the Annual Meeting called to approve the accounts for 2004.

The **tenth resolution** concerns the appointment as Supervisor of Mr. Philippe Montagner for a six-year term expiring on conclusion of the Annual Meeting called to approve the accounts for 2008.

C - Appointment of a statutory Auditor and an alternate Auditor

The **eleventh resolution** concerns the appointment as statutory Auditor of Ernst & Young Audit for a six-year term expiring on conclusion of the Annual Meeting called to approve the accounts for 2008.

The **twelfth resolution** concerns the appointment as alternate Auditor of Mr. Christian Mouillon for a six-year term expiring on conclusion of the Annual Meeting called to approve the accounts for 2008.

D - Directors' fees

The **thirteenth resolution** concerns the amount of annual fees to be divided between the Directors and Supervisors. The proposed total amount is €700,000.

E - Company's buy-back of its own stock

The purpose of the **fourteenth resolution** is to authorise the Board, for a period of 18 months, to carry out transactions involving the company's securities, pursuant to Article L. 225-209 et seq. of the Commercial Code, enabling it to purchase the company's shares or investment certificates up to a limit of 10% of the number of securities comprising the capital on the date on which the buy-back programme is used.

The aims of the buy-back programme would be:

- to stabilise the share price by systematically buying against the trend,
- to sell stock according to the market situation,
- to allocate such repurchased stock to company or Group employees or officers as part of the policy to encourage employee stock ownership,
- to use such repurchased stock for exchange, payment or other purposes, in particular in the context of acquisitions with a view to limiting the cost thereof, or more generally to improve the conditions of a transaction, or on issue of securities giving access to the capital,
- to keep or, where relevant, dispose of or transfer such repurchased stock by all means in the context of active management of stockholders' equity, having regard to financing requirements,
- to retire such repurchased stock as appropriate in order to optimise earnings per share and the return on equity, subject to specific authorisation from the extraordinary stockholders' meeting.

Investment certificates may be purchased with a view to keeping them or, as appropriate, disposing of them or transferring them by all means. When the company holds investment certificates, it seeks to buy voting certificates in order to retire the shares thus reconstituted.

The Board would operate under the following terms:

- maximum purchase price: €50 per share or investment certificate,
- minimum sale price: €20 per share or investment certificate.

These prices are set subject to adjustment in connection with any future transactions involving the company's capital.

The maximum amount of funds earmarked for the programme to buy back shares and investment certificates would be €600,000,000.

The company has submitted the notice concerning the buy-back programme to the Commission des Opérations de Bourse for certification.

If granted, the authorisation would replace as of this day the authorisation granted by the Annual Meeting on 25 April 2002 in its ninth resolution.

Resolutions within the competence of the extraordinary part of the meeting

Two resolutions will be put to you in the extraordinary part of the meeting, concerning authorisation to reduce the capital and renewal of authorisations to issue transferable securities.

A - Authorisation for the Board to retire repurchased stock

In the **fifteenth resolution** we ask you to authorise the Board, for a period of 18 months, pursuant to Article L. 225-209 of the Commercial Code, to reduce the capital by retiring all or some of the stock that the company may hold as a result of using the various authorisations to buy back stock given by the stockholders' meeting to the Board, up to a limit of 10% of the capital per 24-month period.

B - Authorisation for the Board to issue shares or transferable securities, with or without preferential subscription rights, during a tender offer

In the **sixteenth resolution** we ask you to confer powers on the Board, with the option of delegating them to the Chairman, for a period from the date of this meeting to the date of the meeting called to approve the accounts for 2003, to use the powers conferred on it by the eleventh and twelfth resolutions of the Annual Meeting on 25 April 2002, during a tender or exchange offer for the company's stock, to increase the share capital by up to a maximum nominal amount of €150,000,000 given that holders of investment certificates have waived their preferential subscription right.

Information about the company's business, which we have a statutory duty to provide, is contained in the report on operations that has been communicated to you.

We ask you to vote on the resolutions put to you.

The Board of Directors

Board of Directors' special report *on stock options*

The Board of Directors' special report on stock options may be found at page 69 of this document.

Auditors' reports

1 Auditors' general report on the annual accounts

Year ended 31 December 2002

Ladies and Gentlemen,

In accordance with the terms of our appointment at your Annual Meeting, we hereby submit our report on our audit of the annual accounts of Bouygues for the year ended 31 December 2002 as attached to this report, and on the specific verifications and information required by law.

The annual accounts are the responsibility of the Board of Directors. Our responsibility is to express an opinion on them based on our audit.

Opinion on the annual accounts

We conducted our audit in accordance with the prevailing standards of the profession in France. Those standards require that we plan and perform our audit to obtain reasonable assurance that the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts in the accounts. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, and evaluating their overall presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the annual accounts give a true and fair view, according to French accounting principles, of the results of operations for the year ended 31 December 2002 and of the financial situation and assets of the company at that date.

Specific verifications and information

We have also carried out the specific verifications required by law in accordance with the prevailing standards of the profession in France.

We are satisfied that the information given in the Board of Directors' management report and in the documents provided to stockholders concerning the financial situation and annual accounts is fairly stated and agrees with the annual accounts.

As required by law, we have ensured that information relating to acquisitions of equity and controlling interests and the identity of stockholders has been provided to you in the management report.

Paris and Paris La Défense, 26 February 2003

The Auditors

SALUSTRO FOURNET & ASSOCIES

François Fournet

MAZARS & GUERARD

Michel Rosse

2 Auditors' report on the consolidated accounts

Year ended 31 December 2002

Ladies and Gentlemen,

In accordance with the terms of our appointment at your Annual Meeting, we have audited the consolidated accounts of Bouygues SA for the year ended 31 December 2002 as attached to this report.

The consolidated accounts are the responsibility of the Board of Directors. Our responsibility is to express an opinion on them based on our audit.

We conducted our audit in accordance with the prevailing standards of the profession in France. Those standards require that we plan and perform our audit to obtain reasonable assurance that the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts in the accounts. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, and evaluating their overall presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated accounts give a true and fair view, according to French accounting principles, of the assets, financial situation and results of the group formed by the companies within the scope of consolidation.

We have also examined the information relating to the group contained in the Board of Directors' management report. We are satisfied that the information is fairly stated and agrees with the consolidated accounts.

Paris and Paris La Défense, 26 February 2003

The Auditors

SALUSTRO FOURNET & ASSOCIES

François Fournet

MAZARS & GUERARD

Michel Rosse

3 Auditors' special report on regulated agreements

Year ended 31 December 2002

Ladies and Gentlemen,

In our capacity as Auditors of your company, we hereby submit our report on regulated agreements.

Agreements authorised and concluded during the year

Pursuant to Article L. 225-40 of the Commercial Code, we were advised of agreements that had been previously authorised by your Board of Directors.

Our assignment is not to find out whether there may be other agreements but to inform you, on the basis of the information provided to us, of the principal features and terms of the agreements notified to us. We are not asked to give an opinion on whether they are useful or necessary. Under the terms of Article 92 of the decree of 23 March 1967, it is for you to assess the appropriateness of these agreements with a view to approving them.

We have performed our assignment in accordance with the prevailing standards of the profession in France, which require us to verify that the information given to us is consistent with the documents from which it derives.

Common service agreements

From 1 January 2002 and for a period of one year, Bouygues concluded common service agreements under the terms of which it provides its sub-groups with services, relating in particular to management, human resources, information technology and finance.

Bouygues invoiced the following amounts in respect of these agreements in 2002 (amount per year exclusive of VAT):

• Bouygues Construction €11,093,797
Persons concerned: Jean-Pierre Combot (until 04/07/2002), Michel Derbesse, Olivier Poupart-Lafarge and Ivan Replumaz (until 02/01/2002)

• Bouygues Immobilier €1,983,988
Persons concerned: Jean-Pierre Combot (until 04/07/2002), Michel Derbesse and Olivier Poupart-Lafarge

• Saur €6,619,871
Persons concerned: Olivier Bouygues, Michel Derbesse, Philippe Montagner (until 25/06/2002) and Olivier Poupart-Lafarge

• TF1 €4,789,015
Persons concerned: Patricia Barbizet, Martin Bouygues, Michel Derbesse, Patrick Le Lay, Philippe Montagner (until 25/06/2002), Olivier Poupart-Lafarge and Alain Pouyat

• Colas €14,018,846
Persons concerned: Olivier Bouygues, Michel Derbesse, Alain Dupont, Patrick Le Lay and Olivier Poupart-Lafarge

• Infomobile €55,323
Persons concerned: Philippe Montagner (until 25/06/2002) and Alain Pouyat

Service agreements

• Use of offices at 90, avenue des Champs-Elysées

From 1 January 2002 and for one year, Bouygues concluded an agreement with its main subsidiaries under the terms of which it provided fully-equipped occasional offices at 90, avenue des Champs-Elysées.

Bouygues invoiced the following amounts in respect of this agreement in 2002 (amount per year exclusive of VAT):

• Bouygues Construction €198,730
Persons concerned: Jean-Pierre Combot (until 04/07/2002), Michel Derbesse, Olivier Poupart-Lafarge and Ivan Replumaz (until 02/01/2002)

• Bouygues Immobilier €7,880
Persons concerned: Jean-Pierre Combot (until 04/07/2002), Michel Derbesse and Olivier Poupart-Lafarge

• Saur €57,900
Persons concerned: Olivier Bouygues, Michel Derbesse, Philippe Montagner (until 25/06/2002) and Olivier Poupart-Lafarge

• ETDE €19,200
Persons concerned: Jean-Pierre Combot (until 04/07/2002), Philippe Montagner (until 25/06/2002), Alain Pouyat and Ivan Replumaz (until 02/01/2002)

• Bouygues Bâtiment €372,920
Persons concerned: Jean-Pierre Combot (until 04/07/2002), Olivier Poupart-Lafarge and Ivan Replumaz (until 02/01/2002)

• Bouygues Telecom €117,000
Persons concerned: Olivier Bouygues, Philippe Montagner (until 25/06/2002) and Olivier Poupart-Lafarge

• Bouygues Travaux Publics €108,240
Persons concerned: Jean-Pierre Combot (until 04/07/2002) and Olivier Poupart-Lafarge

• Bouygues Offshore €8,950
(until 09/07/02)
Persons concerned: Olivier Bouygues, Jean-Pierre Combot (until 04/07/2002), Michel Derbesse, Olivier Poupart-Lafarge and Ivan Replumaz (until 02/01/2002)

• Investor relations services for Bouygues Construction, Bouygues Offshore, Colas and TF1 provided by the general secretariat of the Bouygues group

From 1 January 2002 and for one year, Bouygues concluded an agreement to provide investor relations services with certain group entities, notably Bouygues Construction, Bouygues Offshore (until 09/07/2002), Colas and TF1.

Bouygues invoiced the following amounts in respect of this agreement in 2002:

• Bouygues Construction €40,000
Persons concerned: Jean-Pierre Combot (until 04/07/2002), Michel Derbesse, Olivier Poupart-Lafarge and Ivan Replumaz (until 02/01/2002)

• TF1 €60,000
Persons concerned: Patricia Barbizet, Martin Bouygues, Michel Derbesse, Patrick Le Lay, Philippe Montagner (until 25/06/2002), Olivier Poupart-Lafarge and Alain Pouyat

• Bouygues Offshore €21,666
(until 09/07/02)
Persons concerned: Olivier Bouygues, Jean-Pierre Combot (until 04/07/2002), Michel Derbesse, Olivier Poupart-Lafarge and Ivan Replumaz (until 02/01/2002)

• Use of two aircraft owned by the Bouygues group

From 1 January 2002 and for one year, Bouygues concluded an agreement with its main subsidiaries for use of its aircraft, billed for 2002 as follows:

- either on the basis of €2,350 excl. VAT per flight hour for companies which pay an annual fee to the owner for use of the aircraft unserviced,

- or on the basis of €4,695 excl. VAT per flight hour.

Bouygues invoiced the following amounts in respect of this agreement in 2002:

• Bouygues Construction €282,971
Persons concerned: Jean-Pierre Combot (until 04/07/2002), Michel Derbesse, Olivier Poupart-Lafarge and Ivan Replumaz (until 02/01/2002)

• Bouygues Immobilier €28,004
Persons concerned: Jean-Pierre Combot (until 04/07/2002), Michel Derbesse and Olivier Poupart-Lafarge

• Saur €10,183
Persons concerned: Olivier Bouygues, Michel Derbesse, Philippe Montagner (until 25/06/2002) and Olivier Poupart-Lafarge

• Saur France €9,400
Person concerned: Olivier Bouygues

• Saur International €99,483
Persons concerned Olivier Bouygues

• TF1 €778,475
Persons concerned: Patricia Barbizet, Martin Bouygues, Michel Derbesse, Patrick Le Lay, Philippe Montagner (until 25/06/2002), Olivier Poupart-Lafarge and Alain Pouyat

• Colas €402,633
Persons concerned: Olivier Bouygues, Michel Derbesse, Alain Dupont, Patrick Le Lay and Olivier Poupart-Lafarge

• Bouygues Telecom
Persons concerned: Olivier Bouygues, Philippe Montagner (until 25/06/2002) and Olivier Poupart-Lafarge

• ETDE €29,983
Persons concerned: Jean-Pierre Combot (until 04/07/2002), Philippe Montagner (until 25/06/2002), Alain Pouyat and Ivan Replumaz (until 02/01/2002)

• Bouygues Offshore €162,333
(until 09/07/02)
Persons concerned: Olivier Bouygues, Jean-Pierre Combot (until 04/07/2002), Michel Derbesse, Olivier Poupart-Lafarge and Ivan Replumaz (until 02/01/2002)

■ Supplement to the cost-sharing agreement between Bouygues SA and Saur International

The Board of Directors authorised a supplement to the cost-sharing agreement concluded on 2 October 2000 by Bouygues SA and Saur International concerning the pooling of common resources in China with the aim of preparing the expansion of the Group's existing activities in China and envisaging diversification in that zone.

Person concerned: Olivier Bouygues.

■ Transfer of claim between Bouygues and Bouygues Construction

A transfer of claim agreement was concluded on 27 June 2002 under the terms of which Bouygues Construction transferred to Bouygues the claim corresponding to the price it was due to receive from Saipem SpA in consideration for its purchase of Bouygues Construction's interest in Bouygues Offshore, amounting to €521,136,000.

Persons concerned: Jean-Pierre Combot (until 04/07/02), Michel Derbesse, Olivier Poupart-Lafarge.

■ Research and consulting agreement between Bouygues and Bouygues Telecom

A research and consulting agreement was concluded on 17 September 2002 so that Bouygues Telecom could use the services of Bouygues' e-Lab in the context of implementation of the LOPS computer system.

€94,500 excl. VAT was invoiced in respect of the agreement.

Persons concerned: Olivier Bouygues, Olivier Poupart-Lafarge and Alain Pouyat.

■ Research and consulting agreement between Bouygues and TF1 Publicité

A research and consulting agreement was concluded on 5 November 2002 so that TF1 could use the services of Bouygues' e-Lab in the context of the provision of technical support services for the creation and optimisation of advertising products and services offered by the advertising division, the modelling and testing of algorithms for the optimum filling of advertising screens and the creation and right-sizing of packaged advertising products and services.

€89,000 excl. VAT was invoiced in respect of the agreement.

Person concerned: Patrick Le Lay.

■ Waiver of claim

In order to improve Infomobile's financial situation, Bouygues waived repayment of its entire stockholder advance in the amount of €1,371,735.

Person concerned: Alain Pouyat.

■ Sponsorship agreement between Bouygues and ARSEP

Bouygues and ARSEP concluded a sponsorship agreement on 18 December 2002 for the purposes of raising funds to carry out a project called EDMUS to computerise data on multiple sclerosis sufferers.

€38,500 excl. VAT was invoiced in respect of the agreement.

Person concerned: Michel Derbesse.

Agreements approved in previous years which continued to be effective in 2002

In accordance with the decree of 23 March 1967, we were informed that the following agreements, approved in previous years, continued to be effective in 2002.

■ Sub-lease agreement

Bouygues concluded a sub-lease agreement with TF1 under the terms of which TF1 undertook to sub-let to Bouygues 89 sq.m. of serviced premises situated in the "Le Levant" building at Boulogne-Billancourt for a monthly rent of €6,408 excl. VAT. The amount of €38,488 was invoiced in respect of this agreement, which terminated on 30 June 2002.

■ Reciprocal advances between Bouygues and its subsidiaries generating interest charges

Advances by Bouygues to its subsidiaries generated interest charges of €25,664,713 at rates lower than the tax-deductible maximum (6.20 %) for advances in euros.

■ Guarantees

• Continuation of guarantees given by Bouygues to Crédit Lyonnais

The agreement concerning guarantees given by Bouygues on behalf of CCIB, a Romanian limited liability company, concerns CCIB's reimbursement of the following loans:

- an aggregate amount of €1,219,592 in respect of the long-term credit agreement;

- €370,451 plus interest, expenses and fees in respect of the long-term supplementary loan.

• Continuation of guarantees given by Bouygues to TF1 International

In the context of the disposal of Ciby Droits Audiovisuels, Bouygues gave a counter-guarantee for commitments assumed by Fiducine with regard to TF1 International.

• Continuation of guarantees given by Bouygues to Bouygues Bâtiment

In January 1998, Bouygues concluded a concession agreement relating to an equestrian club project in Jeddah (Saudi Arabia). Following the spin-offs in June 1999, one result of which was to substitute Bouygues Bâtiment for Bouygues, the two companies concluded an agreement in order to amend the clauses relating to joint and several liability.

BDT support agreements

Bouygues provides BDT with strategic, financial, legal, accounting and labour relations support, particularly in the form of participation in the work carried out by Bouygues Telecom committees and specific consulting services.

€2,284,697 excl. VAT was invoiced in respect of such services in 2002.

Trade mark licence agreements

• Bouygues concluded trade mark licence agreements in 2000 with Bouygues Construction, Bouygues Bâtiment, Bouygues Travaux Publics, Bouygues Immobilier and Bouygues Offshore, in particular so as to give them:

- the right to use respectively the Bouygues Construction, Bouygues Bâtiment, Bouygues Travaux Publics, Bouygues Immobilier and Bouygues Offshore trade marks, company names and trade names;
- the right for companies in the Construction branch to use the Minorange ellipse.

Bouygues billed the following amounts under these agreements in 2002:

	Amount in € excl. VAT
Bouygues Bâtiment	22,258
Bouygues Construction	36,283
Bouygues Travaux Publics	15,855
Bouygues Immobilier	16,465
Bouygues Offshore	25,916

• With Bouygues Telecom

- Bouygues billed €15,245 excl. VAT in 2002 in respect of an exclusive licence to use the Bouygues Telecom trade mark in France for all mobile telecommunication products and services.
- Bouygues billed €30,185 excl. VAT in 2002 in respect of exclusive licences to use Bouygues Telecom trade marks in 99 foreign countries for all mobile telecommunication products and services.
- Bouygues billed €15,245 excl. VAT in 2002 in respect of an exclusive licence to use the Bouygtel trade mark in France for all mobile telecommunication products and services.
- Bouygues billed €1,524 excl. VAT in 2002 in respect of a non-exclusive licence to use the Bouygnet trade mark in France for all mobile telecommunication products and services.

Other agreements

• With Bouygues Construction

Bouygues concluded a 3, 6, 9-year sub-lease agreement with Bouygues Construction as of 1 January 2000 relating to approx. 5,000 sq. m. of the Challenger site for an annual rent of €3,378,132 excl. VAT.

• With Saur International

Saur International billed €888,836 excl. VAT in respect of the cost-sharing agreement between Saur international and Bouygues setting out the resources provided and the allocation between the two companies of costs in connection with strengthening their presence in China.

Paris and Paris La Défense, 26 February 2003

The Auditors

SALUSTRO FOURNET & ASSOCIES

François Fournet

MAZARS & GUERARD

Michel Rosse

4 Auditors' report on reduction of the capital by retirement of stock

Annual General Meeting on 24 April 2003

Ladies and Gentlemen,

In our capacity as Auditors of Bouygues, and carrying out the duties set forth at Article L. 225-209, paragraph 4 of the Commercial Code in the event of a reduction of capital by retirement of repurchased stock, we have prepared this report to inform you of our assessment of the reasons for and conditions of the proposed transaction.

We have conducted our assignment in accordance with the prevailing standards of the profession in France and have duly assessed the lawful nature of the reasons for and conditions of the capital reduction.

The transaction is planned in the context of your company's repurchase of its own stock, up to 10% of the capital, under the conditions set forth at Article L. 225-209, paragraph 4 of the Commercial Code according to:

- authorisations to buy back stock previously given by the Annual Meeting to the Board,
- the authorisation to buy back stock, subject to your approval at the Annual Meeting, which would be given for 18 months.

Your Board asks you to give it all powers, for an 18-month period, to retire stock bought under the terms of the various authorisations allowing your company to buy back its own stock, up to a limit of 10% of the capital per 24-month period.

We have no comment to make on the reasons for and conditions of the envisaged capital reduction, bearing in mind that the capital cannot be reduced, as regards any stock that might be acquired, unless you have previously approved the company’s buy-back of its own stock.

Paris and Paris La Défense, 26 February 2003

The Auditors

SALUSTRO FOURNET & ASSOCIES

François Fournet

MAZARS & GUERARD

Michel Rosse

5 Auditors' report on authorisations to increase the capital in the event of a tender or exchange offer for the company's stock

Annual General Meeting on 24 April 2003

Ladies and Gentlemen,

In our capacity as Auditors of Bouygues, and carrying out the duties set forth at Article L. 225-135 of the Commercial Code, we hereby submit our report on the renewal of the authorisation given to your Board, with the option of delegating it to the Chairman, at the extraordinary part of the Annual Meeting on 25 April 2002, enabling it for a period between the date of this meeting and the meeting called to approve the accounts for 2003, during a tender or exchange offer for the company's stock, to use the powers granted to it to increase the authorised capital by all means permitted by law up to a maximum nominal amount of one hundred and fifty million euros (€150,000,000).

We have examined the various planned issues as we deemed fit in accordance with the prevailing standards of the profession in France.

The main characteristics of these powers are as follows.

- if the preferential subscription right is maintained, the Board of Directors will be responsible for deciding the terms and conditions of the transactions, including in particular the price and conditions of issue.
- if the preferential subscription right is cancelled, the Board of Directors may, for all or some of an issue, grant stockholders a priority subscription option for a period and under the conditions that it shall decide. Such priority option shall not result in the creation of negotiable rights but may be exercised on an irreducible or reducible basis should the Board deem fit.

Pursuant to the provisions of Article 225-136, paragraph 2 of the Commercial Code, the issue price of stock issued in this way, taking into consideration the issue price of stand-alone share warrants, if any, shall be at least equal to the average of the opening market price of the company's stock on ten consecutive trading days chosen from the twenty trading days immediately preceding the issue of the transferable securities concerned, after adjustment of such average for any difference in the dates at which the securities bear dividends.

Your Board has asked the holders of investment certificates, previously called to a special meeting, to waive their preferential subscription right.

Your Board has asked the holders of bonds convertible for new stock or exchangeable for existing stock issued in the context of the Bouygues 1.70% - 1996/2006 bond issue to give their prior approval to the cancellation of preferential subscription rights.

As in our preceding report, we express no opinion on the final conditions under which the transactions are carried out, and consequently on the proposed cancellation of the preferential subscription right for certain issues, though the principle of such cancellation is consistent with the rationale of these transactions.

In accordance with Article 155.2 of the decree of 23 March 1967, we shall draw up a supplementary report when the Board of Directors carries out these transactions.

Paris and Paris La Défense, 26 February 2003

The Auditors

SALUSTRO FOURNET & ASSOCIES

François Fournet

MAZARS & GUERARD

Michel Rosse

Draft resolutions

1 Ordinary part

FIRST RESOLUTION

(Approval of the company accounts for 2002 and discharge of Directors)

The Annual Meeting, taking its decision under the quorum and majority voting conditions for ordinary stockholders' meetings, having acquainted itself with the Board of Directors' annual report on the company's business and situation in 2002 and the Auditors' report on the conduct of their assignment, approves the company accounts as at 31 December 2002 as presented, showing net earnings of €120,842,391.33, and the transactions recorded in the accounts or summarised in the reports.

The Annual Meeting gives the Directors full discharge.

SECOND RESOLUTION

(Approval of the consolidated accounts for 2002)

The Annual Meeting, taking its decision under the quorum and majority voting conditions for ordinary stockholders' meetings, having acquainted itself with the Board of Directors' annual report on the group's business and situation in 2002 and the Auditors' report on the consolidated accounts, approves the consolidated accounts as at 31 December 2002 as presented, showing net earnings attributable to the Group of €666 million, and the transactions recorded in the accounts or summarised in the reports.

THIRD RESOLUTION

(Appropriation of earnings, amount of dividend)

The Annual Meeting, having acquainted itself with the Board of Directors' report, noting that distributable earnings for 2002, before appropriation to the legal reserve, amount to €122,286,188.61 and noting that other reserves amount to €595,339,625, decides:

- to appropriate €61,054.00 to the legal reserve, allocated to the special long-term capital gains reserve, in order to bring it up to 10% of the share capital, by deduction from the earnings for the year;
- to appropriate €296,561,621.54 from other reserves to the special long-term capital gains reserve, reducing the available amount of other reserves to €298,778,003.46;
- to distribute a first net dividend (5% of par) of €0.05 per share or per investment certificate, representing a total amount of €17,218,095.95, deducted from distributable earnings;
- to distribute an additional net dividend of €0.31 per share or per investment certificate of €1 par, representing a total amount of €106,752,194.89, deducted as follows:
  - €105,007,038.66 from the balance of distributable earnings;
  - €1,745,156.23 from the available amount of other reserves, the balance of which is therefore reduced to €297,032,847.23.

The dividend (€0.36 net per share and per investment certificate, plus a tax credit of €0.18 on the basis of a 50% rate), will be paid in cash from 30 April 2003.

Should the company hold some of its own stock when the dividend is distributed, the sum corresponding to the amount of dividend not paid because of the nature of such stock shall be allocated to retained earnings.

The Annual Meeting notes that the Board of Directors has fulfilled its statutory obligation to recapitulate the dividends distributed in the last three years and the related tax credits.

Year	1999	2000	2001
Number of shares	(1) 30,340,472	332,694,688	343,751,379
Dividend	€2.59	€0.36	€0.36
Tax credit (2)	€1.30	€0.18	€0.18
Total dividend per share	€3.89	€0.54	€0.54
Total dividend	€77,579,811.79	€119,770,087.68	€123,750,496.44

(1) before ten-for-one stock split
(2) on the basis of a 50% rate

FOURTH RESOLUTION

(Agreements referred to at Article L. 225-38 of the Commercial Code)

The Annual Meeting, taking its decision under the quorum and majority voting conditions for ordinary stockholders' meetings and pursuant to the provisions of Article L. 225-40 of the Commercial Code, having acquainted itself with the Auditors' special report on agreements referred to at Article L. 225-38 of the Commercial Code, approves the agreements mentioned therein.

FIFTH RESOLUTION

(Ratification of the co-option of a Director)

The Annual Meeting, taking its decision under the quorum and majority voting conditions for ordinary stockholders' meetings, ratifies the co-option as a Director by the Board of Directors at its meeting on 10 September 2002 of Mr. Yves Gabriel, residing at 21 bis, rue de Choisel, 78460 Chevreuse, in place of Mr. Jean-Pierre Combot for the remainder of his term of office, expiring on conclusion of the Annual Meeting called to approve the accounts for 2003.

SIXTH RESOLUTION

(Renewal of a Director's term of office)

The Annual Meeting, taking its decision under the quorum and majority voting conditions for ordinary stockholders' meetings, renews for six years the directorship of Mr. Pierre Barberis, residing at 3, avenue Bosquet, 75007 Paris, which expires on conclusion of this meeting.

His term of office will expire on conclusion of the Annual Meeting called to approve the accounts for 2008.

SEVENTH RESOLUTION

(Renewal of a Director's term of office)

The Annual Meeting, taking its decision under the quorum and majority voting conditions for ordinary stockholders' meetings, renews for six years the directorship of Mr. Olivier Poupart-Lafarge, residing at 4, impasse Nattier, 78000 Versailles, which expires on conclusion of this meeting.

His term of office will expire on conclusion of the Annual Meeting called to approve the accounts for 2008.

EIGHTH RESOLUTION

(Appointment of a Director who is a member of the Supervisory Board of a mutual fund representing employees)

The Annual Meeting, taking its decision under the quorum and majority voting conditions for ordinary stockholders' meetings, appoints Mr. Daniel Devillebichot, residing at 12, rue Victor Bart, 78000 Versailles, for a two-year term of office as Director appointed from the members of the Supervisory Board of one of the employee mutual funds holding company stock.

His term of office will expire on conclusion of the Annual Meeting called to approve the accounts for 2004.

NINTH RESOLUTION

(Appointment of a Director who is a member of the Supervisory Board of a mutual fund representing employees)

The Annual Meeting, taking its decision under the quorum and majority voting conditions for ordinary stockholders' meetings, appoints Mrs Carmélina Formond, residing at 10, rue de la Croix Blanche, 78870 Bailly, for a two-year term of office as Director appointed from the members of the Supervisory Board of one of the employee mutual funds holding company stock.

Her term of office will expire on conclusion of the Annual Meeting called to approve the accounts for 2004.

TENTH RESOLUTION

(Appointment of a new Supervisor)

The Annual Meeting, taking its decision under the quorum and majority voting conditions for ordinary stockholders' meetings, appoints as Supervisor Mr Philippe Montagner, residing at 22, rue Christian Lazard, 78940 La Queue-Lez-Yvelines, for a six-year term of office expiring on conclusion of the Annual Meeting called to approve the accounts for 2008.

ELEVENTH RESOLUTION

(Appointment of a statutory Auditor)

The Annual Meeting, taking its decision under the quorum and majority voting conditions for ordinary stockholders' meetings, appoints Ernst & Young Audit, residing at 4, rue Auber, 75008 Paris, as statutory Auditor for a six-year term of office expiring on conclusion of the Annual Meeting called to approve the accounts for 2008.

TWELFTH RESOLUTION

(Appointment of an alternate Auditor)

The Annual Meeting, taking its decision under the quorum and majority voting conditions for ordinary stockholders' meetings, appoints Mr. Christian Mouillon, residing at 4, rue Auber, 75008 Paris, as alternate Auditor for a six-year term of office expiring on conclusion of the Annual Meeting called to approve the accounts for 2008.

THIRTEENTH RESOLUTION

(Amount of Directors' fees)

The Annual Meeting, taking its decision under the quorum and majority voting conditions for ordinary stockholders' meetings, sets the total amount of fees allocated annually to the Directors and Supervisors at €700,000. The amount will be apportioned at the Board's discretion.

FOURTEENTH RESOLUTION

(Authorisation given to the Board with a view to enabling the company to buy back its own stock)

The Annual Meeting, taking its decision under the quorum and majority voting conditions for ordinary stockholders' meetings, having acquainted itself with the Board of Directors' report and the information contained in the notice certified by the Commission des Opérations de Bourse, and pursuant to the provisions of Article L.225-209 et seq. of the Commercial Code, authorises the Board to buy the company's own shares or investment certificates up to a limit of 10% of the authorised capital on the date on which the buy-back programme is used.

Stock may be bought on a decision of the Board with a view to:

- stabilising the price of the company's stock on the market by systematically buying against the trend;
- selling such repurchased stock according to the market situation;
- allocating such repurchased stock to company or Group employees or officers under the terms and conditions laid down by law, in particular in the framework of profit-sharing schemes, stock option schemes, corporate savings plans, intercompany savings schemes and voluntary partnership employee savings schemes;
- using such repurchased stock for exchange, payment or other purposes, in particular in the context of financial transactions or acquisitions or on the issuance of securities giving access to the capital;
- keeping or, where relevant, disposing of or transferring such repurchased stock by all means;
- retiring such repurchased stock, subject to specific authorisation from the extraordinary stockholders' meeting.

Investment certificates may be purchased on a decision of the Board with a view to keeping them or, where relevant, disposing of them or transferring them by all means or with a view to reconstituting shares.

Shares or investment certificates may be acquired by all means, in particular on the market or by private contract, including by way of derivatives (in particular the sale of put options) except for purchases of call options, at any time in compliance with the prevailing regulations. There is no limit on the part of the programme that may be carried out by block trading.

The Board will operate under the following terms:

- maximum purchase price: €50 per share or investment certificate,
- minimum sale price: €20 per share or investment certificate.

These prices are set subject to adjustment in connection with any future transactions involving the company's capital.

The maximum amount of funds earmarked for the programme to buy back stock shall be €600,000,000 (six hundred million euros).

With a view to carrying out the present authorisation, the Board of Directors is granted all powers, especially to assess whether it is appropriate to begin a buy-back programme and to decide the terms and conditions thereof. The Board may delegate such powers so as to place all stock market orders, conclude all agreements, in particular with a view to keeping registers of purchases and sales of stock, make all declarations to the Commission des Opérations de Bourse, the Conseil des Marchés Financiers or any other body, carry out all other formalities and in general do all that is necessary.

The Board, in its report to the Annual Meeting, will provide stockholders with information about any purchases, transfers, disposals or retirements of stock carried out in this way.

This authorisation is given for a period of 18 months from the date of this meeting. It cancels any previous delegation of powers of the same kind, in particular the authorisation granted in the ninth resolution adopted by the stockholders at the Annual Meeting on 25 April 2002.

2 Extraordinary part

FIFTEENTH RESOLUTION

(Authorisation given to the Board to reduce the authorised capital by retiring stock)

The Annual Meeting, taking its decision under the quorum and majority voting conditions for extraordinary stockholders' meetings, having acquainted itself with the Board of Directors' report and the Auditors' report, authorises the Board, pursuant to the provisions of Article L. 225-209 of the Commercial Code, to retire, at its own discretion, on one or more occasions, all or some of the company stock acquired by exercise of the various authorisations to buy back stock granted to the Board by the stockholders' meeting, up to a limit of 10% of the authorised capital per 24-month period.

The Annual Meeting authorises the Board to charge the difference between the purchase value and the par value of retired stock to premiums and available reserves.

The Annual Meeting confers all powers on the Board to note any reduction(s) of the capital following the retirement of stock as authorised by this resolution, cause the corresponding accounting entries to be made, amend the by-laws accordingly and in general carry out all the necessary formalities.

This authorisation is given for a period of 18 months.

SIXTEENTH RESOLUTION

(Option of using authorisations to increase the authorised capital in the event of a tender or exchange offer for the company's securities)

The Annual Meeting, taking its decision under the quorum and majority voting conditions for extraordinary shareholders' meetings, having acquainted itself with the Board of Directors' report and the Auditors' report and pursuant to the provisions of Article L. 225-129-IV of the Commercial Code, expressly authorises the Board, with the option of delegating such powers to its Chairman, for a period between the date of this meeting and the date of the Annual Meeting called to approve the accounts for 2003, to use the powers granted to the Board by the stockholders in the eleventh and twelfth resolutions adopted at the Annual Meeting on 25 April 2002, during a tender or exchange offer for the company's securities, to increase the authorised capital by all means permitted by law up to a maximum nominal amount of €150,000,000 (one hundred and fifty million euros) or the equivalent thereof in the authorised currencies.

The Annual Meeting notes that investment certificate holders, at a special meeting held on this date, have expressly waived their preferential subscription right.

This resolution has been approved by the holders of bonds convertible into new shares or exchangeable for existing shares issued in the context of the Bouygues 1.70% - 1996/2006 bond issue, meeting on 18 April 2003.

SEVENTEENTH RESOLUTION

(Powers to carry out formalities)

The Annual Meeting grants all powers to the bearer of an original, copy or extract of the minutes of this meeting to carry out all legal or administrative formalities and to make all filings and notifications required by the prevailing laws and regulations.

Persons taking responsibility for the Financial Review

To the best of our knowledge, the information contained in this Financial Review corresponds to the reality and provides investors with a reliable basis on which to make a judgment as to the assets, business, financial situation, results and outlook of Bouygues. There are no material omissions.

Martin Bouygues
Chairman and CEO

In our capacity as Bouygues' Auditors and pursuant to COB Regulation 98-01, we have verified the information about the company's financial situation and historical accounts provided in this Financial Review in accordance with the prevailing standards of the profession in France.

This Financial Review has been prepared under the responsibility of Mr. Martin Bouygues, the Chairman of the company. Our task is to express an opinion on whether the information it contains gives a true and fair view of the company's financial situation and accounts.

In accordance with the prevailing standards of the profession in France, our assignment consisted in assessing whether the information about the financial situation and accounts is fairly stated and ensuring that it is consistent with the accounts that are the subject of a report. It also involved reading the other information contained in the Financial Review in order to identify any significant inconsistencies in relation to information about the financial situation and accounts, and drawing attention to any plainly erroneous information that came to our notice on the basis of our overall knowledge of the company gained in the conduct of our assignment. Where information is in the form of isolated forecasts prepared in a structured manner, our reading of it takes account of management assumptions and their translation into figures.

We audited the annual accounts and consolidated accounts for the years ending 31 December 1999, 2000, 2001 as approved by the Board of Directors in accordance with the prevailing standards of the profession in France. We certified the annual accounts for 1999, 2000 and 2001 and the consolidated accounts for 1999 without comment or reserve. We certified the consolidated accounts for 2000 without reserve but with a comment relating to a change of accounting methods resulting from initial implementation of CRC Regulation 99-02 on consolidated accounts. We certified the consolidated accounts for 2001 without reserve but with a comment relating to a change of accounting method concerning subscriber acquisition costs at Bouygues Telecom.

On the basis of our audit, we are satisfied that the information about the company's financial situation and accounts contained in this Financial Review is fairly stated.

The Auditors

SALUSTRO FOURNET & ASSOCIES

François Fournet

MAZARS & GUERARD

Michel Rosse

Concordance

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