BOUYGUES

2007

Registration document

Business activities and sustainable development

Contents

This document is a free translation of the Registration Document filed with the Autorité des Marchés Financiers (AMF) on 10 April 2008 pursuant to Article 212-13 of the AMF's General Regulation. It may be used in support of a financial transaction if supplemented by a stock exchange prospectus bearing an AMF visa.

2007: An exceptional year

Chairman's statement

Bouygues had another record year in 2007, driven by stronger commercial performance, faster growth in profits and a further rise in sales, which grew by 12%. Recurring net profit rose by 32%.

Business activity in our construction subsidiaries surpassed last year's already excellent performance. **Bouygues Construction recorded a 20% rise in sales,** while a substantial increase in the order book provides excellent visibility for 2008. At **Bouygues Immobilier,** commercial reservations more than tripled and residential reservations were also very high. **Colas,** which has now achieved 21 years of uninterrupted growth, reported a very sharp rise in earnings.

TF1, facing a lacklustre advertising market, again maintained its leading position and for the first time recorded a clean sweep of all the 100 top audience ratings in the year. **Bouygues Telecom passed the milestone of 9 million customers.** The investment in its innovative Neo call plan has borne fruit.
The Group strengthened its ties with Alstom, which achieved a particularly remarkable improvement in performance.

In sustainable development, we have extended our policy and applied it in all our business areas. We have made the transition from words to action and will continue to step up our efforts in 2008.

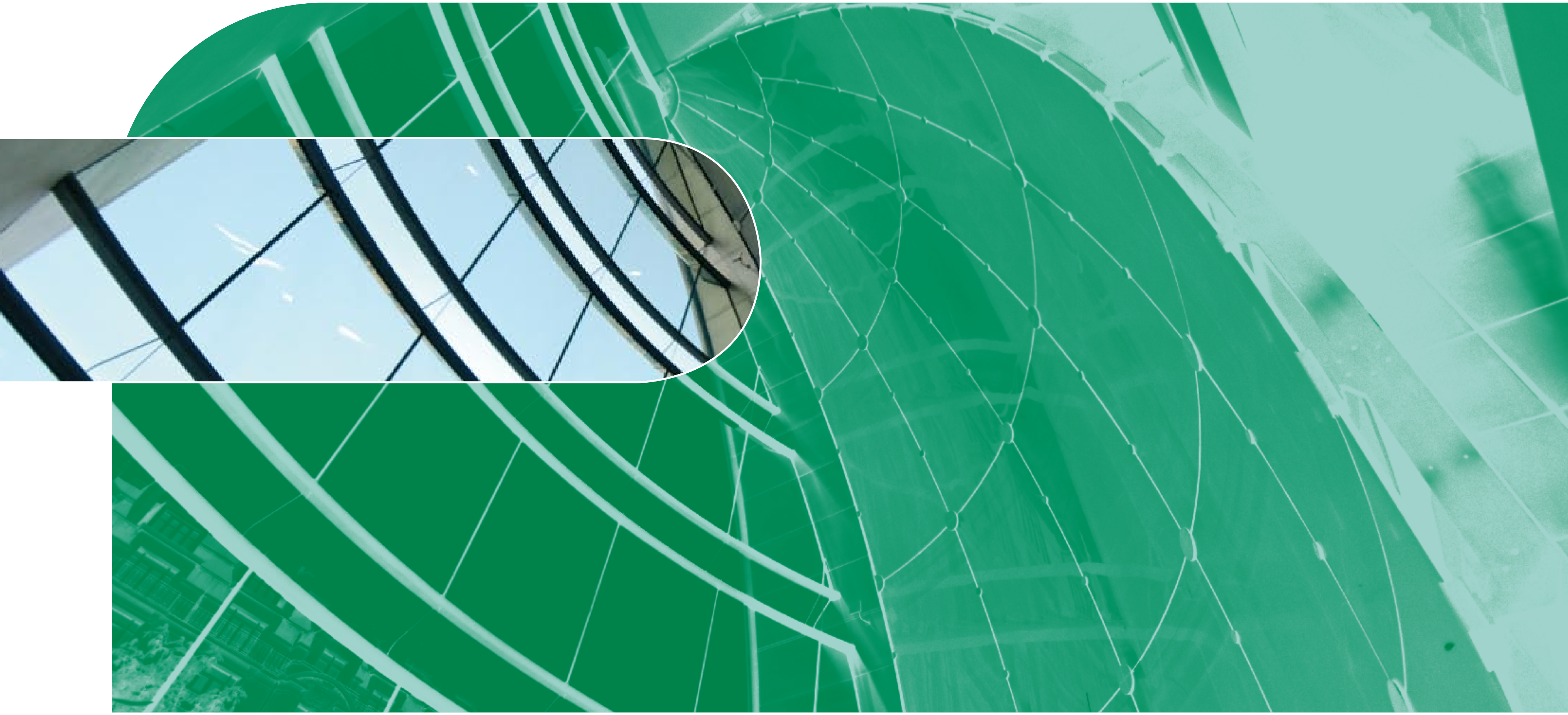
The dividend is to rise by 25%. The Board of Directors will ask the Annual General Meeting on 24 April 2008 to approve payment of a dividend of €1.50 per share.

I can look forward to 2008 with confidence because our order intakes have reached a record level. To support this growth and give our customers the quality they expect, we will again be recruiting extensively. 55,000 people will join the Group in the three years from 2006 to 2008, more than 33,000 of them in France.

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

26 February 2008

Martin Bouygues
Chairman and CEO



The façade of Bouygues SA's headquarters resembles a spinnaker.

1. The Group

Management team

at 26 February 2008

Bouygues parent company

Olivier Poupart-Lafarge
Deputy CEO

Martin Bouygues
Chairman and CEO

Olivier Bouygues
Deputy CEO

Alain Pouyat
Executive Vice President,
Information Systems and
New Technologies

Jean-François Guillemin
Corporate
Secretary

Philippe Marien
Chief Financial
Officer

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

Lionel Verdouck
Senior Vice President,
Cash Management and
Finance

Heads of the five business areas

Yves Gabriel
Chairman and CEO,
Bouygues Construction

François Bertière
Chairman and CEO,
Bouygues Immobilier

Hervé Le Bouc
Chairman and CEO,
Colas

Patrick Le Lay
Chairman,
TF1

Nonce Paolini
CEO, TF1

Philippe Montagner
Chairman,
Bouygues Telecom

Olivier Roussat
CEO,
Bouygues Telecom

Board of Directors & simplified organisation chart

at 26 February 2008

BOARD OF DIRECTORS

Chairman and CEO

Martin Bouygues

Executive Directors

Olivier Poupart-Lafarge
Deputy CEO

Olivier Bouygues
Deputy CEO
and standing representative
of SCDM, director

Directors

Pierre Barberis
Former Deputy CEO,
Oberthur

Patricia Barbizet*
CEO and director,
Artémis

François Bertière
Chairman and CEO,
Bouygues Immobilier

Mrs Francis Bouygues

Georges Chodron de Courcel
COO,
BNP Paribas

Charles de Croisset
International Advisor
to Goldman Sachs International

Michel Derbesse*
Former Deputy CEO,
Bouygues

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

Alain Dupont*
Former Chairman and CEO,
Colas

Yves Gabriel
Chairman and CEO,
Bouygues Construction

Jean-Michel Gras
Director representing employee
shareholders

Thierry Jourdaine
Director representing employee
shareholders

Patrick Kron
Chairman and CEO,
Alstom

Patrick Le Lay*
Chairman, TF1

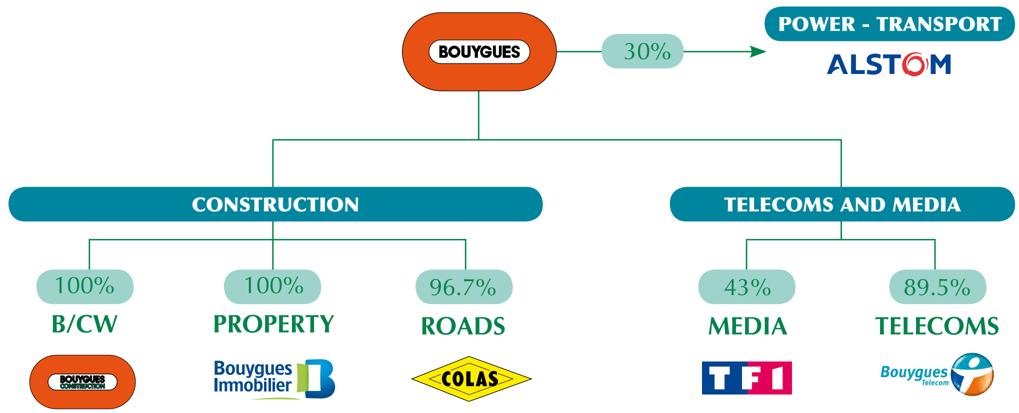
Jean Peyrelevade
Vice-Chairman,
Leonardo France

François-Henri Pinault
Chairman and CEO, PPR

Michel Rouger*
Former Presiding Judge
of Paris Commercial Court

Non-voting directors

Philippe Montagner
Alain Pouyat



(*) The terms of office of these five directors are due to expire. The Annual General Meeting on 24 April 2008 will be asked to renew the term of office of Patricia Barbizet and to appoint Helman le Pas de Sécheval (CFO, Groupama), Hervé Le Bouc (Chairman and CEO, Colas) and Nonce Paolini (CEO, TF1) as directors. The fifth directorship will remain vacant.

BOARD COMMITTEES

Accounts Committee

Michel Rouger (Chairman)
Patricia Barbizet
Georges Chodron de Courcel
Thierry Jourdaine

Selection Committee

Jean Peyrelevade (Chairman)
François-Henri Pinault

Remuneration Committee

Pierre Barberis (Chairman)
Patricia Barbizet

Ethics and Sponsorship Committee

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

Several directors' terms of office are due to expire. The Board of Directors will re-examine the composition of the Committees following the Annual General Meeting on 24 April 2008.

Bouygues and its shareholders

Bouygues' headquarters in Paris

After 37 years of listing on the Paris Bourse, Bouygues is one of the market's flagship stocks, as demonstrated by its inclusion in the CAC 40 index. Throughout this period, the Group has been committed to involving its shareholders in its initiatives, combining corporate responsibility with an entrepreneurial spirit.

Communicating with shareholders

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

Financial press releases

- The Group's financial press releases (quarterly financial information, results announcements, and news about major financial transactions) are distributed widely and immediately in France and around the world, through news agencies and over the internet. Since January 2007, Bouygues has issued regulated information through a service-provider licensed by the Autorité des Marchés Financiers (AMF), in accordance with the relevant regulations.
- These announcements are also reproduced in notices placed in leading French and international financial, business and investment print media. During 2007, Bouygues' notices were published in 11 different newspapers and magazines, three of them published outside France (see *Published information,* p. 151).

Website

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

All press releases issued by the Group and its businesses are available on the site, together with all other documents of interest to shareholders, from annual reports and full financial statements for the past seven years to documents relating to the Annual General Meeting. All presentations made to shareholders and bondholders can also be viewed on the site. Separate sections are devoted to specific issues including sustainable development, corporate governance, the Standard & Poor's credit rating, and regulated information (within the meaning of the European Transparency Directive).

The website includes a section for shareholders, containing more accessible and user-friendly information, with a frequently-asked-questions page and details of how to become a shareholder. Live and recorded webcasts of the Group's major earnings presentations are also carried on the site.

Shareholders can also contact Bouygues directly via two dedi-

cated e-mail addresses: investors@bouygues.com and servicetitres.actionnaires@bouygues.com.

Group publications

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

Results announcements

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

Meeting investors

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

- Three major meetings are held each year. Two of these coincide with the announcement of Bouygues' full-year and first-half results; the third is the Annual General Meeting, which is held at Challenger, the Group's former corporate headquarters building in Saint-Quentin-en-Yvelines near Paris. Publication of quarterly results is accompanied by conference calls for institutional investors and financial analysts.
- On 15 October 2007, Bouygues went on the road to meet its individual shareholders at a meeting held in Marseille with the support of the French Federation of Investment Clubs (FFCI) and the French Association of Investor Relations Professionals (CLIFF). The next such meeting is scheduled for 18 November 2008 in Rouen.
- Over 300 contacts a year between Bouygues and investors and analysts from France and abroad help maintain constant dialogue. Outside France, roadshows in key financial centres give major international investors an opportunity to meet the management team, while helping to raise the Group's international profile. Bouygues held 13 roadshows in 2007 in countries such as the United Kingdom, the United States, Germany, Japan, Switzerland, the Scandinavian countries, the Netherlands and Belgium.
- Bouygues also takes part in sector conferences aimed at French and international institutional investors.
- Coverage of the Bouygues stock by financial analysts expanded further during 2007. Currently, 24 brokers in France and abroad follow the company, compared with 23 at the end of 2006. Of these, 86% had Buy recommendations on the stock.

Bouygues' Annual General Meeting is held at Challenger

Registered share service contact:

Tel.: +33 (0)1 44 20 11 07
+33 (0)1 44 20 10 73

Fax: +33 (0)1 44 20 12 42

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

e-mail:
servicetitres.actionnaires@bouygues.com

Registered share service

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

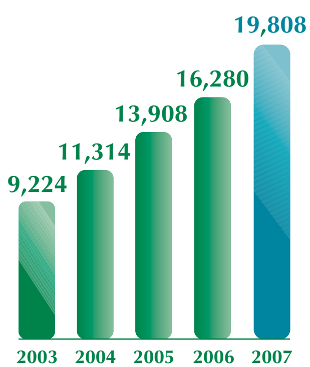
All holders of registered shares (whether fully registered or administered) enjoy double voting rights once their shares have been held in this form for more than two years. Shareholders wishing to hold their shares as registered shares should contact their financial intermediary.

Creating value

Market capitalisation

Bouygues ended 2007 with a market capitalisation of €19.8 billion, 22% higher than at the end of 2006. The share price increased by 17% in 2007, the seventh best performance in the CAC 40, which rose by only 1.3% over the year.

Market capitalisation
€ million, at 31 December

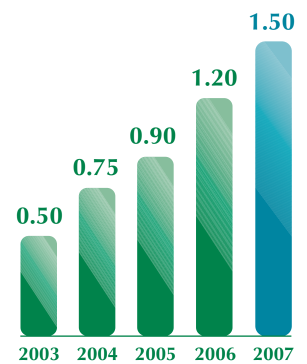


Dividend

Every year since 2003, Bouygues has increased the dividend paid to its shareholders, with dividend growth close to the rate of growth in recurring net profit.

On 26 February 2008, the Board of Directors decided to ask the Annual General Meeting to approve a substantially higher dividend for 2007: the proposed dividend of €1.50 per share represents a 25% increase on the 2006 dividend of €1.20. This proposal reflects the Group's commitment to increase shareholder returns over the long term. The dividend-to-earnings ratio is 38%.

Ordinary dividend
€ per share



Share buybacks

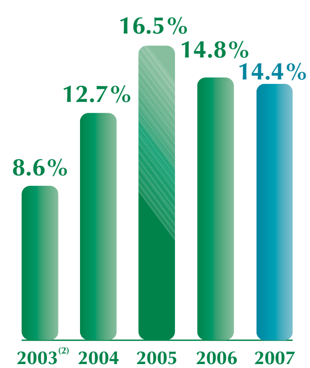
Bouygues has a policy of repurchasing its own shares on the market in order to optimise return on equity and offset the dilutive effect of newly-issued shares. During 2007, the Group cancelled 5 million of its own shares (equivalent to 1.4% of the share capital as at 31 December 2007) to offset the dilutive effect of two employee-only capital increases (Bouygues Partage in May 2007 and Bouygues Confiance 4 in December 2007) and of the issuance of shares on the exercise of stock options.

Return on Capital Employed (ROCE)

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

In 2007, the Bouygues group reported ROCE of 14.4%, lower than in 2006 due to additional investment in Alstom throughout the year. Bouygues raised its stake in Alstom from 25% to 30% in 2007.

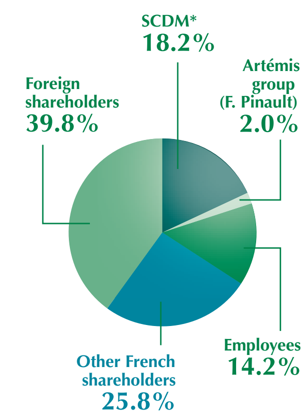
ROCE(1)



(1) ROCE = (current operating profit after tax + share of profits/losses of associates) ÷ average capital employed
NB: average capital employed = shareholders' equity + debt
(2) French GAAP

Share ownership at 31 December 2007

Share ownership
at 31 December 2007



Number of shares: 347,502,578

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

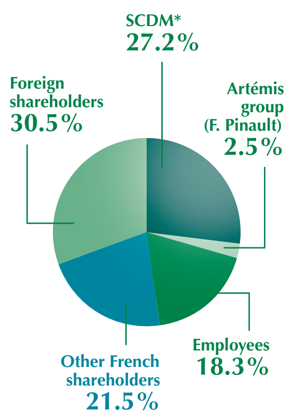
There were a number of changes in the ownership structure of Bouygues SA in 2007. The interest held by employees increased to 14.2% following the two successful employee-only capital increases carried out in 2007 (Bouygues Partage and Bouygues

2008 calendar

- **Thursday 24 April**
  Annual General Meeting
- **Friday 2 May**
  Dividend payment
- **Wednesday 14 May**
  First-quarter 2008 sales (quarterly financial information)
- **Wednesday 4 June**
  First-quarter 2008 earnings
- **Monday 11 August**
  First-half 2008 sales
- **Friday 29 August**
  First-half 2008 earnings
- **Friday 14 November**
  Nine-month 2008 sales (quarterly financial information)
- **Tuesday 18 November**
  FFCI/Cliff shareholder information meeting, Rouen
- **Wednesday 3 December**
  Nine-month 2008 earnings

Confiance 4). The stake held by SCDM, a company controlled by Martin and Olivier Bouygues, slightly decreased from 18.7% to 18.2% due to an increase in the number of Bouygues shares outstanding. Finally, the percentage interest held by non-French shareholders showed a further increase, reflecting the higher profile of Bouygues among international investors.

Voting rights
at 31 December 2007



Number of voting rights: 454,197,346

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

Stock market performance

During 2007, the Bouygues share price rose by 17%, significantly outperforming the 1% rise in the CAC 40 index and the 7% rise in the DJ Euro Stoxx® 50 (an index comprising the 50 largest capitalisations in the euro zone, which does not include Bouygues).

This very fine 2007 performance continues the trend of 2006 (when the Bouygues share rose by 18%). The Bouygues share was the seventh best performance in the CAC 40 in 2007.

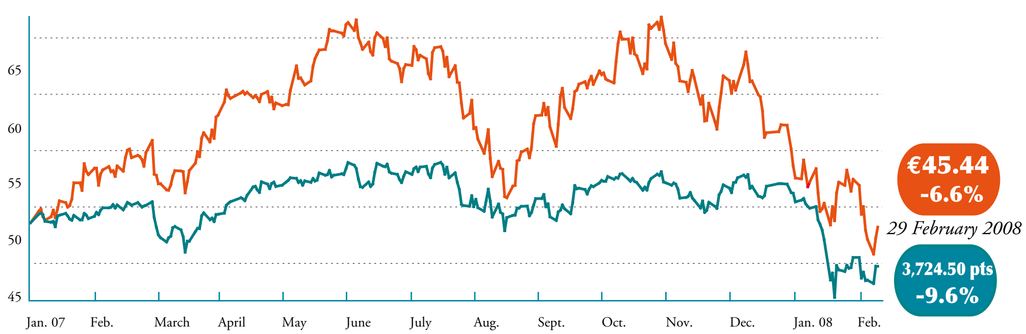
CAC 40: 20 years later

The CAC 40 index was formed on 31 December 1987 by the Compagnie des Agents de Change, and contains the 40 largest stocks (including Bouygues) quoted on the Paris Bourse. Twenty years later, out of the 40 founding stocks, four have been renamed due to reorganisations, 10 have been absorbed in mergers or acquisitions, and 13 have been withdrawn from the index.

Bouygues is one of the 13 founder members still listed in the index, where it has remained throughout the 20 years of the CAC 40's existence (except between 1997 and 1999, when Bouygues temporarily left the index due to its market capitalisation). Bouygues' constant presence as one of the flagship stocks on the Paris Bourse is testimony to the success of the strategy it has followed since 1987, especially in terms of diversification.

Over the 20 years, Bouygues has outperformed the CAC 40, with cumulative share price growth of 910%, equivalent to annual growth of 12.3%.

Share price in 2007



Since the beginning of 2008, financial markets have continued to be affected by the subprime-related crisis of confidence in the United States.

Bouygues share factsheet

- **Listing:** Euronext Paris (compartment A)
- **ISIN code:** FR0000120503
- **Identification codes:** Bloomberg: ENFP; Reuters: BOUY.PA
- **Par value:** €1
- **Indices:** CAC 40, FTSE Eurofirst 80 and Dow Jones Stoxx 600, Euronext FAS – IAS (Employee Shareholding Index)

  ECPI Ethical Index Euro

  Vigeo ASPI Eurozone sustainable development index
- **Sector classification:**
  - MSCI/S&P indices: Telecommunication services
  - FTSE and Dow Jones indices: Construction & Materials
- Eligible for deferred settlement service ("SRD") and French equity savings plans ("PEAs")

Contact

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Investor Relations Director
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e-mail: investors@bouygues.com

Key figures

FINANCIAL HIGHLIGHTS

€ million	2006[1]	2007	2007/2006
Sales	26,408	29,613	+12%
EBITDA[2]	3,279	3,601	+10%
Operating profit	1,889	2,181	+15%
Net profit attributable to the Group	1,254	1,376	+10%
Recurring net profit[3]	1,046	1,376	+32%
Return on capital employed (ROCE)[4]	14.8%	14.4%	-0.4 pt
Cash flow	3,151	3,519	+12%
Free cash flow[5]	788	972	+23%
Shareholders' equity (period-end)	6,595	8,205	+24%
Net debt (period-end)	4,176	4,288	+3%
Debt-to-equity ratio (period-end)	63%	52%	-11 pts
Net dividend (€ per share)	1.2	1.5[6]	+25%
Number of employees (period-end)	122,560	137,500	+12%

(1) Applying the same accounting policy as in 2007 (see the consolidated financial statements). (2) Current operating profit excluding net depreciation and amortisation expense and changes in provisions, and impairment losses (after reversals of utilised and non-utilised provisions and of impairment losses). (3) Net profit from continuing operations, excluding net profit attributable to the Group from operations sold in 2006: €109 million for TPS and €99 million for Bouygues Telecom Caraïbe (BTC). (4) ROCE = the ratio of (i) current operating profit after tax and share of profits/losses of associates to (ii) average capital employed (i.e. shareholders' equity plus debt). (5) Cash flow minus (i) cost of net debt, (ii) income tax expense for the year and (iii) net capital expenditure. (6) To be submitted for approval by the Annual General Meeting on 24 April 2008.

Bouygues had another record year in 2007, driven by a further rise in sales and faster growth in profits. Commercial performance was very strong throughout the year, reaching historic highs in the construction businesses.

Faster growth in profits

Sales amounted to €29.6 billion in 2007, an increase of 12%, with all businesses contributing to growth. Operating profit advanced by 15% to €2,181 million.

Net profit was €1,376 million, a rise of 10% on 2006 or 32% on recurring net profit in 2006 (excluding profit from the discontinued operations TPS and Bouygues Telecom Caraïbe).

The investment in Alstom had a total impact of €99 million on the Group's net profit.

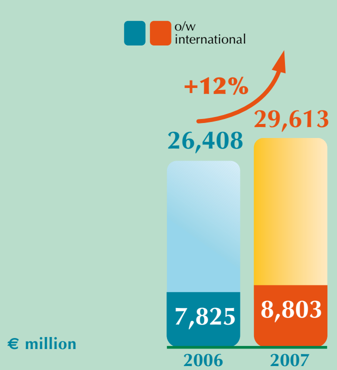
Healthy balance sheet

Net debt was €4.3 billion at 31 December 2007, only 3% higher than at the previous year-end despite significant financial investments totalling €1.7 billion (excluding the acquisition of the 6.5% stake in Bouygues Telecom for €441 million, which has been recognised in net debt since June 2005).

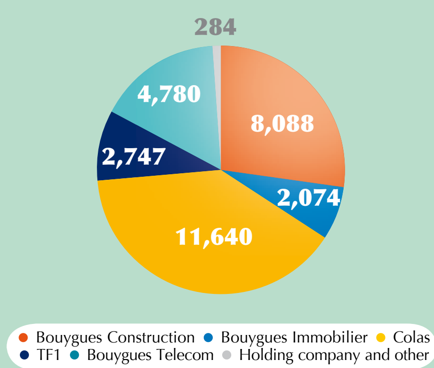
Shareholders' equity was €1.6 billion higher at €8.2 billion. The debt-to-equity ratio contracted sharply to 52% at end-2007 from 63% at end-2006.

Cash flow advanced by 12% to €3.5 billion, and net capital expenditure rose by 5% to €1.7 billion. Free cash flow jumped 23% to €972 million.

SALES: €29.6 billion



Contribution to the Bouygues group



Bouygues group: Consolidated sales for 2007 were €29.6 billion, 12% up on the previous year both in France and internationally, and 10% higher on a like-for-like basis and at constant exchange rates.

Bouygues Construction: Sales* grew by 21% (18% on a like-for-like basis and at constant exchange rates). All business sectors remained buoyant throughout the year, in France (17% growth) and more particularly in international markets (28% growth)

Bouygues Immobilier: Sales* were up 29%, driven both by residential property (up 24%) and by a recovery in commercial property (up 47%, following significant office reservations in late 2006 and throughout 2007).

Colas: The pace of growth in sales* was again robust, at 9% (7% on a like-for-like basis and at constant exchange rates). Sales rose by 11% in France and by 7% internationally.

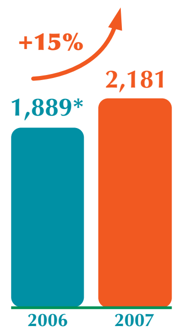
TF1: Sales* were 4% higher. Net advertising revenue for the TF1 core channel rose by 0.6% and revenue from other activities was up by 11%.

Bouygues Telecom: Sales* reached €4.8 billion, representing growth of 6%. Sales from network were 5% higher at €4.5 billion.

Over the five years from 2003 to 2007, sales have risen by 36%.

(*) Contribution to Bouygues group consolidated sales

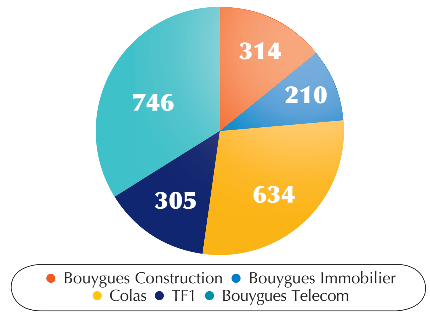
OPERATING PROFIT:
€2,181 million



€ million

(*) Applying the same accounting policy as in 2007

Contribution to the Bouygues group



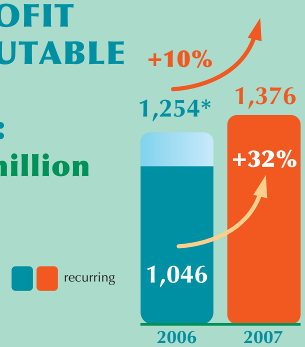
Holding company and other reported a net loss of €28 million

Growth in operating profit outstripped sales growth.

The construction businesses continued to achieve high levels of operating margin.

In 2007, Bouygues Telecom significantly improved its operating margin, 2006 having been affected by the marketing costs incurred on the successful launch of the Neo and Exprima unlimited call plans on 1 March 2006.

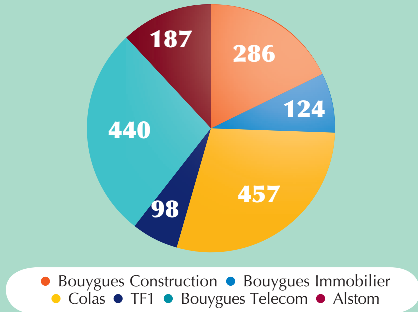
NET PROFIT ATTRIBUTABLE TO THE GROUP:
€1,376 million



€ million

(*) Applying the same accounting policy as in 2007

Contribution to the Bouygues group



Holding company and other reported a net loss of €216 million

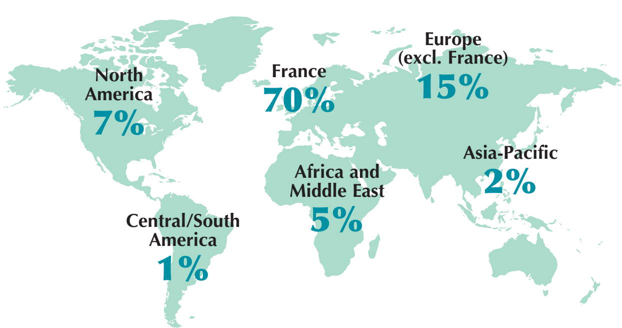
RECURRING NET PROFIT ATTRIBUTABLE TO THE GROUP: +32%

Net profit attributable to the Group rose sharply to €1,376 million, an increase of 32% based on recurring net profit, i.e. excluding profits attributable to the Group from operations sold in 2006: TPS (€109 million) and Bouygues Telecom Caraïbe (€99 million). The net loss reported by "Holding company and other" increased as a result of additional financial expense associated with the acquisition of a further interest in Alstom.

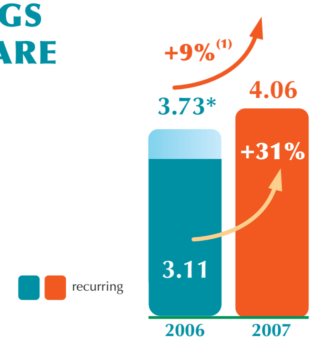
Alstom, in which Bouygues owns a 30% interest, is accounted for as an associate by the equity method, and contributed €187 million to consolidated net profit.

Over the five years from 2003 to 2007, net profit has tripled.

Sales by region in 2007



EARNINGS PER SHARE
€4.06



€ per share

(*) Applying the same accounting policy as in 2007

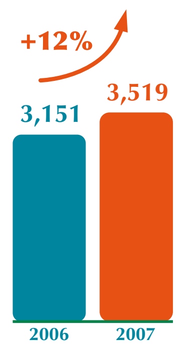
Earnings per share was €4.06, 9% higher than the reported figure for 2006.

Calculated on the basis of recurring net profit (i.e. excluding profits from discontinued operations), earnings per share rose by 31%.

Over the five years from 2003 to 2007, recurring earnings per share has tripled.

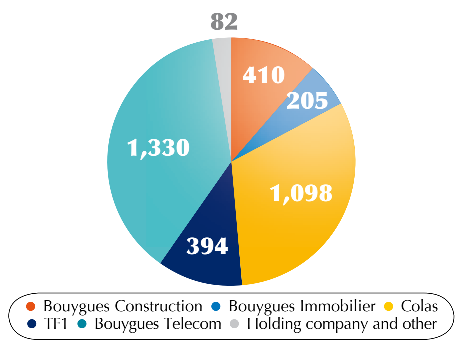
(1) Relative to 2006 reported earnings per share, which included profits from discontinued operations

CASH FLOW:
€3,519 million



€ million

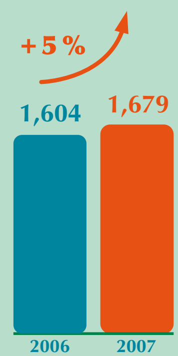
Contribution to the Bouygues group



In 2007, consolidated cash flow increased by 12%. Bouygues retains substantial capacity to fund its future development.

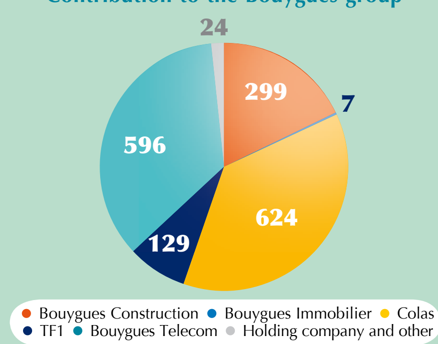
Cash flow reported by the holding company rose by €63 million, mainly due to the first dividend received from Alstom in 2007 (€28 million).

NET CAPITAL EXPENDITURE:
€1,679 million



€ million

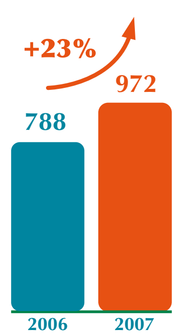
Contribution to the Bouygues group



In 2007, net capital expenditure was virtually unchanged. Increased capital expenditure by the Group's businesses was offset by a sharp reduction in capital expenditure at holding company level, which in 2006 included the cost of the new corporate headquarters on Avenue Hoche in Paris.

The high level of capital expenditure in the construction businesses (apart from Bouygues Immobilier, which requires virtually none) reflects buoyant business activity. As anticipated, Bouygues Telecom retained tight control over capital expenditure.

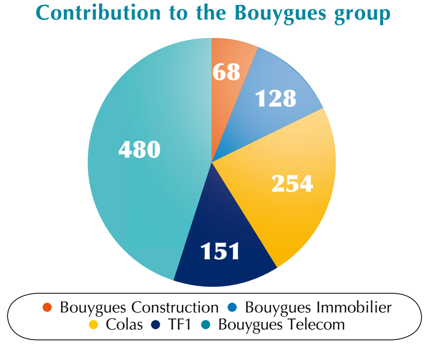
FREE CASH FLOW:
€972 million



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

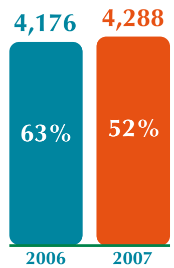
Bouygues generated cash flow of €3,519 million in 2007, 12% higher than in 2006. After deducting the cost of net debt (€235 million), income tax expense for the year (€633 million) and net capital expenditure (€1,679 million), free cash flow was €972 million, substantially higher than the 2006 figure. This trend reflects close control over the Group's level of capital expenditure.

Contribution to the Bouygues group



Holding company and other reported negative free cash flow of €109 million

NET DEBT:
€4,288 million



% = debt-to-equity ratio
€ million

Bouygues' financial position remained healthy at end-2007: Net debt was €4.3 billion, or 52% of equity. There was a mixed picture across the various business areas:

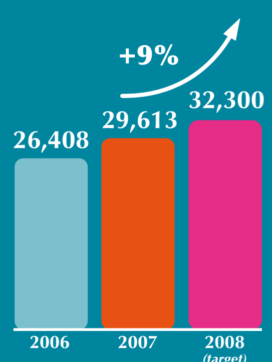
- **Bouygues Construction:** Net cash of €2,450 million, up €391 million, thanks to growth in businesses where working capital needs generate positive cash positions.
- **Bouygues Immobilier:** Net debt of €2 million (versus net cash of €28 million at end-2006), representing a low level of debt for a property developer.
- **Colas:** Net cash of €347 million, €62 million lower than the previous year due to financial investments and capital expenditure during the year.
- **TF1:** Net debt of €597 million, representing a sharp year-on-year rise (of €218 million) due to the acquisition of an interest in AB Groupe.
- **Bouygues Telecom:** Net cash of €188 million, €122 million higher than at end-2006 thanks to an improvement in working capital and free cash flow.

Net debt reported at **holding company and other** level amounted to €6,674 million. The year-on-year increase reflects the strategic investment in Alstom of €960 million.

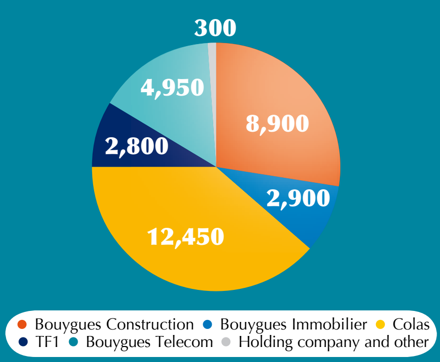
In view of this robust financial position, with an evenly spread debt maturity profile and excellent liquidity, Standard & Poor's has maintained Bouygues' A- rating with stable outlook.

2008 SALES TARGET:
€32,300 million

€ million



Contribution to the Bouygues group



The prospects for 2008 are good: Bouygues expects full-year sales to reach €32.3 billion, up 9% on 2007 (7% in France and 14% in international markets).

All businesses are expected to achieve growth:

- **10%** for **Bouygues Construction,** thanks to the high level of orders booked in 2007 and progress on major international projects;
- **40%** for **Bouygues Immobilier,** driven by strong commercial property reservations in 2007 and continuing buoyancy in the residential property market in France;
- **7%** for **Colas,** with French markets stabilising at a high level and favourable prospects abroad;
- **2%** for **TF1,** with slow growth expected in the advertising market in 2008 but continued growth in other activities (theme channels, audiovisual rights, internet, etc);
- **4%** for **Bouygues Telecom,** with the ongoing negative effect from incoming call rate cuts (8% cut on 1 January 2008) imposed by the regulator, offset by growth in the customer base.

Sustainable development in the Group


Bouygues' headquarters, the first HQE-certified building in Paris in 2006

Sustainable development is an integral part of the Group's strategy and that of all its businesses. The parent company and its subsidiaries have drawn up roadmaps incorporating measurable targets since 2006 in response to the challenges they face.

The Bouygues group's Sustainable Development Department, created in 2005 and headed by Deputy CEO Olivier Bouygues, works in a spirit of continuous improvement based on the sharing of best practices (see *Our organisation,* p. 17). Each business area's strategy and initiatives are outlined in the "Business activities and sustainable development" chapter.

Non-financial reporting

The Group has chosen non-financial reporting software that will be implemented in 2008 and used to monitor the efficiency of sustainable development roadmaps in each business area. A special committee has been set up to define relevant non-financial indicators.

Sustainable Construction Task Force

A Group-wide task force on sustainable construction was created in 2007 in order to pool knowledge and feedback within the Group and promote the integration of new technologies in projects. A collaborative intranet site will be specially designed to support the initiative, which furthers the Group's proposals for the building sector put forward at the Grenelle Environment Forum held in France.

Employee share ownership

The Bouygues Partage scheme was a great success in 2007. The offer, accessible on equal terms, was taken up by 53,185 employees, 76% of the eligible workforce. To increasingly share the benefits of the Group's healthy results with staff, a new employee-only capital increase, Bouygues Confiance 4, was launched at the end of 2007. With 14.2% of the capital and 18.3% of the voting rights*, employees are Bouygues' second-largest shareholder group. This performance makes Bouygues the French CAC 40 company with the highest level of employee share ownership.

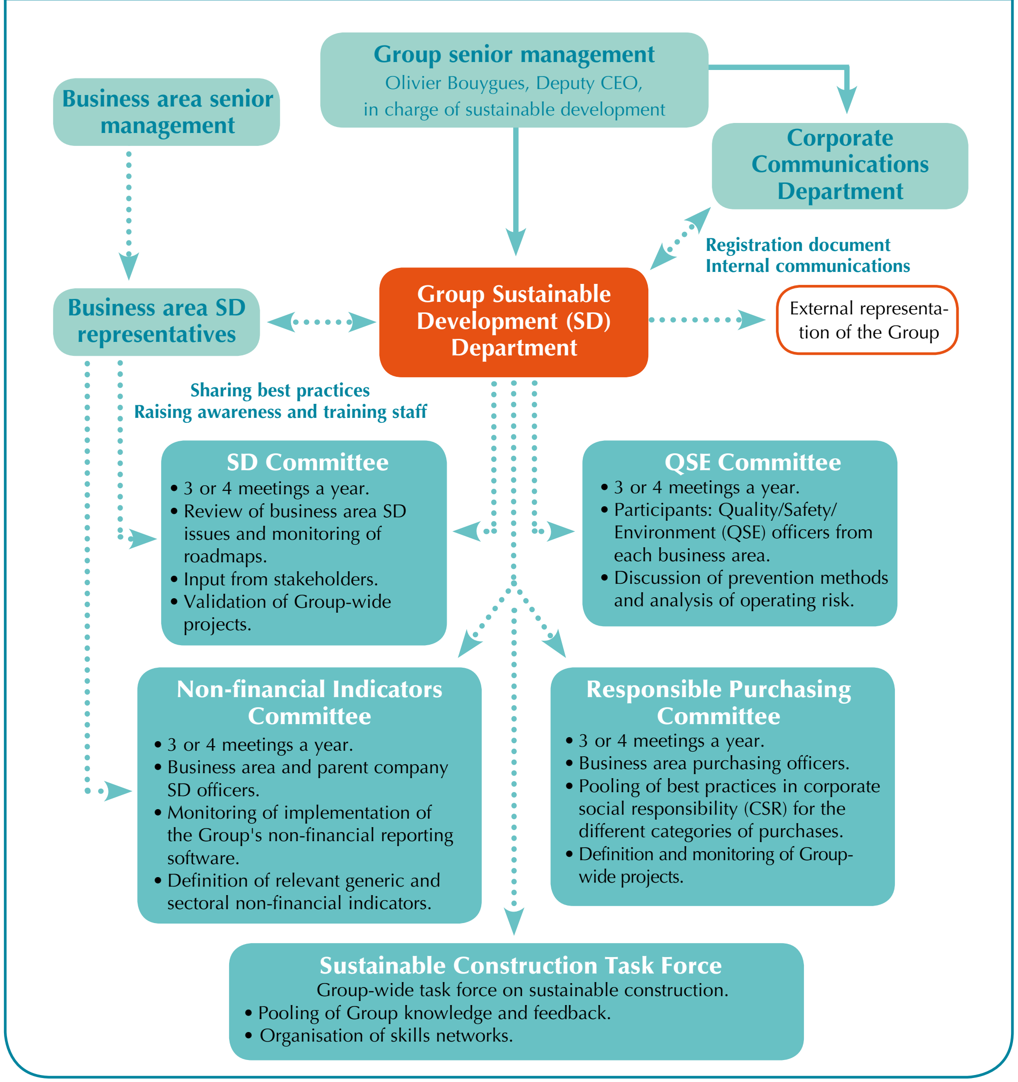
(*) At 31 December 2007

Ethics and training

The Group's Code of Ethics, launched in 2006, was circulated to all employees in 2007 and now forms part of Bouygues' internal control procedures. Ethics officers will be appointed for each business area in 2008.

Bouygues continued to give its managers training in ethics and sustainable development in 2007. Seminars on the "Development of Bouygues Values" and "Respect & Performance", organised by the Bouygues Management Institute, were attended by 29 and 74 senior executives respectively, while 10 seminars on corporate social responsibility were attended by a total of 107 managers. The Institute

Our organisation



Sponsorship: restoration of the Hôtel de la Marine in Paris

also trained employees to lead the "Respect & Performance" seminar. More than 2,600 managers had attended the seminars at the end of 2007. Every year, the Institute's International Cycle offers a one-year training course to 24 Group managers chosen by their senior management.

The Minorange Guild

The Minorange Guild, created by Francis Bouygues in 1963 to recognise achievement in the construction trades, had 996 members in 16 orders at 1 January 2008. Colas has instituted a similar guild system, the Order of Compagnons de la Route, for the roads sector.

Communications

Internal and external communications on the theme of sustainable development were stepped up in 2007. The actions of the Sustainable Development

Minorange Guild worker

Department and its associated committees are systematically posted on the corporate website, www.bouygues.com, and reported in the Bouygues group's in-house publications, *Le Minorange* (the Group's in-house magazine with a circulation of 50,000) and *Challenger Express,* a bi-monthly newsletter for 3,500 senior executives. A Group intranet site devoted to sustainable development was launched in 2007.

About 100 Bouygues group communicators attended an awareness-raising seminar on responsible communications organised in October 2007 with ADEME, the French environment and energy management agency.

Sponsorship

In 2007, Bouygues continued to restore the Hôtel de la Marine on the Place de la Concorde in Paris. The project is part of a skills sponsorship initiative under which Bouygues provides building and restoration expertise through its construction subsidiaries. The Francis Bouygues Foundation continued to help deserving high-school leavers to stay on in higher education, welcoming its third intake in September 2007. There were 115 grant-holders altogether in the scheme on 1 January 2008, each one mentored by a Bouygues employee.

In 2006, Bouygues SA committed to providing €200,000 a year over three years to support an experimental project instigated by the Paris Institute of Political Studies to combat under-achievement at schools in the northern suburbs of Paris. Bouygues Bâtiment Ile-de-France and ETDE have joined the project. Bouygues also supported 28 charities in 2007, working mainly in the social, humanitarian and medical sphere.

The Group devoted a total of €3.3 million to these sponsorship initiatives in 2007.

Global Compact and other initiatives

The Group's five business areas and the parent company have been members of the UN Global Compact since 8 December 2006. Through its membership of the Global Compact, Bouygues undertakes to embrace, support and enact a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

Since 2006, Bouygues has also been a member of CSR Europe, a Brussels-based network of 70 European multinationals created to foster exchange on best practice in corporate social responsibility. Since 1999, Bouygues has been a member of the European Foundation for Quality Management (EFQM), an organisation to promote and exchange best practice in managerial excellence.

Group-wide actions

Group-wide coordination has been introduced for responsible purchasing, Quality, Safety and the Environment (QSE), information systems and sustainable development.

On sustainable development, in 2007 a working group measured the carbon balance of the Group's information systems in France, representing over 65,000 workstations. Calculated greenhouse gas emissions amounted to 9,500 tonnes of carbon equivalent, or the annual consumption of a village with a population of 3,000. Steps will be taken to bring this figure down, partly by reducing the direct impact of workstations through measures such as the choice of hardware, preference given to laptops and recycling, and partly by encouraging more economical usage.

Minute restoration work on the Hôtel de la Marine

Operations in Africa

When Saur was sold in 2004, Finagestion, a Bouygues subsidiary, took over Saur's African activities. A number of corporate social responsibility initiatives were taken in 2007. In Ivory Coast, a microcredit and savings policy was introduced for employees of CIE (Compagnie Ivoirienne d'Électricité) and Sodeci (water services). The Mutuelle des Agents de l'Eau et de l'Électricité, a mutual society created in October 2006, offers simple saving schemes and soft loans, including to employees unable to make a personal contribution. On average, 150 new savings accounts are opened each month and 113 loans granted, with an average maturity of 18 months. The mutual society had 4,300 members at 31 October 2007, 92% of the workforce. Repayment rates are excellent, since no default has been recorded to date.

Abby self-assessments

Bouygues SA has developed self-assessment software since 2002. Dubbed Abby, the software enables executives at management committee level to compare themselves with the European Foundation for Quality Management (EFQM) model, using an electronic voting system. Tracking and updating managerial best practice and sustainable development, the software covers the main contributing factors to sustainable performance in economic, social, societal and environmental terms, divided into a number of separate criteria. The self-assessment exercise also helps to identify an organisation's strengths and areas for improvement. The steps needed to achieve progress are then discussed and ranked by order of importance. Eight Abby self-assessments were performed in the Group in 2007.

Socially responsible investment

Bouygues is included in two socially responsible investment (SRI) indices: ASPI Eurozone, managed by the extra-financial rating agency Vigeo, and ECPI Ethical Index.

Carbon strategy

A Group-wide strategy to reduce CO_2 emissions was drawn up in 2007. The aim is to provide the operating units of the construction subsidiaries with specific software in order to calculate the carbon balance of certain projects and put forward alternative solutions that respect the environment. To optimise the development of the software and draft an initial report on CO_2 emissions generated by the Group's activities, roughly 20 carbon balances were calculated in 2007. Colas has its own software for this purpose.

Outlook for 2008

- Continue the Group's carbon strategy, with the provision of tools for calculating the carbon balance of operating units and projects.
- Complete deployment of the non-financial indicators application to measure the effectiveness of sustainable development initiatives.
- Roll out a policy to reduce CO_2 emissions from company vehicles throughout the Bouygues group.
- Continue practical initiatives carried out by Group-wide committees.

Sustainable development in the Group's business areas

The Foundation sponsors deserving high-school leavers

An apple tree grows in the garden of Bouygues SA's HQE-certified headquarters.

2. Business activities and sustainable development

Full-service contractor

Excellent commercial and financial performance in 2007

Bouygues Construction is one of the world's leading construction firms. Operating in building, civil engineering and electrical contracting and maintenance, its know-how extends from project design to maintenance. Bouygues Construction combines the strength of a large group with the responsiveness of a network of companies.

Building the two Cyprus airports

2007 sales	Operating margin	Net profit att. to the Group	Order book	Employees	2008 sales target
€8,340m	3.8%	€286m	11.3bn	49,800	€9.2bn
(+20%)	(=)	(+37%)	(+30%)		(+10%)

Highlights

PPP/PFI/concession projects
- Gautrain rail link in South Africa (€524m).
- Broomfield Hospital, London (€389m).
- New Tyne Crossing, Newcastle (€375m).

Major contracts concluded
- Chernobyl sarcophagus (€208m).
- Meudon Technical Centre (€123m).
- Saint-Antoine mixed development area, Cap d'Ail (€121m).
- Tangiers port extension (€100m).
- Jalan Datoh Tower, Singapore (€74m).

Projects under construction
- A41 motorway (€512m).
- Cyprus airports (€494m).
- Flamanville EPR nuclear power plant (€422m).
- Raurica Nova recreational centre, Switzerland (€112m).

Launch of Actitudes, a sustainable development policy:
- Charter for suppliers and subcontractors.
- Housing projects evaluation software.
- "Blue", or QSE, work site label.

Another record year

Bouygues Construction, with its strategic focus on high value-added activities, was able to take advantage of favourable conditions on its markets in France and around the world.

Record order intakes: €11.1 billion (up €1.8 billion)

On international markets, a number of major projects featured in the record level of order intakes (€5.4 billion). In France, order intakes rose by 5% to €5.7 billion.

Sharp rise in sales: up 20% to €8,340 million

Bouygues Construction reported strong growth in sales on international markets (up 28% to €3,399 million) and in France (up 16% to €4,941 million).

Three significant acquisitions in Europe

- Bouygues Construction acquired **Warings,** a building company with 2007 sales of €120 million that operates in the south of England.
- **Mibag,** one of Switzerland's leading facilities management (FM) companies with annual sales of €76 million, specialises in maintaining and managing buildings under partnerships and framework agreements.
- In Poland, Bouygues Bâtiment International acquired **Karmar,** a key player on the building market in Warsaw with annual sales of €72 million.

A jump in net profit: up 37% to €286 million

The operating profit rose by €52 million to €314 million. Financial income increased to €90 million thanks to higher interest rates and a cash surplus. After a tax charge of €122 million, the net operating margin rose from 3% in 2006 to 3.4% in 2007.

Further increase in net cash to €2,450 million (up €391 million)

Driven by the sharp rise in sales, Bouygues Construction's net cash surplus amounted to €2,450 million.

An active development policy: investment of €382 million (net cash flow stable on 2006)

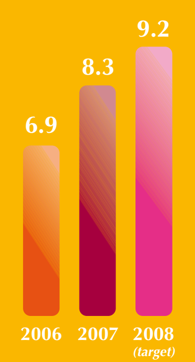
Net capital expenditure increased from €206 million in 2006 to €296 million in 2007.

Main items of spending included project start-up costs, information systems and Axione's broadband networks. Net financial investment, mainly linked to external growth in Europe, amounted to €70 million.

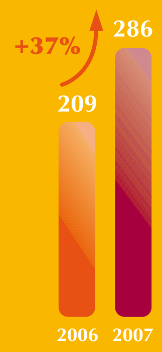
A proactive sustainable development policy

2007 saw the launch of Actitudes, Bouygues Construction's sustainable development policy.

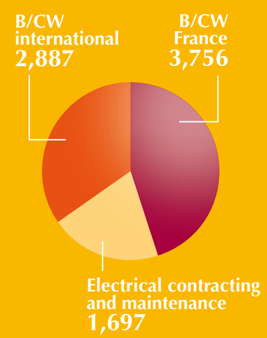
Sales
€ billion



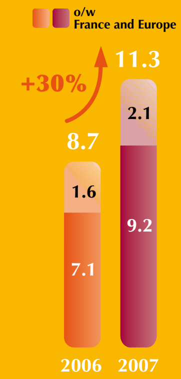
Net profit
€ million



Sales by segment
€ million

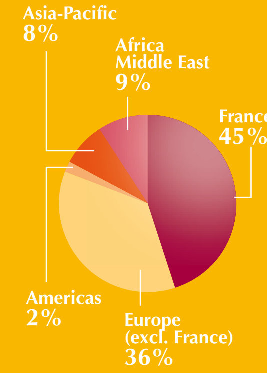


Order book
€ billion



Net cash
€ billion

Order book
by region



CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

ASSETS (€ million)	2006	2007
• Property, plant and equipment and intangible assets	400	562
• Goodwill	293	395
• Non-current financial assets and taxes	218	315
NON-CURRENT ASSETS	911	1,272
• Current assets	2,894	3,190
• Cash and equivalents	2,399	2,926
• Financial instruments used to hedge net debt	-	-
CURRENT ASSETS	5,293	6,116
TOTAL ASSETS	6,204	7,388

LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	2006	2007
• Shareholders' equity att. to the Group	528	696
• Minority interests	5	11
SHAREHOLDERS' EQUITY	533	707
• Non-current debt	229	356
• Non-current provisions	584	566
• Other non-current liabilities	3	2
NON-CURRENT LIABILITIES	816	924
• Current debt	5	6
• Current liabilities	4,744	5,637
• Overdrafts and short-term bank borrowings	106	114
• Financial instruments used to hedge net debt	-	-
CURRENT LIABILITIES	4,855	5,757
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,204	7,388
Net cash surplus	2,059	2,450

CONDENSED INCOME STATEMENT

(€ million)	2006	2007
SALES	6,923	8,340
• Net depreciation and amortisation expense	(103)	(127)
• Net charges to provisions and impairment losses	(117)	(142)
• Other income and expenses	(6,398)	(7,778)
CURRENT OPERATING PROFIT	305	293
• Other operating income and expenses	(43)	21
OPERATING PROFIT	262	314
• Cost of net debt	51	79
• Other financial income and expenses	9	11
• Income tax expense	(119)	(122)
• Share of profits and losses of associates	8	7
NET PROFIT FROM CONTINUING OPERATIONS	211	289
• Net profit of discontinued and held-for-sale operations	-	-
NET PROFIT	211	289
• Minority interests	(2)	(3)
CONSOLIDATED NET PROFIT att. to the Group	209	286

A41 motorway between Annecy and Geneva

Building and civil works

Building and civil works generated total sales of €6,643 million, with France contributing €3,756 million and international markets €2,887 million.

France

2007 sales: €3,756m
2007 order intakes: €4,274m

2007 was an excellent year for the construction industry in France. The improvement in the non-residential building market under way since 2005 continued in 2007 (+3.8%), especially in the construction of public and industrial buildings and offices. New housing starts stabilised at the highest level for 30 years (435,000). The volume of completed civil engineering work increased by more than 7%.

Bouygues Bâtiment Ile-de-France was the leader on its market. It reported a 13% increase in sales in 2007 to €1,556 million, significantly outpacing market growth of 4.5%. Three divisions – Construction Privée (Private Construction), Rénovation Privée (Private Renovation) and Habitat Social (Social Housing) – reported growth rates in excess of 20%, driven by major projects under way or awarded during the year.

Bouygues Entreprises France-Europe operates on both building and civil works markets in France through six main regional subsidiaries: Quille, Pertuy Construction, GTB Construction, DV Construction, Norpac and GFC Construction. Sales on all markets grew by 12% overall to €1,698 million. In the last two years, these subsidiaries have won a number of contracts to build hospitals and prisons. The Cirmad property development network also contributed to this excellent performance, winning contracts worth €392 million in 2007.

Sales in France by **Bouygues Travaux Publics,** up 43% to €347 million, and **DTP Terrassement,** up 36% to €143 million, also increased sharply, driven by work on the A41 motorway and the start of work on the Flamanville EPR nuclear power plant.

Europe

2007 sales: €1,610m
2007 order intakes: €2,562m

In the **United Kingdom,** Europe's third-largest construction market worth an estimated €207 billion in all, the upturn continued in 2007 with growth of 2.3% driven by private non-residential construction and Private Finance Initiative (PFI) projects. Bouygues UK builds hospitals, schools and social housing under PFI contracts. The acquisition of Warings has enabled Bouygues Construction to gain a foothold in the south of England and to diversify its operations. Bouygues Travaux Publics signed the contract for the New Tyne Crossing in Newcastle, which includes renovating the existing tunnel, building a second one and operating both tunnels.

The construction market in **Switzerland** (€34 billion) reached its highest level since 1990, sustained by the private non-residential segment. Bouygues Construction, with 2007 sales of €496 million, was the second-largest construction firm in Switzerland. Losinger opened a branch in Basel in 2007 and, with Marazzi, is involved in the Raurica Nova development in Basel and the Prime Tower in Zurich.

In **Cyprus,** Bouygues Bâtiment International is building the Larnaka and Paphos airports under a concession agreement and reported sales of €159 million in 2007.

In **Poland,** Karmar opened its first regional branch in Wroclaw. DTP Terrassement is also building a 22-kilometre section of the A4 motorway.

In the **Czech Republic,** VCES has 11 housing projects under way representing a total of 700 units and is also building two wastewater treatment plants.

T1 Tower in La Défense

In **Romania,** where the market is driven by demand for residential and non-residential building, Bouygues Romania is building At the Oaks, a €62 million residential complex in Bucharest. The subsidiary reported sales of €55 million in 2007.

In **Ukraine,** Bouygues Travaux Publics, in partnership with Vinci, won the design-build contract for the new Chernobyl sarcophagus. DTP Terrassement also concluded a preliminary agreement to carry out earthworks for an iron-ore mine.

Asia

2007 sales: €523m
2007 order intakes: €662m

In **Hong Kong,** the group won the West Drainage Tunnel contract (Bouygues Construction share: €114 million). BYME Hong Kong, an electrical and HVAC engineering company, is involved in the Venetian Cotai casino project in Macao (€56 million).

Dragages **Singapore** specialises in building condominiums, including the Sail@Marina project (€139 million) and the Jalan Datoh Tower (€74 million). Bouygues Thai, which specialises in high-rise buildings in Thailand, reported a 24% increase in sales in 2007, considerably higher than the market rate of 2.5%.

In **South Korea,** Bouygues Travaux Publics is completing the Machang Bridge project and starting work on the Pusan port project.

In **Turkmenistan,** Bouygues Bâtiment International generated 2007 sales of €49 million, mostly from the Ministry of Trade and Stock Exchange project.

Middle East

2007 sales: €123m
2007 order intakes: €26m

Bouygues Construction is involved in two large projects in Dubai, the Ritz Carlton Hotel (Bouygues Bâtiment International, €155 million) and one line of the light rail transit system (VSL, €45 million).

Americas – Caribbean

2007 sales: €177m
2007 order intakes: €212m

In **Cuba,** Bouygues Bâtiment International is involved in turnkey luxury hotel projects. In eight years in the country, it has won 12 contracts, including La Estrella 2 and Laguna Mangon C for €86 million in 2007. In **Trinidad and Tobago,** it is building the €182 million Waterfront International Development at Port of Spain. In **Jamaica,** Bouygues Travaux Publics is building a 24-kilometre section of motorway between Spanish Town and Ochos Rios (€75 million).

Africa

2007 sales: €454m
2007 order intakes: €895m

In **Morocco,** Bouygues Construction and Saipem are building the logistics hub and roll-on/roll-off port of the new Tangiers Mediterranean project. Bymaro is building a €47 million luxury hotel complex in Marrakech.

In **Equatorial Guinea,** BBGE is involved in the €37 million Malabo Stadium project and €15 million Malabo bypass project.

In **South Africa,** financial close for the Gautrain rail link in early 2007 meant that work on the project could start, generating sales of €146 million in 2007. Bouygues Travaux Publics, in a venture with Basil Read, is also building a 46,000-seat stadium in Nelspruit.

In **Egypt,** Bouygues Travaux Publics is a member of the consortium awarded the contract to build the first phase of Cairo's third subway line (Bouygues Construction's share is €61 million).


Earthworks for the Flamanville EPR nuclear power plant

2,000-sq.-metre data centre (ETDE) in Saint-Denis, near Paris

Electrical contracting and maintenance

ETDE's contribution to Bouygues Construction's consolidated sales increased by 22% (11% organic growth) to €1,697 million. ETDE has three lines of business: utility networks (42% of sales), electrical and HVAC engineering (36%) and facilities management (22%).

Its subsidiary Axione is one of France's leading providers of broadband and digital networks, serving 4 million people with 4,200 kilometres of optical fibre. It concluded its tenth public service delegation contract with the Charente-Maritime department, worth €50 million, and won three contracts worth €28 million on behalf of Free, an internet service provider, in the Paris area.

France

2007 sales: €1,185m
2007 order intakes: €1,444m

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

ETDE completed the following transactions in 2007:

- acquisition of two networks businesses, Avrelec in northern France and Amica in the Paris region;
- acquisition of Sernelec Industrie (industrial automation and low- and high-voltage electrical equipment in north-western France) and Iris Électricité (design, installation and maintenance of electrical networks in the Paris region);
- conclusion by Exprimm of a 27-year, €69 million FM contract for three prisons.

International

2007 sales: €512m
2007 order intakes: €1,006m

ETDE has increased its sales outside France by a factor of 8.5 in five years, and they now represent 30% of the total.

In the **United Kingdom,** ETDE's second-largest market after France, the company won a PFI street lighting contract with Redcar & Cleveland council and facilities management contracts for the Broomfield and North Middlesex hospitals.

The FM division continued its European expansion with the acquisition of Mibag in **Switzerland.** In **Hungary,** Szigma-Coop installed air conditioning and fire protection systems in the Arena Plaza shopping centre (€14 million). In **Africa,** where it has operated for over 50 years, ETDE does most of its business in Ivory Coast, Congo, Gabon and Senegal.

ETDE also operates on international markets as a partner in major hard FM projects, working either directly with the client – it won a €14 million contract to supply electricity to remote villages in the Philippines – or as a subcontractor for Bouygues Bâtiment International (Dubai, Russia and Trinidad and Tobago).

Research and development

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

A centralised organisation has been introduced to stimulate innovation at all levels and to enhance the group's R&D programme. It is coordinated by a committee which defines R&D policy across the group, selects priority themes and decides practical aspects such as project managers, budgets, deliverables and schedules.

Research led to the following practical applications in 2007:

- creation of the Projection software for analysing the performance of housing projects against sustainable development criteria;
- a drilling robot used on the Maurice Lemaire tunnel project in eastern France;

Design for a prison complex in Nantes (France)

Heavy lifting in Hong Kong (VSL)

- development of instrumented cutters to improve the steering of tunnel boring machines;
- a computerised scale model for the Metz hospital.

Operating risks

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

When Bouygues Construction concludes design-build-operate contracts, these classic risks are compounded by design, operating and maintenance risks. In its private-sector development projects, especially public-private partnerships in France and Private Finance Initiatives in the UK, Bouygues Construction takes a project financing approach which leaves the group with no exposure to the project debt.

Bouygues Construction subsidiaries do not currently face any major client solvency risk in their regular operations. Work on complex major projects liable to generate risks because of their size or technical complexity represents less than 10% of Bouygues Construction's activity.

On large-scale projects, Bouygues Construction subsidiaries implement a policy to pool risks and optimise the management of resources. On the design front, the group has extensive engineering and design capabilities. It continues to be selective in its choice of projects and takes out appropriate insurance cover with first-rank insurers, giving it further control over its main risks.

Bouygues Construction's legal departments are closely involved in project development and contract negotiation, thus helping to limit the main exposures. More generally, internal procedures were introduced in 2003 with the aim of improving risk identification, control and management. The procedures are reviewed at regular intervals to ensure that they continue to match the different risk profiles.

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

In addition, under current rules most of the waste generated by construction activities is classified as inert. Bouygues Construction makes sure it complies with local waste management regulations, especially as regards waste sorting at source and negotiations with waste treatment specialists required by local councils. Bouygues Construction considers that risks in connection with the storage and transport of waste and toxic materials relate mainly to the use of oils and fuels when pouring concrete and carrying out earthworks. In each project, the group takes the necessary steps to prevent any risk of accidental pollution that may arise and to react as quickly and effectively as possible if an accident should occur. Bouygues Construction ensures that it complies at all times with the regulations in force and implements the necessary prevention and management systems.

As part of the plan to optimise internal control procedures within the Group as a whole, Bouygues Construction is currently conducting a detailed review of most of its accounting and financial processes. It is also giving more general consideration to the broad principles on which its companies operate with the aim of improving the detection and control of major risks and the reliability of accounting and financial information.

Internal risk management procedures

BOUYGUES CONSTRUCTION

Sustainable development indicators

	Our aim	2007 key figures	Action plan	2008 objectives	Progress
Financial and business challenges	Foster a trusting relationship with our clients, based on consideration, transparency and innovation.	• Customer satisfaction surveys for 33% of completed projects. • 57% of sales in activities with triple certification.	• General use of customer satisfaction surveys. • Rollout of Quality/Safety/Environment (QSE) certification schemes. • Raising of managers' awareness of business ethics: Code of Ethics circulated to all staff, training for managers in competition and anti-corruption rules.	• Increase use of specialist outside bodies to conduct customer satisfaction surveys. • Continue Quality/Safety/Environment certification. • Train managers in business ethics in subsidiaries outside France.	
	Incorporate risk into the day-to-day management of the company.	• 61% of sales in activities where a formal analysis of environmental risk is carried out.	• More analysis of environmental, social and reputation risks in commitment and control procedures.	• Introduce a risk map for each subsidiary (risk identification and weighting).	
	Develop balanced relations with suppliers and subcontractors and involve them in Bouygues Construction's sustainable development policy.	• 38% of sales generated by operating units that have adopted the sustainable development charter for subcontractors and suppliers.	• Progress partnerships with subcontractors: working groups, agreements, satisfaction surveys. • Responsible purchasing policy: evaluation of products' environmental performance, eco-friendly equipment catalogue, work clothes made of fair-trade cotton. • Sustainable development charter appended to contracts with the aim of involving suppliers and subcontractors in the policy.	• Develop partnerships with subcontractors and suppliers. • Enhance the catalogue of products evaluated on their environmental performance. • Append sustainable development charter to all contracts with subcontractors and suppliers.	
Social/HR challenges	Lead our business sectors in terms of health and safety.	• 75% of sales in activities with OHSAS 18001: 2007 certification. • 14.76% industrial accident frequency rate.	• In-house European Safety Day initiative (9,000 participants), followed by a campaign to raise safety awareness with "Safety. Life's worth it" slogan. • Safety training for site workers, validated by a "builder's licence"; appointment of site safety supervisors. • Road safety campaigns to raise awareness among staff.	• Give all operating units measurable safety targets. • Organise a road safety day to raise awareness among staff.	
	Encourage diversity in the company.	• 17% of managers in France are women. • 449 disabled employees in France.	• Equal opportunity training for recruitment managers to combat discrimination in recruitment (25 managers trained). • Three-year agreement at ETDE relating to the hiring and maintenance in employment of disabled people. • Disability Charter with the French Ministry of Employment, Social Cohesion and Housing. • Conclusion of three equal opportunity agreements based on gender.	• Continue equal opportunity training (75 people trained in 2008). • Implement the "Plus Handicap" scheme, going beyond regulatory requirements to make buildings more convenient for the disabled (Bâtiment IDF). • Conclude two more equal opportunity agreements.	

Measures to be introduced in 2008 · Measures introduced in 2007 · Ongoing measures · Measures completed in 2007

	Our aim	2007 key figures	Action plan	2008 objectives	Progress
Social/HR challenges	Develop employees' skills and promote fulfilment.	• **40%** of staff attended a training course during the year.	• General and specialised training, introduction of a QSE Academy for site workers in Europe – the "Pro Academy". • Inclusion of employee satisfaction surveys in the corporate management cycle (every three years). • In-house survey of attractiveness.	• Create a Bouygues Construction university. • Introduce employee satisfaction surveys throughout the group, followed by action plans. • Introduce a cycle of training courses for the sustainable development function.	
	Participate in the economic and social life of the regions where we operate.	• **175** partnerships supporting education and health.	• Retraining policy for people in difficulty: "Gateway to Employment" programme in the Paris region, support for sports clubs for young people in underprivileged suburbs ("Sport in the City" initiative), 2007 Bâtifoot Trophy and presentation of building trades. • Sponsorship of the planning and development of a new Classical Antiquities section of the Louvre Museum.	• Implement an agreement with the French Defence Ministry for the integration of young people with social and educational difficulties. • Conclude a partnership with Batipôle for the integration and training of young people in difficulty.	
Environmental challenges	Increase the consideration given to environmental factors in project design and construction.	• **101** high environmental performance buildings on order in 2007.	• R&D programme on sustainable construction: energy performance of buildings, overall cost, positive-energy buildings. • Creation of "Projection", a software package for evaluating the sustainable development performance of housing projects to encourage clients to choose the best environmental and financial solutions (150 salespeople trained).	• Introduce a sustainable construction task force and develop positive-energy office building projects. • Train salespeople and technicians in sustainable construction (1,500 people trained in 2008). • Design learning tools to raise awareness among clients of the benefits and demands of sustainable construction.	
	Reduce the environmental impacts of our activities.	• **61%** of sales in activities with ISO 14001: 2004 certification. • **184** "blue", or QSE, work sites in Europe.	• Formal definition of environmental standards to be observed on work sites to limit their impact (building in France). • Introduction of the "blue", or QSE, work site label in Europe, awarded to sites operating under exemplary quality, safety and environmental standards. • Campaigns to raise awareness among staff of small ways to help the environment.	• Introduce environmental standards for work sites in operating units in France. • Improve information about eco-friendly equipment (eight new eco-friendly items of equipment planned in 2008).	
	Reduce CO_2 emissions related to our activities.	• **15** staff authorised by the French environment agency ADEME to conduct carbon balances in the group.	• ADEME-trained staff in each operating unit authorised to conduct carbon balances. • Carbon balances of about 20 building and civil works projects. • Adaptation of entitlement rules for company cars to favour vehicles that emit less CO_2.	• Design carbon balance measurement software to suit the Group's business areas. • Define action plans to reduce CO_2 emissions (vehicles, computer hardware, etc.).	

Leading the way on safety

Launch of a formal policy

2007 saw the launch of Actitudes, Bouygues Construction's sustainable development policy. Organised around seven key themes subdivided into 42 actions, it constitutes the common core of the policy for all Bouygues Construction subsidiaries.

In February 2007, some 3,500 managers came together for a launch convention in eight locations linked by video relays in order to keep travel to a minimum. An extensive communications campaign was carried out, targeting the group's 50,000 employees and involving brochures, posters, a specific intranet site, a communications pack to help managers get the message across, meetings within subsidiaries, etc.

Organisation

A sustainable development department has been created, reporting to Bouygues Construction's senior management, to oversee policy implementation. It is supported by sustainable development managers in each of the group's seven operating units and a network of 90 officers who promote the policy within their particular subsidiary.

A sustainable development committee made up of representatives from operating units and support divisions meets once a month to coordinate action and exchange best practices. Sub-committees have also been set up to work on specific subjects, like reducing the carbon footprint of work sites, giving employees training in sustainable development, road safety, etc.

Bouygues Construction's commitments are published on its website[1].

Actitudes: seven key themes

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

Financial and business challenges

Foster a trusting relationship with our clients, based on consideration, transparency and innovation

Progress has been achieved through the widespread introduction of customer satisfaction surveys and the use of specialist, independent organisations. Satisfaction surveys were carried out on 33% of completed projects.

On ethics issues, training courses have been developed to inform staff of the rules of conduct relating to competition, business ethics and corruption.

To support clients in their sustainable development approach, the group has developed a software package to evaluate housing projects against sustainable development criteria from the design phase. Dubbed "Projection", the package uses a set of 120 multiple-choice questions to define the project's profile and whether it will be eligible for the "Habitat & Environment" label.

Incorporate risk into the day-to-day management of the company

In 2007, Bouygues Construction stepped up its vigilance in relation to environmental, social and

(1) http://www.bouygues-construction.com/147i/sustainable-development/our-commitments.html

Balanced relations with partners

reputation risks by tightening up its procedures and enhancing employees' skills in these areas. Bouygues Entreprises France-Europe developed a method for evaluating environmental risks and opportunities from the business development phase and introduced environmental standards on its work sites with tougher targets than those required by regulations. A major project to draw up a risk map for each subsidiary was begun in 2007.

Establish balanced, long-term relationships with partners, suppliers and subcontractors

Bouygues Construction's subsidiaries have established partnerships with their suppliers and subcontractors, reflected in conferences, common working groups to improve quality and safety or take better account of environmental issues, actions to train and raise awareness among subcontractors' staff and satisfaction surveys to better identify areas for improvement.

Bouygues Construction has drafted a sustainable development charter, appended to contracts and designed to enlist the support of suppliers and subcontractors for its policy.

Bouygues Construction also incorporates environmental criteria into its purchasing policy, including the creation of a database of products and materials evaluated in terms of their environmental characteristics and a catalogue of the most eco-friendly equipment. An analysis of environmental and health risks has been carried out on a large majority of products purchased, grouped into 55 families (precast elements, vehicles, external joinery, curtain walls, etc.).

Social and HR challenges

Lead our business sectors in terms of occupational health and safety

Accident prevention in our business sectors involves training and coordination and action to make staff more responsible. These initiatives form part of a total safety management system whose effectiveness is illustrated by the fact that 75% of Bouygues Construction's activity has OHSAS 18001: 2007 certification.

One highlight of 2007 was "European Safety Day", a major initiative involving 9,000 office and operational staff on Bouygues Entreprises France-Europe's 250 work sites. The event was followed by a poster campaign with the slogan "Safety. Life's worth it."

Particular emphasis was given to promoting safety awareness in international subsidiaries. Ambitious safety targets have been set in all countries, and the results will be reflected in the variable component of the pay of Bouygues Bâtiment International's managers.

Develop our employees' skills and promote fulfilment

Concerned to keep staff employable and to enhance their skills throughout their career, Bouygues Construction spent €31.6 million on training in France, equivalent to 4.6% of the 2006 payroll. 40% of employees received training within the group in 2007.

The widespread introduction of employee satisfaction surveys has helped to ensure that greater consideration is given to their expectations. Surveys were sent to 8,000 employees (16% of the workforce) in 2007, ranging from site workers to managerial staff, and the average response rate was 60%.

Testimonial

Patrick Prudent,
Chairman and CEO of Recma*

"Bouygues Bâtiment Ile-de-France invited us to a risk prevention conference led by OPPBTP, the construction industry accident prevention body. That meeting, which would not have taken place otherwise, encouraged us to take a proactive approach to risk prevention, drawing up a list of risks incurred in the group, our strengths and weaknesses and areas for improvement. Bouygues Bâtiment Ile-de-France also gives us advice on sustainable development issues and what we can do to protect the environment. Its eagerness to bring us on board and to share its know-how and best practice helps us to make progress and build a long-term partnership."

(*) Recma is a subcontractor for Bouygues Bâtiment Ile-de-France.

Satisfaction surveys covered 16% of staff

To encourage loyalty, profit-sharing agreements and employee share ownership schemes give staff a stake in the group's success.

The Minorange Guild, which has almost 1,000 members in France, makes the group more attractive by giving recognition to its best workers. A number of orders have been created outside France, including in Morocco, Hong Kong and Cuba, and in the group's other businesses. A new order is due to be created in Thailand in 2008.

Encourage diversity in the company

Equal opportunity training has been developed for those responsible for recruitment in order to combat discrimination in the hiring process. 20 people were given training at two sessions in 2007 and the initiative is continuing in 2008 with a target of 75 new participants.

One result of encouraging diversity is the growing number of women in positions of operational responsibility, on work sites, in sales and in property development, for example. Women represented 14% of the workforce and 17% of managerial staff in France in 2007.

Integrating disabled employees and keeping them in employment continued to be a priority (there were 449 disabled employees in French subsidiaries in 2007, compared with 357 in 2006). Most French subsidiaries have concluded partnership agreements with Agefiph, the French agency responsible for facilitating the employment and retention of people with disabilities.

Participate in the economic and social life of the regions where we operate

In France, this commitment takes various forms, such as the financing of charities that help to retrain young people (GFC Construction is a partner of the "Sport in the City" initiative), the "Gateway to Employment" programme in the Paris region, and support for a French Defence Ministry scheme to help young people in difficulty into employment.

Internationally, Bouygues Construction has a proactive policy of employing local site workers and managers which contributes to the development of the countries where it operates. In Cuba, for example, Bouygues Bâtiment

International has implemented a highly structured system for transferring know-how to local staff. In Equatorial Guinea, the local subsidiary installs drinking water points on all its sites and regularly distributes drinking water to public institutions like hospitals and schools.

In 2007, Bouygues Construction subsidiaries supported 175 charities and over 150 organisations promoting employment opportunities.

Environmental challenges

Include environmental factors in design

Facing the challenges of global warming and the need to save energy strengthened by the recommendations of the Grenelle Environment Forum, Bouygues

Testimonial

Lionel Rondeau,
national technical director of Arcade*

"The in-house 'blue', or QSE, label used by Bouygues Entreprises France-Europe is based on the three pillars of sustainable development – environmental, social and economic – which are incorporated into our "Three Suns" brand. The initiative tackles the issue of low-nuisance work sites and addresses our requirements as a client. For example, it guarantees less waste and less disturbance for local residents, as well as better on-site safety. Thanks to a set of tracking indicators, we can also measure the practical benefits of the approach."

(*) The Arcade group is a client of Bouygues Entreprises France-Europe.

Partnership with the "Sport in the City" initiative

Construction increased its budget for research into sustainable construction by 13% in relation to 2006 and is planning a further 60% increase in 2008. Sustainable construction ranked first among items in the group's research spending, accounting for 21% of R&D expenditure in 2007, rising to an expected 29% in 2008. Current research projects cover such themes as energy saving in residential and office buildings, overall cost, the incorporation of renewable energy sources into buildings, etc.

Bouygues Construction has set up a network of about 50 sustainable construction experts in its operating units. It has also forged partnerships with players in the sector that have developed considerable expertise in low-energy buildings, including architects, engineering consultancies, materials suppliers, etc.

Bouygues Construction subsidiaries designed and sold 101 high environmental performance buildings in 2007.

Reduce the environmental impacts of our activities

Protection of the environment is ensured through an environmental management system for which many group subsidiaries have obtained ISO 14001: 2004 certification. 61% of sales are in activities with ISO 14001 certification.

The group continued to roll out its "blue", or QSE, label in Europe, awarded to work sites with exemplary environmental, safety and quality standards. 184 sites obtained the label in 2007.

Bouygues Construction subsidiaries continued their efforts in the following areas:

- waste sorting and recycling;
- the use of eco-friendly equipment;
- reduced fuel consumption (use of Total Excellium diesel fuel, eco-driving campaigns);
- quality of relations with local residents (consultation with local associations before and during work, constant communications, noise and dust pollution and traffic disturbance kept to a minimum);
- greater awareness among employees and subcontractors of small ways of protecting the environment (handbooks, environment kits, training, communication campaign targeting 3,000 headquarters staff).

Reduce CO_2 emissions

As part of the effort to reduce global warming, Bouygues Construction has decided to develop a strategy to reduce its CO_2 emissions. In order to identify where emissions take place and how they can be reduced, the group has acquired carbon balance skills. 15 employees, trained by the French environment and energy management agency ADEME, are authorised to carry out carbon balances of the group's activities or of projects for clients. A further 25 people have received in-house training. Carbon balances of buildings and engineering projects were conducted in 2007.

Bouygues Construction is also working on software to calculate CO_2 emissions, adapted to its lines of business, which will be finalised in 2008. As well as highlighting the value of eco-friendly technical alternatives, it will allow the group to track greenhouse gas emissions related to its subsidiaries' businesses.

Outlook for 2008

In view of order intakes, Bouygues Construction expects sustained growth to continue in 2008. The order book at end-2007 was worth €11.3 billion, representing 70% of forecast sales for 2008. Reflecting the success of a strategy begun several years ago, the long-term order book (more than five years) increased by €444 million to €1.3 billion.

Bouygues Construction is continuing its growth strategy, focusing on four areas:

• Public-private partnerships and concessions

Bouygues Construction aims to get involved in projects as early as possible in order to add value at all stages, from design and construction to operation and maintenance. In 2008, the group intends to pursue its strategy of growth in infrastructure, education, healthcare, prisons and street lighting.

• Property development

This activity covers property development projects involving the identification and acquisition of sites and the establishment of partnerships with users and investors.

• Electrical contracting and maintenance

Expansion in electrical contracting and maintenance will enable Bouygues Construction to strengthen its presence in profitable activities with complementary business cycles.

• Expansion in Europe

Bouygues Construction is continuing its expansion in Europe through organic and external growth.

To consolidate its strategy, Bouygues Construction will continue to pursue its sustainable development and innovation policy, strengthen its human capital and foster a partnership culture.

A leading property developer

Excellent financial position and a sharp rise in reservations

With 35 branches in France and eight subsidiaries elsewhere in Europe, Bouygues Immobilier develops residential, commercial and retail park projects. The company further increased its share of the residential market in 2007 and saw a very sharp upturn in commercial property reservations.

Green Office, a positive-energy building

2007 sales	Operating margin	Net profit att. to the Group	Employees	2008 sales target
€2,075m (+29%)	10.1% (-0.8 point)	€124m (+16%)	1,545	€2.9bn (+40%)

Highlights

Residential

- 11,465 housing units reserved (+6%), for €1,948m (+9%).
- 11% increase outside the Paris region.
- Marketing of Maisons Elîka (74 units in Verdun).

Commercial

- Very sharp rise in reservations: 343,000 sq. metres for €1,694m (x 3.5).
- Major sales of buildings in France: Galeo (16,400 sq. metres) and Mozart Tower (45,500 sq. metres) in Issy-les-Moulineaux; Bouygues Telecom Technical Centre (57,000 sq. metres) in Meudon, in the Paris region.

Development

- Acquisition of the developer Blanc & Cie in Grenoble (484 housing units delivered in 2006).
- Launch of Green Office, the first large-scale positive-energy building, in Meudon.

A leading property developer

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

Bouygues Immobilier also carries out major urban development projects designed to make cities more human. In constant consultation with mayors, elected officials and planners, the company develops projects that meet the needs of local communities. With projects like La Berge du Lac in Bordeaux and the Seine Ouest business district in Issy-les-Moulineaux, just outside Paris, its design priorities are guided by two key factors: high-quality architecture and sustainable development. Bouygues Immobilier commissions well-known architects to work on its projects, like Portzamparc, Wilmotte and Arquitectonica for Seine Ouest. By incorporating environmental imperatives into the design process from the outset, Bouygues Immobilier aims to achieve a high level of environmental performance.

Bouygues Immobilier is in robust commercial and financial health. Residential and commercial reservations during the year rose by 60% to €3,642 million, including:

- 11,465 housing units for €1,948 million (up 9%);
- 343,324 sq. metres of commercial property for €1,694 million.

Sales in 2007 amounted to €2,075 million, a rise of 29% on the previous year. The residential property sector contributed three-quarters of the total, representing €1,561 million (up 24%), and the commercial property sector one-quarter, representing €514 million (up 48%).

The order book totalled €4,064 million, representing 23.5 months of sales, up 65%.

Current operating profit amounted to €210 million, giving a margin on sales of 10.1%.

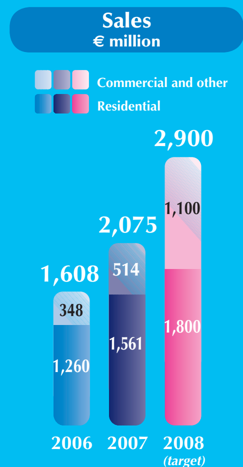
Net profit attributable to the Group was €124 million, an increase of 16% on 2006.

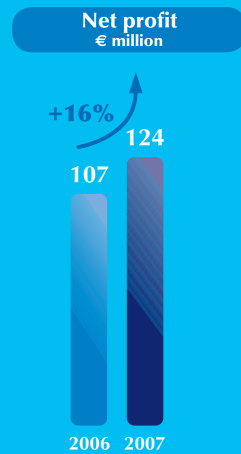
The company had shareholders' equity of €384 million and posted net debt of €2 million at 31 December 2007.

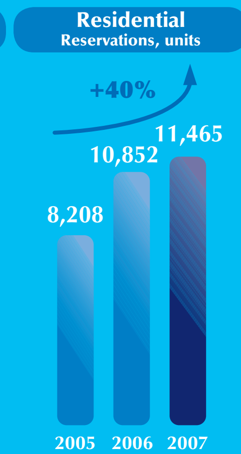
In response to rapid growth and the prospect of further expansion, Bouygues Immobilier changed its organisational structure. Where it used to be structured geographically, in July 2007 the company reorganised around its business areas:

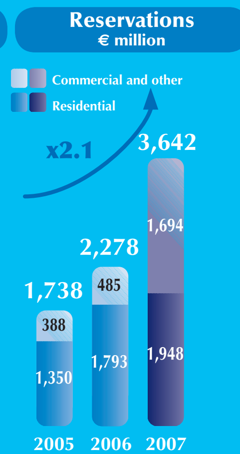
- commercial property and Europe: commercial property in the Paris region, major urban development projects, retail parks and European subsidiaries (Spain, Portugal, Belgium, Germany and Poland);
- residential property in France, subdivided into three sectors:

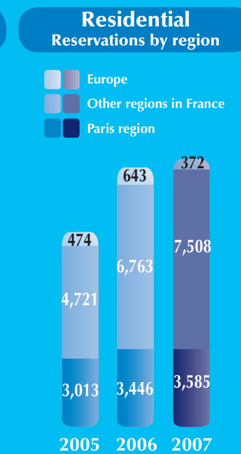
  - Paris region,
  - Northern France and Atlantic coast,
  - Southern France.

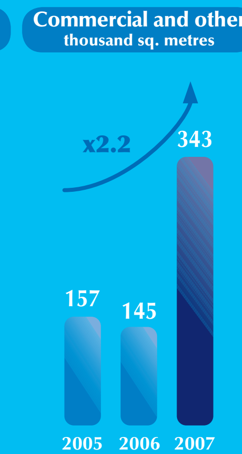












CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

ASSETS (€ million)	2006	2007
• Property, plant and equipment and intangible assets	13	15
• Goodwill	-	-
• Non-current financial assets and taxes	46	52
NON-CURRENT ASSETS	59	67
• Current assets	1,484	2,048
• Cash and equivalents	144	233
• Financial instruments used to hedge net debt	-	-
CURRENT ASSETS	1,628	2,281
TOTAL ASSETS	1,687	2,348

LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	2006	2007
• Shareholders' equity att. to the Group	329	381
• Minority interests	1	3
SHAREHOLDERS' EQUITY	330	384
• Non-current debt	38	116
• Non-current provisions	86	86
• Other non-current liabilities	3	3
NON-CURRENT LIABILITIES	127	205
• Current debt	78	117
• Current liabilities	1,150	1,640
• Overdrafts and short-term bank borrowings	2	2
• Financial instruments used to hedge net debt	-	-
CURRENT LIABILITIES	1,230	1,759
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,687	2,348
Net debt	(26)	2

CONDENSED INCOME STATEMENT

(€ million)	2006	2007
SALES	1,608	2,075
• Net depreciation and amortisation expense	(2)	(4)
• Net charges to provisions and impairment losses	(4)	(38)
• Other income and expenses	(1,426)	(1,823)
CURRENT OPERATING PROFIT	176	210
• Other operating income and expenses	-	-
OPERATING PROFIT	176	210
• Cost of net debt	(1)	(10)
• Other financial income and expenses	(10)	(12)
• Income tax expense	(56)	(60)
• Share of profits and losses of associates	-	-
NET PROFIT FROM CONTINUING OPERATIONS	109	128
• Net profit of discontinued and held-for-sale operations	-	-
NET PROFIT	109	128
• Minority interests	2	4
CONSOLIDATED NET PROFIT att. to the Group	107	124

Galeo, Bouygues Immobilier's future headquarters

Residential property: continuing growth in a consolidating market

As forecast, the soft-landing scenario was confirmed as pressure from higher interest rates and prices resulted in a slower rate of sales. The overall market stabilised in volume terms, with private-sector developers building 127,400 new housing units.

Household solvency deteriorated slightly while remaining satisfactory. The number of owner-occupants increased by 5% in relation to the number of buy-to-let investors.

The housing issue continued to be a source of concern in France. According to a research paper by Crédit Foncier in November 2006, there is a shortfall of 1 million housing units (new housing built by private-sector developers, social housing and detached houses). An estimated 500,000 units are needed each year until 2012 as a result of both demographic pressure and sociological factors like an ageing population, greater professional mobility, changing family structures and migration between regions. In comparison, only 423,000 new housing starts were made in 2007.

The market for new housing built by private-sector developers was highly fragmented. The top eight French developers accounted for about 40% of the market and the top four for 30%. Bouygues Immobilier's share of 8.7% made it the market leader ahead of Nexity. Its other main rival was Kaufman & Broad.

With this market share of 8.7%, 0.6 of a point more than in 2006, Bouygues Immobilier broke a new sales record. Reservations rose by 5.6% to 11,465 units, including 372 in European countries outside France. The overall growth rate in France was 9% (11% outside the Paris region), driven by strong demand in the Rhône-Alpes region and along the Atlantic coast. Residential reservations climbed 8.6% by value.

In line with Bouygues Immobilier's commitments, Habitat and Environment (H&E) certification is sought for all residential projects where an application for planning permission has been submitted since July 2007. Bouygues Immobilier was the first nationwide property developer to make such a commitment. Certification is an essential element of the company's strategy and central to its sustainable development policy.

Paris region

The Paris region gives a concentrated reflection of conditions on the wider market, such as extensive demand, scarce land, rising prices and concentration in the property development business. Unlike elsewhere in France, however, the lack of residential property for sale has caused reservations to fall.

Despite this context, Bouygues Immobilier increased its market share by 1 point to 17%. Reservations in the Paris region rose by 4% in 2007 to 3,585 units, representing almost one-third of the company's sales in France.

Because of the scarcity of land in Paris and a sharp rise in prices, Bouygues Immobilier has expanded mainly in the second and third ring of suburbs, concentrating on projects accessible to first-time buyers.

In Corbeil-Essonnes, to the south of Paris, Bouygues Immobilier won two competitions relating to the development and sale of land. Spanning 83,000 sq. metres, the projects involve 715 units for first-time buyers, 120 intermediate rental units, 200 social housing units, two halls of residence for students and nurses, schools and many local shops.

Other large-scale projects have been launched, such as La Croisette in Carrières-sous-Poissy, a new phase of a major programme involving over 700 housing units.

Completed projects include L'Orée

des Elfes in Bouffémont, the first with H&E certification, and Quai 13 in Paris, a flagship H&E programme designed by the renowned architect Henri Gaudin.

Rest of France

The market in the French regions is particularly fragmented, since the top four developers account for only one-quarter of the market.

Regional growth was strong in 2007. The share of residential property sales made in the regions has risen from 61% to 68% over the last three years. Reservations increased by 11% in 2007.

Bouygues Immobilier continued its strategy of external growth, acquiring Blanc et Cie, a property developer in Grenoble. A key player on its local market, Blanc et Cie has solid positions in the residential property market in that part of the country. It delivered 484 units in 2006 and has a substantial land portfolio that provides good visibility for the future. The tie-up with Bouygues Immobilier should enable the company to double its market share in the Isère department.

Vigorous activity in southern France led to the creation of two new regional divisions, Côte d'Azur and Dauphiné & Savoie. In Rhône-Alpes, staff in Lyon were reassigned to two new branches covering the north and south respectively of the greater Lyon region.

Nursing home in Vincennes (Paris region)

Two successes in competitions gave Bouygues Immobilier a foothold in Besançon. It also set up new branches in Gap and in Auvergne, the latter on the back of the company's first project in Clermont-Ferrand. The Rhône-Bourgogne-Auvergne regional division now covers both Auvergne and Franche-Comté.

Several remarkable projects are being carried out in 2008, including two flagship developments in Bordeaux: La Berge du Lac (30 hectares, 2,150 housing units, 30,000 sq. metres of public amenities, 40,000 sq. metres of parks) and L'Atria, a mixed-use residential and commercial project including 108 housing units, designed by the famous architect Christian de Portzamparc.

Several projects were marketed in 2007, including the 325-unit Domaine des Arts in Clermont-Ferrand, the Rhône-Bourgogne-Auvergne division's biggest project in terms of the number of units.

Maisons Elîka: a new range of homes

Maisons Elîka offers a range of high-quality homes for people earning less than €3,000 net per month, with a maximum price tag of €145,000 inclusive of tax. The homes are marketed online through the website www.maisons-elika.com. Maisons Elîka, a wholly-owned Bouygues Immobilier subsidiary created in 2007, has already identified potential sites for 1,000 homes. A first programme of 74 homes was launched in Verdun in eastern France in December 2007. Blending seamlessly into their surroundings, the village-type houses are built in a traditional architectural style, without any local government subsidy. Each programme, with H&E certification, is carried out with the help of a specially chosen architect and landscape designer.

A fast-growing serviced residence business

Bouygues Immobilier designs and builds several types of residence, including nursing homes, student residences and serviced accommodation for business travellers and tourists.

The recently created serviced residence division took reservations for 1,000 units in 2007, located all over France (Aubagne, Dax, Lyon, Nantes and Strasbourg). The residences are designed in partnership with professionals with an acknowledged track record in their sector, such as Medica France, Réside Études, Pierre & Vacances, etc.

Commercial property: record business activity

The commercial property sector continued to thrive in 2007, with total investment in France of €27 billion (+17%) and 2.9 million sq. metres let. The market in the Paris region stabilised at a high level, with 2.7 million sq. metres rented out in 2007. Elsewhere in France, major regional centres like Marseille and Lyon were increasingly attractive to investors.

In this context, Bouygues Immobilier reported record business activity in France, amounting to €1,617 million in value terms.

Completed sales included three buildings totalling 160,000 sq. metres in Seine Ouest, the new very High Environmental Quality (HQE) business district just outside Paris. They are the 45,500-sq.-metre Mozart Tower, Bouygues Telecom's future headquarters, which has HQE certification for commercial buildings; the 16,400-sq.-metre Galeo building, Bouygues Immobilier's future HQE-certified headquarters and a showcase for the company's know-how in architectural innovation and sustainable development; and the 15,900-sq.-metre Eqwater building, the southern wing of the Mozart Tower.

Other sales included:

- the 35,000-sq.-metre Trianum building, Schneider Electric's future HQE-certified headquarters in Rueil-Malmaison;
- the 57,000-sq.-metre Bouygues Telecom Technical Centre in Meudon, a strategic response to the mobile phone operator's own particular innovation challenges;
- Spallis, a 39,000-sq.-metre development in Saint-Denis;
- the Marengo, a 12,900-sq.-metre development near the historic centre of Toulouse. The outcome of a competition organised by the city authorities, the project is remarkable for its choice of unusual materials (brick and wood), alongside the transparency of glass and the modernity of steel;
- the second phase (10,000 sq. metres) of the Axiome project in Rennes, the first part of the future 60,000-sq.-metre Alma-Fréville business district, itself an element of the major city centre rehabilitation project;
- Le Patio (8,920 sq. metres), Plein Ouest (11,072 sq. metres) and Longchamp (8,702 sq. metres) in Marseille;
- 11 office buildings in the 26,000-sq.-metre Woodstock business park in Saint-Priest near Lyon.

Over 110,000 sq. metres of office space were sold outside the Paris region in 2007.

Several major projects are under way, including:

- the 6,000-sq.-metre Courtyard by Marriott and 2,925-sq.-metre B&B hotels in Saint-Denis;
- the 23,614-sq.-metre headquarters of La Banque Postale in Paris. A redevelopment of the former headquarters of Caisse Nationale d'Épargne, a mid-19th century listed building, the project is awaiting HQE certification and forges a harmonious link between the history of the site and the present day;
- the 38,000-sq.-metre Spazio project in Nanterre, a building which meets all international technical standards and will house the staff of Total Raffinage;
- Daviel, a 6,373-sq.-metre office building in Paris, entirely restructured and designed by the architect Jean-Jacques Ory;
- the Bristol, a 9,004-sq.-metre development in Vincennes designed by Boisseson Dumas Vilmorin & Associés.

Bouygues Immobilier completed a number of flagship projects in 2007:

- Pierre 1er de Serbie, the 6,050-sq.-metre rehabilitation of the former Medef headquarters;
- Sixth Sense, the 8,600-sq.-metre new regional headquarters of Bouygues Immobilier Rhône-Bourgogne-Auvergne. Located close to the Part-Dieu business district, the building incorporates feng shui* principles, giving it an innovative aspect that matches corporate expectations of working and environmental conditions.

Retail parks: expansion in the regions

The 3,800-sq.-metre second phase of the Beaucaire retail park was opened in 2007. Having completed a large number of projects in Spain and Portugal, Bouygues Immobilier has acquired considerable know-how in the development and construction of retail parks. With 100,000 potential customers on its doorstep, the park offers an architecturally integrated shopping complex sharing the same design features, laid out around a common car park and providing a full range of customer services.

Sixth Sense building in Lyon (France)

In Orange, Bouygues Immobilier has obtained authorisation to build a 30,000-sq.-metre retail park with about 50 shops around a central square. It will increase the town's attraction as a shopping centre and greatly improve quality and convenience for shoppers. The opening is scheduled for late 2009.

Europe: continuing controlled growth

In Spain, Bouygues Inmobiliaria delivered a 5,000-sq.-metre building as part of the Cristalia office project in Madrid. It also finished letting 27,000 sq. metres in the same programme and began work on an 11,000-sq.-metre building sold to the Spanish insurance company Ama.

2007 also saw the sale of another 5,000-sq.-metre office building in Madrid, delivery of a first programme of 40 semi-detached houses and the start of work on a retail park in La Coruña. Bouygues Inmobiliaria also submitted a tender for two office projects in Madrid and Barcelona, each of approximately 20,000 sq. metres, and a 30,000-sq.-metre retail park in Barro in Galicia.

The company had little exposure to the housing slump, since residential property sales in Spain accounted for only 1.7% of Bouygues Immobilier's total sales.

In Portugal, Bouygues Imobiliária handed over an entirely pre-let, 10,000-sq.-metre office building in Lisbon. It also delivered an 18,800-sq.-metre retail centre in Braga, entirely let upon opening. The company continued to expand its retail and office property business. In the retail seg-

(*) The Chinese art of capturing and facilitating the circulation of positive energy to create the best possible conditions for the health and well-being of a building's occupants

ment, Bouygues Imobiliária will build three shopping centres in Guimaraes, Braga and Portimao, representing a total floor area of over 125,000 sq. metres and projected sales of over €300 million, and two retail parks in Lisbon and Portimao, representing 30,000 sq. metres and projected sales of €55 million.

In the office segment, Bouygues Imobiliária is developing two projects in Lisbon totalling 15,000 sq. metres and representing projected sales of €45 million. Negotiations are in progress with Pramerica for the sale of three projects, including a shopping centre and the two office projects. Work is due to start in 2008, once the sale has been finalised.

In Germany, Bouygues Immobilien handed over its two 60-apartment programmes and a 3,000-sq.-metre office building sold in December 2006.

In Belgium, Bouygues Immobilier Belgium continued to expand in the residential and commercial property sectors. In 2007, it started marketing three programmes totalling 180 apartments in Brussels and completed another 54-apartment project. The company acquired sites for more than 630 housing units, developing projects in both the French-speaking and Dutch-speaking parts of the country with the aim of becoming a nationwide player. At the same time, in the commercial property segment, Bouygues Immobilier Belgium obtained administrative authorisation for two projects representing about 30,000 sq. metres and planning permission for a 5,400-sq.-metre office project.

The subsidiary reported a 53% increase in book sales on 2006.

In Poland, work began on five residential projects representing about 800 units. Bouygues Immobilier Polska delivered three projects totalling 243 units and started marketing four new phases of existing projects comprising 434 units. The company is now a key player on the Warsaw residential property market and is maintaining its target of selling 1,000 units a year on a less dynamic but still resilient market. At the end of the year, it controlled building rights representing a potential of over 2,000 units and had 58 employees, an increase of 45% on the previous year.


Modern Villa project in Warsaw (Poland)

Research and development

Bouygues Immobilier diversified its marketing channels. Door-to-door sales to private individuals and sales through on-site offices accounted for only 48% of total sales; block sales to registered social landlords accounted for 25% and the website www.valorissimo.com and other external networks for the remaining 27%.

In 2007, Bouygues Immobilier launched its new website, www.bouygues-immobilier.com. It has become a must for anyone scouring the property market; 70% of the company's prospective customers in 2007 visited the site.

With the site's new Google Map-enabled search engine, visitors can locate available programmes online, applying a wide range of criteria to refine the search.

Responding to demand from the growing number of first-time home buyers, the new Maisons Elîka range uses an innovative marketing technique. Via the www.maisons-elika.com website, future buyers can find plans and photographs of the developments, obtain full information about the products, make virtual visits and pre-reserve a house.

Green Office, launched in 2007, is the first large-scale positive-energy building. Incorporating the latest technology, including solar panels and a biomass combined heat and power system, in operation the building will be able to produce more energy than it consumes. In that respect, the Green Office project is a real technology incubator and the forerunner of a new generation of buildings.

Operating risks

Bouygues Immobilier has refined its risk management procedures by drawing up a risk map. This ongoing project will ensure a better match between controls and exposure to risks like soil pollution and asbestos. The company has introduced systematic procedures to manage operating risks like pollution, asbestos, risk to local residents and geotechnical risks. Through its management system, it also ensures that its partners comply with regulatory procedures.

At the same time, all its procedures have been rewritten and circulated to ensure that they reach new employees. The measures are part of an internal control project initiated by Bouygues SA, the parent company, in response to the recommendations of the AMF, the French securities regulator.

To forestall geotechnical risk, Bouygues Immobilier commissions specialist consultants to carry out thorough soil surveys before buying sites or starting works.

Likewise, in urban settings Bouygues Immobilier pays particular attention to the surrounding built environment and systematically conducts condition surveys of adjacent properties.

Braga retail centre in Portugal

Bouygues Immobilier

Sustainable development indicators

	Our aim	2007 key figures	Action plan	2008 objectives	Progress
Financial and business challenges	Offer customers environment-friendly housing at no extra cost.	• Energy saving of at least **10%** compared with 2005 thermal regulations.	• Implementation of the framework agreement with Cerqual, a subsidiary of Qualitel. • Certification requested for all residential programmes in France as of 1 July 2007. • Increase in internal productivity through common processes in the residential property business.	• Habitat & Environment certification for all residential programmes in France.	
	Guarantee customers (investors or users) a high level of quality.		• Deliver housing that complies with the quality requirements laid down in regulations and the reservation contract. • Formally define a customer support process, from reservation to delivery.	• Extend a system for measuring customer satisfaction to each stage of the (residential) project lifecycle.	
	Raise awareness of sustainable construction among all our partners and contribute to the creation of sustainable neighbourhoods.	• **2** seminars organised in the framework of the Observatoire de la Ville forum.	• Clarify the concepts of sustainable construction. • Stimulate discussion and debate.	• With the CSTB, define broad outlines for positive-energy standards. • Continue the work of the Observatoire de la Ville forum, incorporating sustainable development concerns.	
Social/HR challenges	Develop social housing.	• Land bank of **1,000** housing units. • **18%** of housing units sold to registered social landlords.	• Launch of Maisons Elîka with a first 74-home programme in Verdun. • Sale of rental housing to registered social landlords.	• Launch another 15 Maisons Elîka projects in 2008.	
	Promote best practice among partners.		• Incorporate the principles of the Global Compact into framework agreements with partners (residential property in France). • Include environmental and social/labour requirements in contracts with suppliers.	• Include a Corporate Social Responsibility clause in framework agreements with all partners.	
	Favour diversity and equal opportunity within the company.	• **52%** of the workforce was male, **48%** female. • **55** work/study contracts.	• Encourage the recruitment of disabled workers. • Ensure gender parity. • Promote work/study contracts for young people. • Have older employees mentor new recruits.	• Carry out a disability survey in the company. • Assume the full cost of paternity leave in France (company-wide agreement). • 20 new work/study contracts planned in 2008. • Mentors for 80% of new recruits.	

Measures to be introduced in 2008 · Measures introduced in 2007 · Ongoing measures · Measures completed in 2007

	Our aim	2007 key figures	Action plan	2008 objectives	Progress
Social/HR challenges	Motivate and secure the loyalty of staff.	• **3.7%** of the payroll spent on training. • **84%** of employees subscribed to Bouygues Partage and **74%** to Bouygues Confiance 4. • **519** new recruits in 2007, i.e. a 50% increase in the workforce in two years.	• Enhance skills through a suitable and diversified training policy. • Offer attractive pay and benefits to employees in France and Europe.	• Provide "Respect & Performance" training to 90% of managers. • Introduce a personalised career review, gradually extend corporate savings plans to European subsidiaries.	
	Actively sponsor architectural and cultural initiatives.	• **€724,000** spent on sponsorship.	• Maintain our position as a founding partner of the Cité de l'Architecture et du Patrimoine. • Support various exhibitions (Christian de Portzamparc, Arc en Rêves) and festivals (Saint-Denis Festival). • Support young architects. • Support the architectural renovation of historical buildings.	• Continue the partnership with the Cité de l'Architecture et du Patrimoine, support the "Habitat Social" exhibition (Atelier Montrouge) and the Saint-Denis Festival. • Continue the partnership with New Albums for Young Architects (NAJA). • Support renovation of the church of Saint-Louis des Français in Lisbon.	
Environmental challenges	Design, market and build environment-friendly property development programmes.	• **10,466** housing units with Habitat & Environment (H&E) certification pending. • **556** units certified at 31 December 2007. • **61** kWh/sq. metre/year (Green Office building).	• Seek H&E certification for all housing units for which planning permission was applied after 1 July 2007. • Seek HQE certification for all major commercial property development projects. • Construct positive-energy buildings.	• Obtain H&E certification for all housing units in France. • Obtain HQE certification for all major commercial property development projects in the Paris region. • Launch a second positive-energy building.	
	Control and limit the environmental impacts of our activity.		• Limit the nuisance and environmental impacts of work sites. • Choose more environment-friendly construction materials.	• Take steps to assess our environmental impact by measuring the carbon balance of projects.	
	Inform customers and motivate staff.	• **100%** of construction managers trained in H&E certification. • **723** staff proposals for action in the workplace to promote sustainable development.	• Inform customers and raise awareness at all stages of the marketing process. • Train construction managers and salespeople in H&E certification. • Involve staff in practical measures to promote sustainable development.	• Continue training staff (salespeople, project managers) in sustainable development.	


Future Seine Ouest business district in Issy-les-Moulineaux near Paris

Organisation

Sustainable development policy is the responsibility of Pierre Auberger, marketing, communications and sustainable development director and a member of the management committee. The policy is implemented through the technical director and his local correspondents. The management committee monitors the sustainable development roadmap.

One of the tasks of the ethics and sponsorship committee created in 2005 is to define rules of conduct to guide Bouygues Immobilier's staff. It also defines the company's sponsorship strategy and ensures that its recommendations are acted on.

Financial and business challenges

Offer customers environment-friendly housing at no extra cost

By signing a framework agreement with Cerqual, an offshoot of the residential property certification body Qualitel, Bouygues Immobilier became the first property developer to actively commit to seeking H&E certification for all its residential development projects in France from 1 July 2007. 556 units had been certified by the end of 2007 and certification was pending for another 10,466.

H&E certification guarantees at least a 10% reduction in energy consumption in relation to 2005 thermal regulations, which sets energy performance at 150 kWh/sq. metre/year. It gives owners four main benefits: greater comfort, energy savings, water savings and enhanced property value as a result of greater energy efficiency. It also involves customers in a sustainable development approach.

Guarantee customers a high level of quality

The process for designing and building residential development projects has had ISO 9001: 2000 certification since 1996 in France. The company's Polish and Spanish subsidiaries gained equivalent certification more recently.

Using construction quality indicators and customer satisfaction surveys on completion of each project, the company can review its achievements and identify areas for improvement, such as delivery deadlines, finishing, customer relations, etc. A new process for measuring customer satisfaction at every stage in the residential project lifecycle will be introduced in 2008.

Raise awareness of sustainable construction among our partners

Bouygues Immobilier has implemented its sustainable development policy by training its partners (architects, suppliers, etc.) in Habitat & Environment certification and providing them with an interactive resource, the greenaffair.com website, for technical issues. Partners also undertake to comply with the principles of the UN Global Compact, to which Bouygues Immobilier has adhered.

Contribute to the creation of sustainable neighbourhoods

Bouygues Immobilier makes its experience available to local authorities wishing to carry out major urban development projects and build new neighbourhoods. Projects that combine social diver-

Domaine de Beaumanière in Dardilly (France)

sity (social housing and detached houses) with environmental protection are under way in Bordeaux, with the development of 30 hectares from 2008, and in Corbeil-Essonnes.

Bouygues Immobilier aims to be a major contributor to thinking on sustainable urban planning. That is why the company was a founder of the Observatoire de la Ville forum in 2006 alongside AMC-Le Moniteur and the Cité de l'Architecture et du Patrimoine. A centre for urban policy research, it is headed by Alain Sallez, emeritus professor at ESSEC business school, and coordinated by a committee of experts chosen for their complementary skills in the fields of sustainable development, architecture and planning. Its aim is to come up with innovative solutions and practical applications for the planners, designers and builders of tomorrow's cities. Two debates were organised in 2007, one on dwelling patterns and urban density and one on sustainable neighbourhoods, each attended by over 300 participants.

Environmental challenges

Design, market and build environment-friendly property development programmes

In the residential property segment, Bouygues Immobilier shows its commitment to the environment through H&E certification. Since 1 July 2007, it has sought H&E certification for all of its houses and apartment buildings in France.

In the commercial property segment, all its major projects meet High Environmental Quality (HQE) criteria for commercial buildings. In 2007, flagship projects were launched in the 160,000-sq.-metre future Seine Ouest business district in Issy-les-Moulineaux, just outside Paris. Intended to showcase the company's commitment to innovation in High Environmental Quality, they are:

- the Mozart Tower, awarded first prize in the "High-Rise Buildings" category at the 2007 EcoBuilding Performance exhibition, with Eqwater to the south and Farman to the north;
- Galeo, Bouygues Immobilier's future headquarters with an ambitious HQE profile including very low CO_2 emissions of 15kg/sq. metre/year;
- EOS Generali, the future headquarters of Microsoft France and Europe.

Bouygues Immobilier has sought to extend this innovative approach with Green Office, the first large-scale positive-energy building, in Meudon. A real incubator for new technologies, the 23,000-sq.-metre building is designed to minimise energy consumption (61kWh/sq. metre/year) and will produce more energy than it consumes, thanks in particular to 5,000 sq. metres of solar panels and a biomass combined heat and power system.

Bouygues Immobilier will also help to implement a thermal assessment and rehabilitation system for old buildings, including an energy analysis scanner.

Control and limit the environmental impacts of our activity

Systematic procedures have been introduced to manage operating risks like pollution and asbestos and to forestall local risks (including through surveys) and geotechnical problems. Risk management will be further refined by drafting a risk map, to be finalised in 2008. The company conducts thorough soil surveys of sites before buying them in order to trace their history. If necessary, sites are cleaned up.

As a responsible developer, Bouygues Immobilier asks its partners to limit the nuisance and environmental impacts of work sites in matters such as respect for local residents, site access, noise, and waste sorting and management.

When designing its projects, Bouygues Immobilier is careful to ensure that the architecture blends into the urban or natural environment, to respect biodiversity and to include green spaces, as can be seen from the Bel'Orée, Orée des Elfes and Ponts Jumeaux residential projects and the Woodpark and Bouygues Telecom Technical Centre commercial projects.

A responsible purchasing policy has been introduced in order to ensure that the most environment-

Testimonial

Antoine Desbarrières,
president of Cerqual*

"Bouygues Immobilier has made a pioneering move. It is the first property developer to commit to H&E certification for all its residential programmes. Certification means that it can clearly be considered an environmentally-friendly developer. Likewise, best practice on certified projects will help us to enhance our criteria."

(*) Cerqual is a certification body (NF Logement – HQE; "Habitat & Environment").

The new Maisons Elîka range

friendly products and construction materials are chosen. A pilot referencing scheme for floor coverings (tiles, parquet, etc.) has been introduced, in line with the H&E and sustainable development policies, and is gradually being extended to other purchases. From 2008, products will be chosen for their environmental and health features after a full analysis of their entire lifecycle.

Inform customers and motivate staff

From the time they first enter the sales office to handover, customers are told about the advantages of environment-friendly housing and what they can do as owners to help preserve the environment.

In order to meet the requirements of H&E certification, construction managers responsible for design and construction have been suitably trained, with the participation of Cerqual. Field staff (salespeople, project managers, etc.) use online learning software developed with Greenaffair. 24,638 hits a month on average have been recorded on the relevant part of the website.

Awareness of sustainable development is raised among staff through a "What you can do" intranet site, and a forum is available where employees can say what they think. In a survey of practical measures in the workplace, staff came up with 723 suggestions, such as using videoconferencing more widely and making it easier to print on both sides of paper.

Social/HR challenges

Develop social housing

In 2007, Maisons Elîka, a new H&E-certified residential line, launched a first programme of 74 houses in Verdun, in eastern France. The line, which has a land bank of 1,000 houses, is intended to make it easier for first-time buyers earning less than €3,000 net per month to acquire a home.

Bouygues Immobilier incorporates a proportion of social housing into its programmes. 2,053 rental units were sold to registered social landlords in 2007, representing over 18% of housing reservations.

Promote best practice among partners

A decision has been taken to include a Corporate Social Responsibility clause in framework agreements, amongst other things requiring the partner to respect the environment throughout the project's lifecycle.

Having signed up to the UN Global Compact, Bouygues Immobilier includes these principles in its framework agreements with contractors and suppliers for its residential development projects in France.

Favour diversity and equal opportunity within the company

Gender parity is broadly respected within the company. In 2007, 51% of recruits were female and 49% male. From 2008, the company will continue to pay employees on paternity leave.

The company has done more to attract the young, recruiting 55 young people on work/study contracts in 2007 compared with 15 in 2006.

Older employees (5% of the workforce are aged over 55) are asked to mentor new recruits with the aim of passing on the company's values and preserving the corporate culture. They support the new employee for an 18-month period.

Steps have been taken to encourage the employment of disabled people, and in particular to elicit applications from the disabled. Specialist organisations have been asked to identify, recruit and train potential employees. Disabled employees are given support to ensure that they can do their job (e.g. adaptation of workstations), to integrate them into the company and to track their career path. A disability survey will be carried out in 2008 to review the existing situation and draw up an action plan to encourage the employment of disabled people at Bouygues Immobilier.

Motivate and secure the loyalty of staff

In 2007, 80% of training was delivered in the company's six main business areas (sales, programmes, technical affairs, development, secretarial and customer service). The emphasis was on the requirements

Testimonial

Ion Enescu,

associate architect (Atelier 2M) on the Green Office project

"As well as the professional satisfaction of being involved in a truly exciting project, I feel as though I am helping to break new ground. Achieving positive energy in a commercial building on this scale is an ambitious goal. The project is the result of symbiosis between technical prowess and architectural design, between the determination to achieve a particular outcome and a new philosophy. It represents a new way of thinking about buildings, one which is more human and more rooted in the environment."

of H&E certification, including the training of all the company's 500 construction managers. A "sales school" was introduced to train all sales staff in sales techniques and the tax advantages of buying property.

Over 31,000 hours of training were dispensed, representing 3.7% of the total payroll, and three-quarters of the workforce attended at least one training course.

In 2007, the annual performance and development review between employees and their line manager was split into two parts: a skills review, to define the training plan, and a performance review, to appraise the past year and set targets for the next. Managers were given training in how to conduct skills reviews to help them better identify potential and get the most out of their staff.

Attractive benefits are offered to staff in France and Europe, together with a pay system designed to give them a stake in the company's success. In 2007, 84% of employees subscribed to the Bouygues Partage employee share ownership scheme and 74% to Bouygues Confiance 4, underlining their confidence in and loyalty to the company and the Bouygues group.

In 2007, following the in-house "Well-being and Performance" survey carried out in late 2006 to measure employee satisfaction, plans for action were drawn up in three main areas: the work/life balance, management practices ("Respect & Performance" training for managers) and pay (personalised review). They will be implemented in 2008.

519 new employees were hired in 2007, meaning that the workforce has grown by over 50% in two years.

Actively sponsor architectural and cultural initiatives

Bouygues Immobilier has signed a sponsorship agreement with the Cité de l'Architecture et du Patrimoine, of which it is a founding partner. Since September 2007, the Cité has promoted France's architectural heritage and contemporary architecture to the general public. A partner of the New Albums for Young Architects (NAJA) initiative in cooperation with the French Ministry of Culture, Bouygues Immobilier works with a number of talented young architects, planners and landscape designers.

The company has also supported various cultural events, including an exhibition of work by the architect Christian de Portzamparc entitled "Rêver la Ville" and the Saint-Denis Festival, and restoration work on the church of Saint-Louis des Français in Lisbon. It spent over €724,000 on sponsorship in 2007.

Training for three out of four employees in 2007

Outlook for 2008

Bouygues Immobilier's sales in 2006 and 2007 have given the company excellent visibility. It intends to consolidate its position as a leading property developer in France and a key player in Europe. Its strategy for 2008 is as follows:

- **Residential:** continue to increase market share on a French market expected to contract slightly.
- **Commercial:** consolidate a high level of activity while keeping risks under control.
- **Europe:** pursue profitable growth.
- **Sustainable development:** introduce Habitat & Environment certification for all residential developments in France and Very High Environmental Quality certification for major office projects, and launch a second positive-energy building.
- **Maintain a high level of profitability** and a robust financial structure. The 2008 sales target is up 40% following sustained and vigorous business activity in 2006 and 2007.

The world's leading roadbuilder

Higher sales, a sharp rise in net profit and substantial investment

Colas operates in all segments of roadbuilding and transport infrastructure. It also spans the full range of upstream industrial activities, from quarries, asphalt and ready-mix concrete plants to emulsion and binder plants and bitumen storage, processing and distribution.

Embrun bypass, south of France

2007 sales	Operating margin	Net profit att. to the Group	Order book	Employees	2008 sales target
€11,673m	5.4%	€474m	€6.6bn	67,800	€12.5bn
(+9%)	(+0.5 point)	(+20%)	(+19%)		(+7%)

Highlights

Vigorous external growth
- Acquisition of Spie Rail.
- Subsidiary in Croatia.
- Acquisition of regional firms in France.

Major contracts
- M6 motorway in Hungary, as part of a PPP consortium.
- Area 10 (UK).

Some completed projects
Thonon bypass; Beauvais bypass; T2G aprons at Roissy-CDG airport; tramways in Clermont-Ferrand and Le Mans; Bourg-Chambéry railway line; Fos-Manosque pipeline; Csepel wastewater treatment plant in Hungary; D1 motorway in Slovakia; highway 185 in Quebec (Canada); Tamarind Road (Reunion Island).

Sustainable development
5.5 million hours worked without accident on the Fort-Dauphin mine project in Madagascar.

Present throughout the roadbuilding and transport infrastructure sector

In 2007, all of Colas' business activities again enjoyed buoyant markets where needs for infrastructure upgrading and maintenance remained high. Amplified by rising raw material costs, consolidated sales increased by 9% to €11.7 billion, spurred by good overall weather conditions and an order book that grew throughout the year. The group's subsidiaries all performed as well as if not better than the previous year.

In France, the group's **road** business is highly diversified. Each year, Colas completes around 55,000 projects involving the construction and maintenance of transport infrastructure (motorways, national and local road networks, city streets, airports, seaports, platforms for railways and reserved-lane public transport). They also include small-scale civil engineering and drainage works, often linked to road projects.

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

It also has conventional building operations in the Paris region and a significant civil engineering and building activity on Reunion Island.

The group has four other complementary activities. **Road safety and signalling** comprises the manufacture, installation and maintenance of safety equipment, road marking, lights and traffic/access management systems. The **pipes, mains and drilling** sector includes the laying and maintenance of large- and small-diameter pipes for transporting fluids, especially oil and gas. **Waterproofing** comprises the production and sale of waterproofing membranes in France and on international markets, the waterproofing of roadways and the waterproofing, cladding and roofing of buildings. The **railway** sector comprises the construction, renewal and maintenance of rail networks, including conventional track, high-speed lines, tramways and subway lines (infrastructure, overhead lines, electrification, signals), management and engineering on major turnkey projects, and a railway freight business.

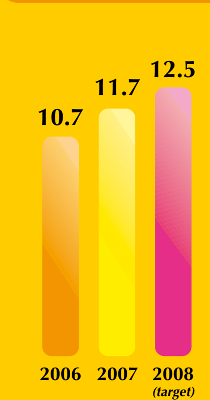
On road construction and civil engineering markets, Colas subsidiaries are in competition with Eurovia (Vinci group), Eiffage TP (Eiffage group) and 1,600 small, medium and large local and regional firms. Cement makers like Lafarge, Cemex and Ciments Français are competitors on the aggregate market.

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

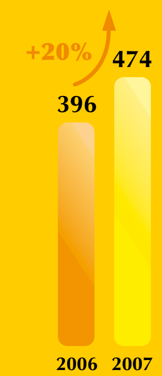
Colas leads the field in roadbuilding and railways and is in second place for the production of aggregates and waterproofing. A ranking for other activities would be meaningless.

On international markets, Colas' road business is very similar to its activity in France. The group's complementary activities outside France are pipes, mains

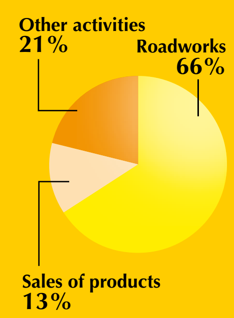
Sales
€ billion



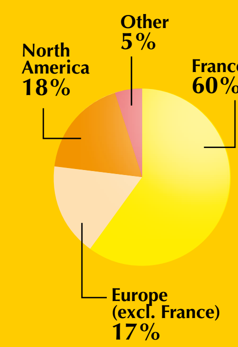
Net profit
€ million



Sales
by segment



Sales
by region



Cash flow
€ million

Capital expenditure
€ million

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

ASSETS (€ million)	2006	2007
• Property, plant and equipment and intangible assets	1,888	2,250
• Goodwill	222	447
• Non-current financial assets and taxes	503	588
NON-CURRENT ASSETS	2,613	3,285
• Current assets	3,446	4,017
• Cash and equivalents	704	673
• Financial instruments used to hedge net debt	4	3
CURRENT ASSETS	4,154	4,693
TOTAL ASSETS	6,767	7,978

LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	2006	2007
• Shareholders' equity att. to the Group	1,687	1,964
• Minority interests	27	41
SHAREHOLDERS' EQUITY	1,714	2,005
• Non-current debt	137	149
• Non-current provisions	523	590
• Other non-current liabilities	60	74
NON-CURRENT LIABILITIES	720	813
• Current debt	32	45
• Current liabilities	4,171	4,980
• Overdrafts and short-term bank borrowings	126	129
• Financial instruments used to hedge net debt	4	6
CURRENT LIABILITIES	4,333	5,160
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,767	7,978
Net cash surplus	409	347

CONDENSED INCOME STATEMENT

(€ million)	2006	2007
SALES	10,716	11,673
• Net depreciation and amortisation expense	(368)	(412)
• Net charges to provisions and impairment losses	(135)	(150)
• Other income and expenses	9,689	10,473
CURRENT OPERATING PROFIT	524	638
• Other operating income and expenses	4	(3)
OPERATING PROFIT	528	635
• Cost of net debt	(15)	(11)
• Other financial income and expenses	3	4
• Income tax expense	(168)	(209)
• Share of profits and losses of associates	54	62
NET PROFIT FROM CONTINUING OPERATIONS	402	481
• Net profit of discontinued and held-for-sale operations	-	-
NET PROFIT	402	481
• Minority interests	6	7
CONSOLIDATED NET PROFIT att. to the Group	396	474

Transporting aggregates by train

and drilling, civil engineering and railways in Europe, and building and civil engineering in the Indian Ocean. In Asia, Colas is expanding into the storage, transformation and trade of oil products, especially bitumen, mostly for roads.

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

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

Further significant sales growth in 2007

France

Consolidated sales in France rose by 11% on 2006 to €7 billion.

Mainland France

On a steadily growing roads market, Colas and its 16 regional road construction subsidiaries reported an 8% rise in sales to €5 billion.

Business thrived, aided by high levels of spending by local authorities, the private sector and motorway and airport operators. Price pressures remained despite the level of demand, so better results were due to higher volumes, productivity improvements and the ongoing upgrading of industrial plant and equipment. Some acquisitions were made in the materials production (aggregates, concrete) and roadbuilding segments.

Safety and signalling subsidiaries flourished in 2007, reporting a 7% increase in sales like-on-like.

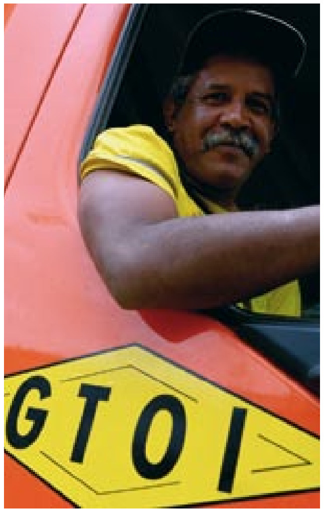
Sales in the **pipes, mains and drilling** sector jumped 25% compared with 2006, driven by particularly strong demand in the energy and water sectors.

Waterproofing subsidiaries reported a 12% like-on-like increase in sales in a context of strong demand from the building sector and a steady rise in raw material prices (bitumen, insulation, steel).

Sales in the **railway** sector rose by 50% in 2007, mostly due to the acquisition in May of Spie Rail, now renamed Colas Rail. The new rail freight business – transporting aggregates – got off to a successful start.

French overseas departments

Sales on Reunion Island rose sharply, driven by public- and private-sector demand for new buildings, especially housing, and major civil engineering projects. In Guadeloupe and Martinique, sales were boosted by local authority investment in transport infrastructure. Sales were also up in French Guiana. Total sales in the French overseas departments rose by 16%.



International markets and French overseas territories

Sales on international markets and in French overseas territories amounted to €4.7 billion, a 6% increase on 2006 (5% like-on-like and at comparable exchange rates).

Europe

Sales in Europe (excluding France) rose by 5.5% on 2006 to just under €2 billion. A temporary dip in business in Hungary was offset by rises elsewhere and external growth.

In **Belgium,** sales rose again. In **Denmark,** sales figures reflected a recent refocusing of activity. In the **UK,** Colas Ltd increased its sales in a contracting market. Seco-Rail Ltd, in a venture with Amey, was selected by Network Rail to renew track in the west of England. In **Ireland,** sales were boosted by the new bitumen storage and distribution business acquired in 2006. In **Hungary,** widespread budget cuts reduced the number of road projects and subsidiaries there reported a significant decline in sales. However, the trend will be reversed in 2008 as a result of a PPP contract to build a 78-kilometre section of the M6-M60 motorway. In **Slovakia,** work continued on large-scale road and motorway projects, including major engineering structures. In **Romania,** subsidiaries have had to adapt to strong growth on a flourishing market, especially around Bucharest. A new foothold was gained in Central Europe with the acquisition of Cesta Varazdin, a company with operations in **Croatia** and **Slovenia.**

North America

Sales amounted to €2.1 billion, a 6.9% increase like-on-like and at comparable exchange rates, making 2007 an excellent year for Colas in North America.


Resurfacing the A71 motorway

Subsidiaries in the **United States** posted broadly satisfactory business figures despite an unfavourable economic and financial environment in the second half of the year. With strict controls over operating costs, a selective bidding strategy and a high level of public-sector investment sustained by long-term federal financing, subsidiaries were able to report better results.

Sales in **Canada** rose sharply as the economy flourished nationwide, especially in oil-rich Alberta (bitumen shale) and British Columbia. Acquisitions were made in Quebec and British Columbia.

Rest of the world

In **Morocco,** all subsidiaries reported higher sales in 2007.

Sales in the Indian Ocean continued to grow, boosted by major roadbuilding and mining projects under way in **Madagascar.**

In **Asia,** Colas operates in seven countries and has a growing business focused on the production, distribution and sale of bitumen products, despite fluctuating raw material prices and irregular sources of supply. Over 1 million tonnes of bituminous binders were distributed from ten depots, shipped by seven bitumen carriers. The group continued to expand these activities.


Demolishing high-rise social housing in Trappes (France)

In **Venezuela,** construction work was completed on lines 2 and 3 of the Caracas underground system. In **Algeria,** work started on the renewal of track between Bejaia and Beni Mansour.

Refurbishing pavement in Banff, Alberta, Canada

All in all, over 115,000 projects were completed in over 40 countries in 2007, including the following examples.

In France: construction and maintenance of motorways (sections of the A8, A25, A26, A28, A71 and A86) and roads (Beauvais bypass, Thonon-les-Bains bypass), construction of aprons and parking zones for the future T2G terminal at Roissy-CDG airport, roadworks for the Clermont-Ferrand and Le Mans tramways, the laying of a 75-kilometre pipeline between Fos-sur-Mer and Manosque, reroofing of the Maritime Museum in La Rochelle with the use of photovoltaic cells, construction of the Tamarind Road on Reunion Island and of the Apatou–Saint-Laurent road in French Guiana.

On international markets: in Hungary, construction of a wastewater treatment plant in Csepel; in the Czech Republic, construction of a section of the D47 motorway; in Slovakia, construction of an 8-kilometre section of the D1 motorway; in Romania, rehabilitation of 150 kilometres of roadway on Route DN1 and Route DN17; in the United States, renovation of a section of Interstate 275 in Ohio; in Canada, resurfacing of an 18-kilometre section of the Haines Highway in Yukon; in Morocco, construction of platforms for the new port of Tangiers; in Madagascar, infrastructure work for the Fort-Dauphin and Ambatovy mining projects.

The Le Mans tramway (France)

Materials

Colas continued its policy of expanding the production and sale of construction materials, especially aggregates. Total output in 2007 amounted to 117 million tonnes, an increase of 4%, from over 620 quarries and gravel pits spanning the entire scope of its operations. The group either directly owns or has rights to reserves of aggregates totalling 2.8 billion tonnes, equivalent to roughly 24 years' production.

Research and development

Research has been a strategic priority for Colas for many years. With a portfolio of 151 patents for products used in France and around the world, the group continues to pioneer new road techniques suited to the different needs of an ever-changing global market.

Colas spent €70 million on R&D in 2007, including 60% in France (according to the OECD definition, including organised research, technical laboratory activities, IT and design offices).

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

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

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

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

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

Operating risks

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

Building a section of the M0 motorway in Hungary

Colas takes particular care to identify and prevent risks by monitoring incidents and analysing their causes. Risk management forms an integral part of the management systems used by subsidiaries, since that is the level at which risks can best be identified, prevented, controlled and managed. Reporting tools help to identify the various risks and centralise feedback so that a risk management policy can be developed and appropriate preventive action taken.

Manufacturing activities in France must comply with regulations governing classified industrial facilities and quarries. Commitments to rehabilitate quarries are an integral part of operating licences. The same principle applies in other countries. Provisions for such commitments are made in the financial statements and reviewed at regular intervals.

Colas is sensitive to variations in the supply and cost of mostly petroleum-based raw materials in its road business (bitumen, fuel, oils, etc.) and other raw materials like steel and aluminium used in its safety and signalling and waterproofing businesses. A large number of road construction contracts and the commitments they involve are of short duration. Wherever possible, contracts contain price review clauses which provide protection from or limit the impact of price rises.

In certain circumstances, longer-term purchasing contracts or hedges may be negotiated on a case-by-case basis.

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

Sustainable development indicators

	Our aim	2007 key figures	Action plan	2008 objectives	Progress
Financial and business challenges	Promote and develop public-private partnerships (PPP) wherever such arrangements are favourable to clients in the long term.	• **7** months between the call for tenders and the start of work on the M6 motorway project in Hungary won in 2007.	• Creation of cross-cutting teams to work on these projects.		
Social/HR challenges	Give staff first-aid training: employees with first-aid training are more attentive to occupational health and safety.	• **24%** of the workforce worldwide had a first-aid qualification in 2007.	• Monitoring based on robust indicators.	• Ensure that one-third of the Colas workforce worldwide has a workplace first-aid certificate by the end of 2008.	
	Promote local dialogue and the acceptance of production sites through consultation and dialogue with local communities and residents.	• **17%** of sales from Colas' global industrial output covered by a local dialogue structure.	• Action plans based on robust indicators. • Awareness-raising in subsidiaries and on the ground, taking local circumstances into account.	• 50% of sales from Colas global industrial output covered by a local dialogue structure by 2010.	
Environmental challenges	Increase the average rate of recycled asphalt mix in Colas' total production in order to save aggregates, bitumen and energy.	• Average rate of recycling of **9%** in 2007, representing a saving of 175,000 tonnes of bitumen.	• Upgrading asphalt plants when needed, organisation of the recovery of planed materials (recycled asphalt paving, RAP). • Monitoring based on robust indicators.	• Worldwide RAP rate of 10% by 2010.	
	In most countries, propose technical alternatives that lead to savings in greenhouse gas emissions.	• **66%** of greenhouse gas emissions saved through a technical alternative for the A380 runway at Toulouse.	• Deployment of EcologicieL, an extranet software tool that uses lifecycle analysis to calculate a project's energy consumption and greenhouse gas emissions during the works phase (before and during projects).	• Complete the deployment of EcologicieL in all road construction subsidiaries in France.	

Measures to be introduced in 2008 — Measures introduced in 2007 — Ongoing measures — Measures completed in 2007

Technology transfer: applying Ruflex on the RN2 in Madagascar

Our policy

Colas' commitment to sustainable development stems from the very nature of its core business – roads. Criticised for their association with the oil industry, the automobile industry and trucking, roads nevertheless have a key role to play in sustainable development, in areas such as freedom of movement, trade, cultural exchanges, and political and administrative efficiency. Roads also offer an essential network for all other modes of transport and recycling streams for many industries, as well as social advancement for those who work in road-related trades.

The same applies to the group's other infrastructure construction activities. Positioned at the heart of economic and social life, Colas therefore meets a great many of society's expectations. Its activities should not be criticised per se, but they must be conducted in compliance with the requirements of sustainable development.

Three strategic challenges

Renew and enhance human resources in the group

Recruitment

In France as in many other countries, Colas is one of the companies that recruits the most people.

Colas hosted over 2,600 interns in 2007, 600 of them outside mainland France, and over 600 young people on work/study contracts lasting between three and twelve months. Pay includes both a fixed and a variable component and is higher than customary market rates.

Civil engineering, especially on the operational side, is still a predominantly male business, although the proportion of women is gradually increasing.

Colas is involved in measures to help the long-term unemployed. In France, such actions target young people with social and schooling difficulties and include cooperation with training and placement bodies, the judicial youth protection service and the French Defence Ministry's "Second Chance" scheme for volunteers aged 18 to 21. Similar actions are taken outside France, including the hiring of older employees in Belgium and ex-offenders in the UK and the US.

Efforts to raise awareness of disability and to recruit and accommodate disabled employees were stepped up in 2007. As part of the drive, a short film entitled *Determinations* was made.

Training

Investment in training is a priority for Colas, which has a substantial training budget (4% of the total payroll in France). Training plans cover the entire workforce, from site workers to executives. Training is provided both in subsidiaries and through Colas Campus, which hosted nearly 4,300 employees on 390 training courses in 2007.

In France, particular importance is placed on apprenticeships and work/study training for young people. Almost 600 such contracts were concluded in 2007 and 800 tutors were specially trained to provide supervision and support.

Pay

Pay and pay scales depend on the achievement of personal targets and the level of responsibility. A performance-related element is the rule. The group's good results in 2007 meant that pay could be increased by more than the rate of inflation, a factor which is amplified if other elements of total remuneration are included, such as employee profit-sharing, corporate savings plans, supplementary health insurance (a new agreement for France was concluded in 2007) and benefit schemes that are among the most generous in the industry.

Societal acceptance of production sites

Colas has a vertical integration strategy for the production of construction materials. Society's acceptance of the sites where they are produced is an increasingly sensitive issue. Acceptance needs to be secured by an ambitious policy of excellence, involving the following measures:

- going beyond simple regulatory compliance in order to reduce or eliminate environmental impacts, including a systematic environmental certification policy;
- implementing in-house methodological tools and indicators to help profit centres improve, monitor and control their performance;
- creating an indicator to monitor community relations to encourage production facilities to establish structured dialogue with neighbouring residents, local authorities and government agencies.

Business ethics

In-house

Under the Bouygues group's Code of Ethics, the Chairman and CEO systematically takes advantage of regular business meetings with senior executives to remind them of the need to comply with principles of ethics and integrity. Profit centre managers and their teams are given training under a programme designed to cover all the group's subsidiaries.

With independent partners

Within the roads business, Association Qualité Pesage (AQP), a French quality organisation, has the task of ensuring that asphalt plants are fitted with tamper-proof weighing equipment that enables tracking of deliveries. For nearly ten years now, Colas has lobbied for measures of this type to be imposed on all asphalt plants. 99% of its stationary plants in France are members of the AQP.

In France, Colas was behind the launch by a major international firm of an auction market for pre-owned construction equipment, under the supervision of Tracfin, the French money-laundering watchdog. Such sales brought in €11.5 million in 2007.

Testimonial

Philippe Fontana,
director of the film *Determinations*

"I, you, we, the able-bodied, tend to complain about disabilities we do not have. Whereas disabled people do everything they can to make others forget about their disability (...). A company like Colas, which endeavours to keep employee accident victims in jobs and to integrate disabled people from outside into its workforce, is a healthy company. It demonstrates solidarity and humanity (...). I truly want this film to change the way people look at disabled people in the workplace."

Five action programmes

Recycling

Recycling is a fundamental priority, since Colas is a major producer and user of construction materials. Recycling increased substantially in 2007 to over 10 million tonnes of materials, equivalent to the output of 32 quarries.

Colas' production incorporates an average 9% of reclaimed asphalt pavement (RAP), representing a saving of almost 3.5 million tonnes and about 175,000 tonnes of bitumen, equivalent to the output of a medium-sized refinery. In France, at the Grenelle Environment Forum, Colas undertook to triple its RAP rate by 2010.

Photovoltaic roofing for the Maritime Museum in La Rochelle (France)

Energy

Energy consumption

Work has been under way since 2005 to define relevant indicators in a field made more complex by a wide range of different activities. For identical sales, two projects can have a different energy content depending on the proportion of subcontracted work, the nature of the work, the distance from sources of materials, etc. A number of actions have already been taken:

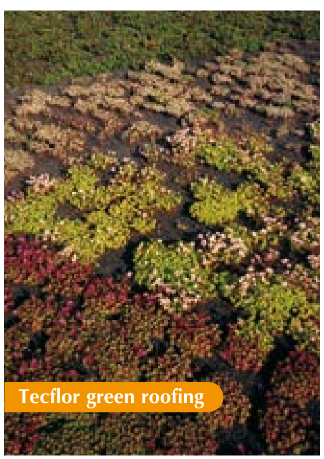
- strengthening ISO 14001 type management systems and introducing a specific energy-saving programme for each industrial site;
- public works equipment purchasing criteria that give priority to energy efficiency;
- monitoring of energy consumption of each type of vehicle, brand and operator in order to guide investment choices, improve maintenance and iden-

tify training needs (a smoother driving style may generate fuel savings of 10 to 15%);

- launching comprehensive assessment programmes and drawing up specific action plans, as at some pilot subsidiaries in France, the US, Denmark and Switzerland.

Energy content of products and techniques

- Neophalte BT is a mastic asphalt mix produced at about 100°C lower than the usual temperatures.
- Environmentally-friendly, Energy-Efficient or 3E asphalt mix is manufactured at temperatures 40 to 50°C lower than conventional mixes, representing an energy saving of 10 to 20%.



Tecflor green roofing

- Vegeroute is a range that replaces oil-based or petrochemical components with plant-based substitutes while also reducing temperatures and the quantities required. The Vegeflux fluxing agent has the added advantage of preventing evaporation of volatile organic compounds; the Vegecol binder won the Maurice Milne award from the PIARC and a national innovation award in the UK; Ostrea, a road-marking product, also won several awards.
- EcologicieL is a software package that uses lifecycle analysis to calculate alternative technical solutions designed to reduce energy content and greenhouse gas emissions.
- Innovative roofing solutions from Smac: 150,000 sq. metres of Tecflor green roofing and 5,000 sq. metres of photovoltaic roofing were installed in 2007.

Safety

Prevent industrial accidents

Priority is given to individual training (50% of courses and almost one-third of training hours), with 1,000 accident prevention co-ordinators divided equally between France and international operations. Measures have been taken to make equipment safer, such as front-view mirrors on trucks, insulated grips to minimise the risk of electrocution when working on underground electrical circuits, etc. Over 14,000 employees had workplace first-aid certificates at the end of 2007, including over 8,500 in France, 15% more than in the previous year.

A large number of subsidiaries and profit centres have been awarded prizes by external organisations and institutions. In Madagascar, 5.5 million hours were worked without accident on a major project involving over 600 workers.

The Pérasso quarry in Marseille, a site integrated into the city

Road safety

Colas signed up to the European Road Safety Charter in 2005. The long-standing prevention policy in France has been extended to the whole of Europe. Measures already tried and tested in France (where Colas has 500 road safety officers and 23,100 employees have been e-trained in safe driving techniques), the UK, Belgium, Switzerland, Poland and the Indian Ocean are gradually being introduced elsewhere, including the establishment of a steering committee and road safety programmes. In late 2007, Colas added an eco-driving module to its training programme.

Products

The Colgrip surface reduces braking distances by 40%. A three-year assessment of the Colmat HA surface by the French Highway Association concluded in 2007 that “not a single vehicle had skidded off the road on the sections that were treated with Colmat HA”.


Redevelopment of the Place Royale in Nantes (France)

Chemical risk

As well as complying with the relevant regulations, Colas aims to use methodological tools to control chemical risk. For example, almost half of Somaro's paint production process is covered by an environmental labelling scheme (7,000 tonnes out of 15,000, with 47 products bearing the NF Environnement label). Priority actions are as follows:

- **solvents:** scrapping the use of solvents in laboratories; scrapping the use of solvent-based degreasing fountains; scrapping the use of toluene in paint (the Indasco and Prosign ranges are all available in a water-borne, solvent-free option);
- **pigments:** scrapping the use of heavy metal-based pigments in paints (target achieved); research into a formulation in non-powder form;
- **non-stick products:** scrapping the use of fuel oil by asphalt mix application teams and replacing it with vegetable-oil methyl esters;
- **bitumen vapours:** encouraging studies by independent organisations at European level.

In France, the information available to date means that this risk can be classified as "low and sufficiently reduced" within the meaning of occupational health and safety legislation and in line with workplace healthcare guidelines, which rule out the need for close medical supervision.

Testimonial

Alain Jouan,

deputy mayor of Trégueux (France)
on renewing the licence to operate the Croix-Gibat quarry

"The local council was keen to keep jobs and a business that meets clear local needs for materials, but not at any environmental or social price (...). The various obstacles were overcome as much by dialogue and the shared determination of elected officials and Colas representatives to find a solution as by Colas' responses and written undertakings (...). This year, we won the Sustainable Development Trophy organised by the Brittany region and ADEME, the French environment and energy management agency, with an entry on the Croix-Gibat quarry which entirely corresponded to the three pillars concept. In the current context where society systematically rejects any project liable to cause a nuisance, extending the operating licence for the highly sensitive Croix-Gibat site was no small challenge!"

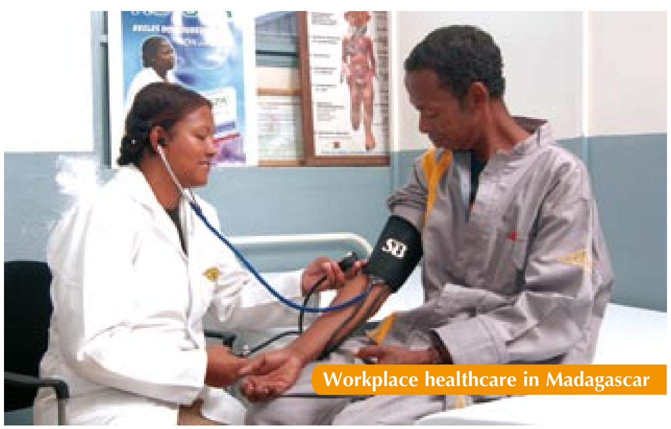
North-South dialogue: actions in Morocco and Madagascar

Colas has been operating in Morocco and Madagascar for over 50 years. Its actions contribute to growth, economic, social and cultural development, and environmental protection.

- **Morocco:** ongoing partnerships with a clothing bank and Insaf, an organisation to help abandoned women and their children; provision of equipment to a Moroccan charity that helps the sight-impaired; financing of the construction of two daycare centres in two villages in the south of the country; introduction of a waste stream for elimination of used oils; training centre for road construction industry technicians.
- **Madagascar:** staff involvement in initiatives in local schools and in the training of Malagasy site workers, technicians and managers;
  - transformation of workplace healthcare, including the in-

troduction nine years ago of a medical unit with eight full-time doctors which also has an outreach mission among village populations through dispensaries (55,000 patients treated in 2007) and campaigns against malaria, diarrhoea and AIDS (in 2007 AIDS awareness-raising for over 2,000 staff, distribution of 40,000 condoms, distribution of 4.5 million litres of drinking water);
- campaign to encourage a halt to charcoal burning and the planting or transplanting of over 13,000 trees;
- introduction of a waste stream for eliminating industrial waste such as used oils.

Comparable actions have been taken in similar countries where Colas also has operations, like Gabon, Benin, Djibouti and South Africa.


Workplace healthcare in Madagascar

Dialogue with civil society

Involvement in community life

In France, involvement in community life mainly takes the form of cultural patronage (about 100 initiatives), sports (300 teams) and humanitarian and educational good causes (about 100 projects). Colas devotes around €2 million to corporate sponsorship. In 2007, it continued its partnership agreement with Assia El Hannouni, a disabled athlete and world sprint champion who won four gold medals at the Athens Paralympics in 2004. Actions in other countries are more varied: the group is involved in about 400 actions at a cost of more than €500,000. They include support for about 100 educational and humanitarian projects with NGOs, 60 or so cultural initiatives and over 100 sporting actions.

Encourage the exchange of ideas

This policy covers three main areas: the arts, through the Colas Foundation, which brings modern art into the workplace; humanities, social sciences, economics and political science through the Cercle Colas, which regularly invites academics and prominent personalities to speak on a key subject of their choice; and the sciences, with the Rencontres Scientifiques Colas, gatherings of top scientists.

Organise and monitor actions

The environment department provides support and monitoring through a network of over 100 environment supervisors in profit centres. It is gradually establishing specific monitoring indicators based on data that can be satisfactorily consolidated and are sufficiently reliable to implement improvement programmes. Formalised management systems and Quality/Safety/Environment (QSE) certification schemes are not an end in themselves but are used to measure and improve performance in the relevant fields.


Vegecol surfacing

Outlook for 2008

Activity

The order book at end-January 2008 amounted to €7 billion, 16% higher than a year previously (22% in France and 10% on international markets). Considerable needs for urban development and infrastructure remain.
Although caution should be exercised due to greater economic and financial uncertainty in early 2008 and the vagaries of the weather, to which Colas' businesses are particularly sensitive, the year is likely to get off to a good start. None of the business indicators at present suggest a slowdown in activity.

Sustainable development

In France, Colas gave a commitment at the Grenelle Environment Forum to study all alternative technical solutions with EcologicieL software in 2008. Work will also continue on adapting the software for use in other countries.

Worldwide, Colas will step up the introduction of local dialogue structures for materials production sites in order to increase societal acceptance of such sites.

A computer-assisted safety training package for all newcomers to a work site will be provided to all profit centres in France, using images, photos, films and personal experiences to describe and illustrate risk situations on-site in each line of business.

No. 1 television group in France

The top 100 French TV audience ratings in 2007

TF1 confirmed its position as France's most-watched TV channel with 30.7% of the audience aged four and over. The channel recorded a clean sweep of the all-channel top 100 TV audience ratings in 2007, a first since Médiamétrie started tracking viewing figures.

France-New Zealand, 6 October 2007

2007 sales	Operating margin	Net profit att. to the Group	Employees	2008 sales target
€2,764m (+4%)	11.0% (-0.3 point)	€228m (+15%)*	4,000	€2,830m (+2%)

(*) From continuing operations

Highlights

- In 2007, **60%** of programmes on TF1 were subtitled for the hard-of-hearing.
- **November:** TF1 chosen by the French broadcasting authority (CSA) to show its high-definition programmes on DTT from 2008.
- **July:** acquisition of Dujardin, a board games maker. The new TF1 Games-Dujardin entity is France's leading publisher of board games.
- **June:** conclusion of a partnership agreement with Telecom Italia for content provision and the marketing of advertising space on consumer internet portal aliceadsl.fr.
- **February:** agreement between Eurosport and Yahoo! to create Europe's biggest Web 2.0 sports news site.

Advertising growth

The TF1 group reported a 4% rise in consolidated sales in 2007 to €2,764 million.

In a TV advertising market softened by slower economic growth, net advertising revenue from the TF1 core channel rose by 0.6% to €1,718 million. Revenue from other activities (excluding advertising on the TF1 core channel) increased by 11% to €1,046 million, boosted by solid performances from Teleshopping, French theme channels, TF1 International, TF1 Video and Eurosport International.

Programming costs fell by 3.4% over the year to €1,024 million. In 2006, TF1 aired the Football World Cup at a cost of €114 million. In 2007, it screened the Rugby World Cup at a cost of €50 million.

Current operating profit amounted to €305 million, up 1.5% on 2006, while the operating margin remained stable at 11%.

Net profit from continuing operations rose by 14.6% to €228 million, giving a net margin of 8.2%, up 0.8 of a point. TF1's share of the AB group's profits in 2007 amounted to €8 million for nine months' consolidated sales.

Shareholders' equity at 31 December 2007 amounted to €1,394 million. Net debt stood at €597 million, or 43% of equity, a €379 million increase on 2006 mainly due to the acquisition of a 33.5% stake in AB for €230 million.

French channels

Sales from French channels increased by 3.1% in 2007 to €2,220 million. Current operating profit rose by 2.5% to €252 million, giving an operating margin of 11.4%.

TF1 channel

In an audiovisual environment where viewers have more choice than ever, TF1 maintained its position as France's most-watched TV channel and for the first time recorded a clean sweep of the all-channel top 100 TV audience ratings in 2007 (source: Médiamétrie).

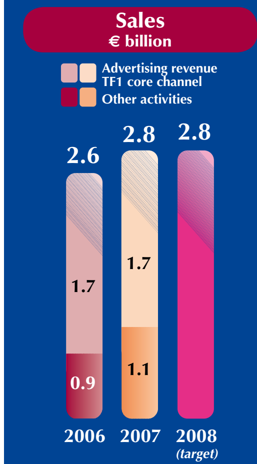
The 2007 ranking included all types of programme. Sport, which accounted for the top five audiences, was dominated by exclusive, one-off events: 18.3 million viewers watched the semi-final of the Rugby World Cup between England and France on Saturday, 13 October 2007. American series continued to be popular and occupied a prime position in the ranking. Films, headed by the French *Tais-Toi!* and US blockbusters *Ice Age* and *The Recruit,* drama, news and light entertainment enabled TF1 to confirm its unique place as France's leading general-interest channel.

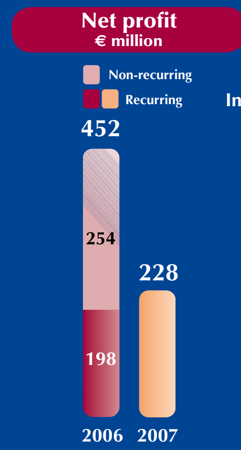
Over the year as a whole, TF1 attracted 30.7% of the audience aged four years and over and 34.8% of women under 50.

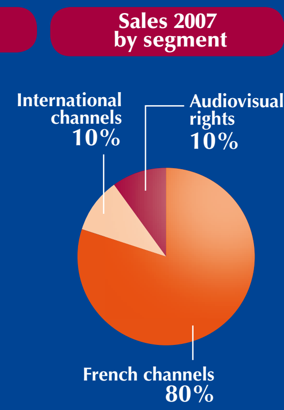
Advertising

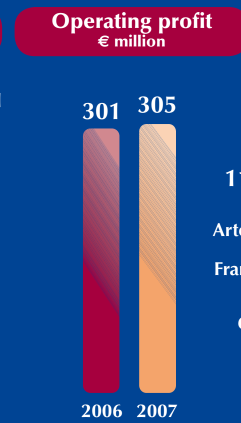
The TF1 channel's share of the advertising market amounted to 55% in 2007, up 0.2 of a point, while net advertising revenue rose by 0.6%.

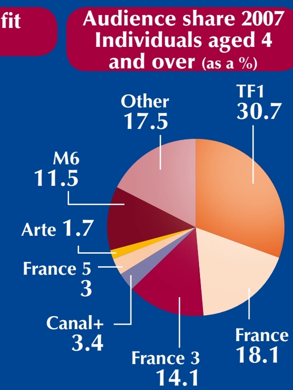
Some of this growth was generated by mass retailers, who have only been

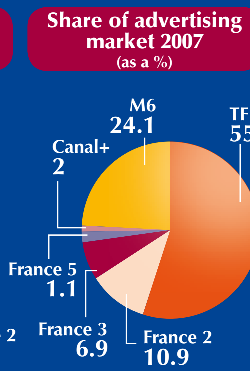












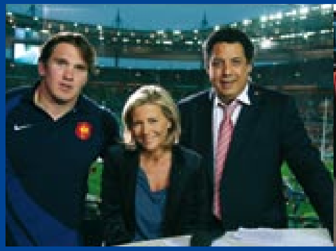
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

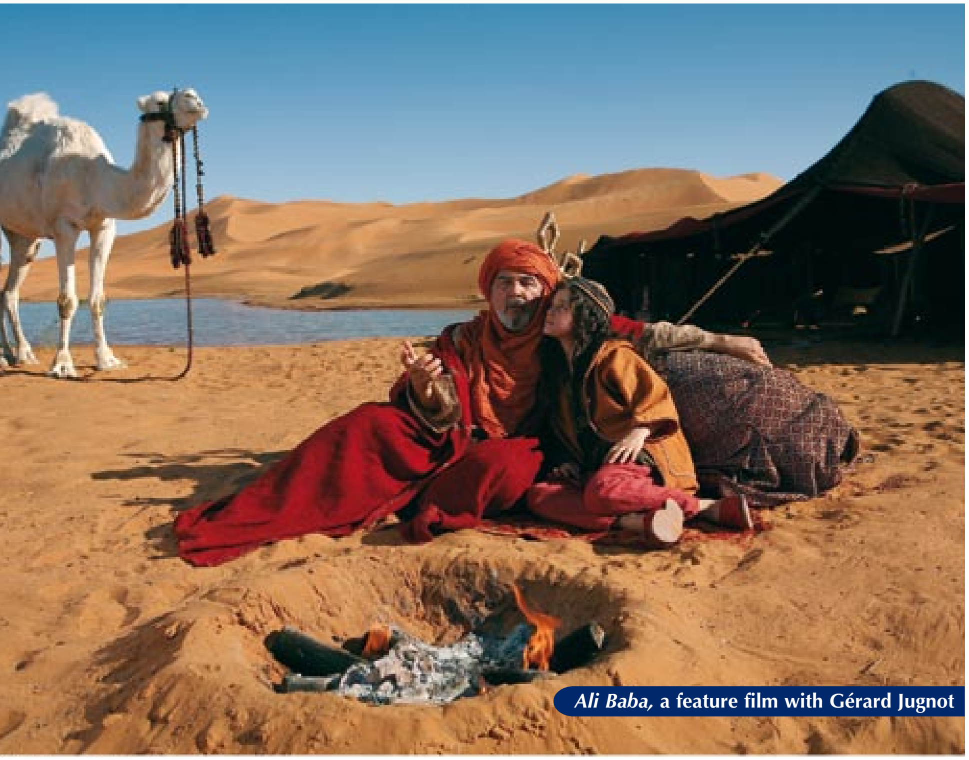
ASSETS (€ million)	2006	2007
• Property, plant and equipment and intangible assets	311	368
• Goodwill	505	510
• Non-current financial assets and taxes	718	966
NON-CURRENT ASSETS	1,532	1,844
• Current assets	1,851	1,768
• Cash and equivalents	275	39
• Financial instruments used to hedge net debt	2	1
CURRENT ASSETS	2,128	1,808
TOTAL ASSETS	3,660	3,652

LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	2006	2007
• Shareholders' equity att. to the Group	1,358	1,394
• Minority interests	-	-
SHAREHOLDERS' EQUITY	1,358	1,394
• Non-current debt	506	618
• Non-current provisions	34	34
• Other non-current liabilities	-	1
NON-CURRENT LIABILITIES	540	653
• Current debt	147	12
• Current liabilities	1,612	1,586
• Overdrafts and short-term bank borrowings	2	3
• Financial instruments used to hedge net debt	1	4
CURRENT LIABILITIES	1,762	1,605
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,660	3,652
Net debt	379	597

CONDENSED INCOME STATEMENT

(€ million)	2006	2007
SALES	2,654	2,764
• Net depreciation and amortisation expense	(85)	(88)
• Net charges to provisions and impairment losses	(26)	(41)
• Other income and expenses	(2,242)	(2,330)
CURRENT OPERATING PROFIT	301	305
• Other operating income and expenses	-	-
OPERATING PROFIT	301	305
• Cost of net debt	(12)	(21)
• Other financial income and expenses	(5)	29
• Income tax expense	(99)	(93)
• Share of profits and losses of associates	13	8
NET PROFIT FROM CONTINUING OPERATIONS	198	228
• Net profit of discontinued and held-for-sale operations	254	-
NET PROFIT	452	228
• Minority interests	-	-
CONSOLIDATED NET PROFIT att. to the Group	452	228





Ali Baba, a feature film with Gérard Jugnot

allowed to advertise on TV in France since January 2007 (source: TNS Media Intelligence). In their first year in the market, they accounted for 5.6% of spending on advertising on TF1, placing them in seventh position in the ranking of advertisers by sector and giving TF1 a market share of 58.6%. Spending patterns in other sectors were less favourable, however. Publishers, facing persistent difficulties in the recorded music business, cut back their advertising expenditure by 24% over the year. Spending in the telecommunications sector also fell by 21%, having benefited in 2006 from the deregulation of directory services and a corresponding flood of TV advertising for new 118 services.

French theme channels

French theme channels generated sales of €189 million in 2007, up 23% on the previous year. Good viewing figures led to a 25.3% increase in advertising revenue over the year. Revenue from cable, satellite and ADSL operators also rose, mainly as a result of new theme channel distribution agreements.

TMC, the leading theme channel with nationwide coverage, became the seventh most-watched French TV channel, neck-and-neck with Arte. Four of the ten most-watched cable and satellite channels – Eurosport, TV Breizh, TF6 and LCI – belong to the TF1 group. Rising revenue and strict cost controls enabled the theme channels division to significantly improve its operating results, not only breaking even but also generating a €2 million surplus.

TV-related activities

Teleshopping

Sales in 2007 rose by 39% to €153 million, boosted by the acquisition of the 1001 Listes wedding list website in December 2006 and the launch of Dogan Teleshopping in Turkey in January 2007. The Teleshopping group also benefited from a flourishing internet business, which grew by 32% over the year. Internet sales represented 34% of the total. Infomercials on RTL9, NT1, TMC and Eurosport France and the surinvitation.com website also saw significant growth. The Teleshopping group reported an operating profit of €7.9 million in 2007.

TF1 Entreprises

TF1 Entreprises and its subsidiaries reported a 6% rise in sales in 2007. The board games division continued to expand its catalogue, releasing 28 titles in 2007, and sold 620,000 copies compared with 573,000 in the previous year, making up for difficulties in the recorded music and print media markets. TF1 Entreprises reported an operating profit of €1.6 million in 2007.

Teleshopping grew its business

Production

The production division, mainly comprising TF1 Films Production, TF1 Publicité Production and Glem, generated sales of €28 million in 2007 and improved its operating profit by €3.3 million, reporting a €2.1 million profit.

e-TF1

e-TF1 reported a 20% drop in sales to €57 million, mainly due to the game show *À Prendre ou à Laisser (Deal or No Deal)* taken off the air. Other activities benefited from the increasing popularity of TF1 Network, which recorded a 65%[(1)] rise in the number of unique visitors between December 2006 and December 2007. e-TF1 reported an operating profit of €2 million.

(1) Source: Médiamétrie/Xiti/NielsenNetRatings panel/Cyberstat

Audiovisual rights

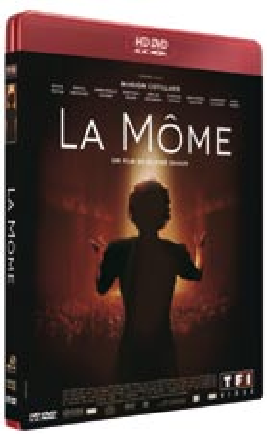
The audiovisual rights division reported an 11% increase in sales to €268 million.

Sales by the catalogue business (mainly TF1 International) amounted to €101 million, an increase of 22%, due to cinema successes such as Edith Piaf biopic *La Vie en Rose.* The division made an operating profit of €6 million.

TF1 Video's contribution to 2007 sales rose by 6% to €167 million on the back of 22.7 million DVDs sold, particular successes including *La Vie en Rose, The Departed* and *Days of Glory.* The company continued to develop its video-on-demand (VOD) business, with sales quadrupling over the year to €1.9 million. The operating profit amounted to €11.1 million.

International channels

Eurosport International reported a 5% rise in sales to €273 million. The increase in the number of subscriber households and other developments offset a decline in advertising revenue over the year, which had risen in 2006 with the screening of the Turin Winter Olympics.



Koh Lanta, Season 7

Reaching 112.4 million households, Eurosport is the third most widely distributed channel in Europe after CNN and TV5.

Eurosport International reported an operating profit of €32.3 million, compared with €29.8 million in 2006, and a stable operating margin of 11.8%.

A new company joined the Eurosport group in April 2007 with the creation of Eurosport Events, which organises sporting events.

France 24, in which TF1 has a 50% stake, started broadcasting in December 2006. It contributed €2.2 million to the division's sales in 2007 and broke even in operating terms.

Acquisition of a stake in the AB group

On 4 December 2006, TF1 entered into an agreement to acquire a 33.5% stake in the AB group at a cost of €230 million. AB is a leading independent media group with operations in France, Luxembourg, Belgium, Germany and Switzerland.

Merger of TPS and Canal+

On 4 January 2007, TF1, M6 and Vivendi completed the merger of the French pay-TV businesses of Canal+ and TPS in a new entity, Canal+ France, controlled by Vivendi. TF1 contributed 66% of TPS to Canal+ France by handing over, with M6, the entire share capital of TPS Gestion, the sole shareholder of TPS. The contribution, valued at €900 million, was remunerated with shares in Canal+ France representing (after all contributions) 9.9% of the capital for TF1 and 5.1% for M6.

TF1 and M6 both have an option to sell their stake in Canal+ France to Vivendi which they can exercise in February 2010 at the market price as determined by expert valuation, with a minimum price of €1.13 billion for 15% of Canal+ France.

TF1 and M6 also have a joint get-out clause if Vivendi and Canal+ no longer have exclusive control of Canal+ France and a priority right to sell their shares on the market if Canal+ France is floated. TF1 and M6 do not have a seat on the supervisory board of Canal+ France and have no right of any kind with regard to the company's management.

Research and development

Most R&D activities derive from experimental development. Financial resources are generally committed with a view to bringing new products or services to market or screening a new programme.

Programmes

A substantial part of the TF1 group's business involves creation and innovation for light entertainment, drama series and film production.

Technological innovation

The TF1 group has set up a research and development team focusing on technological innovation. In 2007, the department mainly worked on:

- broadcasting TV to mobile phone handsets (DVB-H standard);
- internet video (streaming, P2P, off-web consoles);
- time-shifted viewing (VOD, personal video recorders);
- multimedia product design (TV/web/mobile);
- new forms of advertising.

New activities based on an innovative concept that has never been used commercially in the group. In 2007, the TF1 group launched *PiliPili,* a free urban

Dr House, an American series

monthly magazine, and invested in Nomao, which operates a new Web 2.0 service.

The TF1 group spent about €18 million on research and development in 2007.

Operating risks

Regulatory risk

Broadcasting licence. TF1 is an audiovisual communication service requiring a licence. Its initial licence to use frequencies, granted for a 10-year period from 4 April 1987, expired in 1997. On 17 September 1996, TF1's licence was renewed for a further five years from 16 April 1997 without a competitive bidding procedure. On 20 November 2001, the CSA (French broadcasting authority) automatically renewed TF1's licence for the period 2002 to 2007. Under Article 82 of the law of 30 September 1986 as amended, the licence was automatically extended until 2012 because of the requirement to simulcast in DTT.

The TF1 group must also comply with a number of obligations relating to broadcasting and investment in production. Any tightening of these requirements could have an adverse effect on the group's profitability.

Specific regulation. Under Act 2005-102 of 11 February 2005 on equal opportunities for the disabled, TF1 is required to make all its programmes except advertising accessible to the hard-of-hearing within five years. TF1 has made provision in its financial statements for the gradual implementation of these measures.

The law of 5 March 2007 on the modernisation of broadcasting and the television of tomorrow regulates the introduction of high-definition and mobile TV and the phasing out of analogue terrestrial transmissions in France between 31 March 2008 and 30 November 2011. The law provides for an automatic five-year extension of their licences if the channel operators are members of the public interest grouping implementing the measures paving the way for analogue switch-off, and an additional DTT channel in 2011 with specific production and broadcasting requirements attached. Existing private free-to-air terrestrial broadcasters will also be given a five-year extension of their licences when they switch off their analogue transmissions in compensation of the requirement to provide 95% of the French population with DTT coverage.

Modernisation of audiovisual regulation. The French President has asked for an easing of regulations on advertising in the broadcast media and investment in production to be considered.

Filming in HD

He has also announced the removal of advertising from public service channels, possibly from 1 January 2009. The government is working out how to compensate public broadcasters for the resulting loss of revenue. Any tightening of the requirements currently imposed on TF1 by the prevailing regulations could have an adverse effect on the group's profitability.

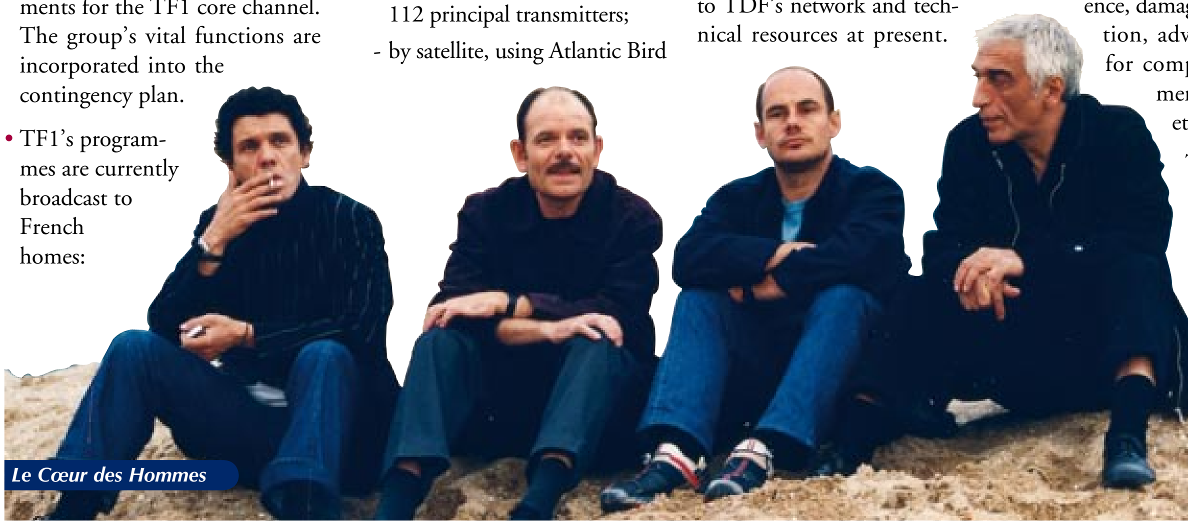
Risks linked to TF1's critical processes

The Réagir committee created in 2003 continued to monitor and forestall the major risks associated with the group's critical processes. It also regularly updates and tests business continuity plans that would be implemented following an exceptional event which interrupted the broadcasting signal or prevented access to the TF1 building. Risk management resources were increased in 2007 and the organisation strengthened.

Upgraded technology

- A secure external backup site is operational for three processes: broadcasting programmes, preparing news bulletins (TF1 and LCI) and producing advertisements for the TF1 core channel. The group's vital functions are incorporated into the contingency plan.
- TF1's programmes are currently broadcast to French homes:
  - by analogue signals from TDF's 112 principal transmitters and 3,146 rebroadcast stations;
  - by digital signals from 112 principal transmitters;
  - by satellite, using Atlantic Bird 3 for unscrambled broadcasts and Astra and HotBird™ 13 Degrees East for operators providing programme bouquets;
  - by cable (cable operators are obliged to carry certain analogue channels);
  - by phone line (ADSL) and by optical fibre for distribution through internet service providers.

TDF is responsible for transmitting (i.e. feeding the TF1 signal to broadcast sites) and broadcasting TF1's programmes (and those of all the other national channels) via its free-to-air networks. Globecast is responsible for satellite broadcasting. There is no genuinely comparable alternative to TDF's network and technical resources at present.



Le Cœur des Hommes

TF1 therefore depends on TDF to broadcast its signal and cannot use other means of transmission if TDF's network fails.

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

For analogue and digital signals, redundant transmitters further enhance transmission security. In contrast, the mast system is not immune from incidents, while the power supply is the responsibility of electricity utility EDF and can escape TDF's vigilance. Contractual penalties are in no way commensurate with TF1's potential operating losses when such incidents occur (loss of audience, damage to TF1's reputation, advertisers' demands for compensation, loss of merchandising rights, etc.).

The damage that TF1 could sustain if a transmitter fails is obviously proportional to the number of viewers served by the defective equipment. A failure in the Paris region, with its 10 million viewers, could have major financial repercussions. That is why TF1 has negotiated a deal to ensure very rapid intervention by TDF technicians if an incident occurs and has asked for emergency measures to be stepped up. Apart from one incident involving a local site, no long-term transmitter failure has occurred to date.

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

Les Enfants de la Télé

TF1 Sustainable development indicators

	Our aim	2007 key figures	Action plan	2008 objectives	Progress
Financial and business challenges	• Continue all actions that ensure full compliance with the CSA Charter[1] and BVP recommendations[2]. • Contribute to thinking about emerging issues of social responsibility in the media and advertising: guarantee editorial independence and ethical reporting, take action in favour of responsible programming and broadcasting, ensure that programmes are accessible to all.	• **100%** of targets in the CSA Charter met. • **60%** of programmes subtitled for the hard-of-hearing in 2007, compared with 49% in 2006.	• Compliance with regulations on child-protection information, equal air time for political parties, advertising, etc. • Organisation of seminars on freedom and responsibility for reporters. • Compliance unit in attendance at all shoots. • Subtitles for news and current affairs programmes.	• Develop audio description.	
	• Play a part in revitalising social cohesion, by: - reflecting the diversity of cultures, origins and opinion; - raising viewers' awareness of sustainable development and the major issues facing society.		• Short and long programmes on TF1, LCI and other channels to raise awareness of social and environmental issues. • *Passage au Vert*, a daily programme about sustainable development on theme channel Ushuaia TV.	• Create an internet portal devoted to sustainable development.	
Social/HR challenges	• Continue actions for solidarity: - continue to donate air time to charities; - take innovative initiatives, especially targeting young people in underprivileged suburbs; - encourage staff involvement.	• **€19.5** million donated to charity. • **74** charities given free air time in 2007.	• Charity donations of air time, advertisements and game-show winnings. • Creation of a corporate foundation to help young people from underprivileged neighbourhoods. • Continuation of solidarity initiatives on air and within the group.	• Continue actions at the same level. • Through the foundation, propose apprenticeships for 10 young people from underprivileged neighbourhoods.	
	• Maintain premium employee benefits and a working environment that promotes well-being. • Support staff throughout their career, promote equal opportunity, maintain and develop a high-quality HR policy.	• **234** employees able to change jobs in 2007 (over 1,600 since 2001). • **520** housing units allocated to TF1 group employees in the last 20 years.	• Action to promote integration of the disabled, pay rise for women on maternity leave, involvement in business community initiatives to promote equal opportunity in education. • Measures to promote the employability of staff. • Premium employee benefits (employee savings scheme, childcare allowance, quality of life, etc.) • Improved social protection under a group-wide agreement.	• Negotiate agreements on jobs and skills planning, integration of the disabled and gender equality in the workplace.	
Environmental challenges	• Team up with suppliers and staff to turn environmental initiatives into best practice, by: - taking practical steps to limit the group's direct ecological footprint; - raising awareness of environmental protection among staff.	• Energy consumption at the same level as in 2006 despite more equipment. • **20%** less paper consumption. • **3.2%** less electricity consumption. • **3.8%** less water consumption.	• Carbon balance carried out between 2006 and 2007. • Policy of reducing paper, energy and water consumption and waste management. • Drive to save electricity.	• Implement carbon balance recommendations on purchasing and travel, think about technical measures, especially involving new information technologies. • Introduce a centralised responsible purchasing policy.	

(1) CSA: French broadcasting authority (2) BVP: French advertising standards authority

Measures to be introduced in 2008 — Measures introduced in 2007 — Ongoing measures — Measures completed in 2007

Organisation

TF1's sustainable development policy is based on five key themes. A sixth, responsible purchasing, will be launched in 2008 in conjunction with the creation of a centralised purchasing department.

A task force has been set up for each theme, reporting quarterly to a steering committee on the results of its work (benchmarking, proposals for actions and indicators, etc.).

The policy is supervised by a director who reports directly to the CEO, and a full-time staff member is responsible for coordination, monitoring and reporting. A coordinator has been appointed in each subsidiary whose activity has identifiable social and environmental impacts. A committee made up of task force rapporteurs, officers, communications department representatives, the policy supervisor and the human resources director meets once a quarter.

Several social and environmental rating agencies have recognised the ethical and responsible nature of the TF1 group's actions. TF1 is included in four sustainable development indexes: DJSI Stoxx, ASPI Eurozone, FTSE4Good Europe Index and Ethibel Pioneer Investment.


A commitment to society

DIALOGUE WITH STAKEHOLDERS

Stakeholder	Player(s) in TF1	Examples of types of dialogue
Regulator	Corporate secretary, external communications, broadcasting and TF1 Publicité	• Meetings, participation in task forces, reviews.
Viewers	Viewer feedback centre	• A special unit responds to all individual contacts (e mails, phone calls, letters).
Advertisers	TF1 Publicité sales department	• Publication of our general conditions of sale. Website: tf1publicite.fr.
Employees and trade unions	Management	• Dialogue and negotiation of agreements with employee representatives: 50 meetings a year, intranet for trade unions; development of internal communications media (print materials, intranet, etc.); annual appraisal; conferences, films, poster campaigns, etc.; provision of internal documents (company regulations, Eticnet).
Producers	Human resources and employee affairs managers	• Compliance unit in attendance at all shoots.
Charities, NGOs	Broadcasting, Solidarity Committee, employee affairs	• Consideration given to all requests for help, response decided by the Solidarity Committee. • Long-term contracts with JeVeuxAider.com and the Nicolas Hulot Foundation. • Partnerships (e.g. Action Innocence), memberships (e.g. Tremplin), sustained dialogue with many charities (e.g. for the hard-of-hearing).
Shareholders and the financial community	Financial communications	• Shareholder guide. • AGM. • Annual report. • Road shows for institutional investors. • Regular telephone contacts. • Website.
Suppliers and service providers	Technologies and Internal Resources	• Inclusion of suppliers in cross-functional processes (risk management, sustainable development) through constant and personalised dialogue.

Fundraising for charity

2007 presidential campaign

The CSA's recommendation to TV channels and radio stations concerning news treatment of the 2007 presidential election took effect on 1 December 2006 and lasted until 6 May 2007. It covered speaking time (candidates in person) and air time (reports and features) for declared and presumed presidential election candidates, based on the twin principles of equality and fairness. Different methods for counting time were used in different phases of the campaign.

Programme compliance unit

TF1 has established a programme compliance unit, attached to the broadcasting department. As well as ensuring that programmes to be aired comply with CSA regulations, it handles relations with the broadcasting authority and anticipates potential legal disputes in connection with programmes, in liaison with the legal and regulatory affairs department.

Subtitles for the hard-of-hearing

Accessibility of programmes to the disabled

TF1 addressed concerns that news broadcasts, especially about the 2007 presidential campaign, should be accessible to the hard-of-hearing. The current affairs programme *Face à la Une* and the debate in the first round of the presidential election were subtitled, as are now all editions of the TV news. Over 60% of programmes were subtitled in 2007, compared with 49% in 2006.

TF1 also intends to take account of the 1 million French people with impaired vision by developing audio description, a technique that enables blind or sight-impaired people to experience a film through an appropriate voice description of the action and setting. The aim for 2008 is to offer audio description (a technique developed by AVH, a charity for the sight-impaired) for 10 to 15 primetime broadcasts, especially of French feature films.

Responsibility for broadcast content and products

Commitment

Continue all actions that ensure full compliance with the CSA Charter and BVP recommendations and contribute to thinking about emerging issues of social responsibility in the media and advertising.

Action

Ethical reporting

All editorial items are viewed by the senior editor before they are aired. Editors pay attention to the quality of picture sources and will not use amateur video footage if the source cannot be verified. Regular seminars on freedom and responsibility are organised for staff involved in preparing news bulletins on TF1. About 30 journalists attended such seminars in 2007.

Testimonial

Catherine Nayl,

head of features, *on compliance with speaking time requirements during the French presidential campaign*

"All senior editorial staff were fully briefed on this extremely complex and highly-charged issue, in an atmosphere conducive to mud-slinging. On this matter as in everything relating to ethical reporting, our position as leader imposes even more of a duty on us. We are happy to have had a pat on the back from the CSA for our efforts."

Reflect the concerns and the diversity of contemporary society

Commitment

Play a part in revitalising social cohesion by reflecting the diversity of cultures, origins and opinion, by encouraging new talent through programming schedules and when buying content, and by raising

Passage au Vert, a new programme on Ushuaïa TV

viewers' awareness of sustainable development and the major issues facing society.

Action

Diversity on air

In 2007, TF1 continued its efforts, begun in previous years, to ensure that its programmes reflect the diversity of cultures and origins, in the public and among candidates for game shows, in drama series and among journalists and newsreaders.

TFou programmes for children

Every year, the children's programmes unit TFou organises at least one campaign to make children more aware of the major problems facing society. After peace, solidarity, tolerance, nutrition and environmental protection, TFou, in cooperation with the association Les Petits Citoyens, carried out a new campaign to assert children's rights and encourage children to think about the underlying philosophy. In 2008, TFou will launch another series of short programmes on protecting the environment.

Support good causes

In 2007, in addition to items on the TV news and in current affairs programmes, TF1 aired a number of shows to raise money for good causes, including charities that provide free meals to the needy, raise funds for hospitals, support medical research (AIDS, genetic disorders), etc.

The environment on TF1

TF1 was ranked the greenest channel in the first half of 2007 ahead of France 2, according to a survey by Ina'stat, the statistics unit of INA, the national audiovisual institute. Environmental concerns featured in 40 TV news items per month on average and were also taken up in weather forecasts.

New sustainable development portal

In March 2008, TF1 will launch an innovative internet portal devoted to sustainable development, combining non-specialist editorial treatment with Web 2.0 multimedia content. An ethics committee will make recommendations to ensure that the information provided is of suitable quality.

Solidarity: a strong link between TF1 and civil society

Commitment

Continue actions for solidarity, continue to donate air time to charities, take innovative initiatives, especially targeting young people in underprivileged suburbs, and encourage staff involvement.

Action

TF1's Solidarity Committee

Chaired by Claude Cohen, Chairman of TF1 Publicité, the Solidarity Committee meets once a month to consider the requests for assistance that TF1 receives. The committee manages a budget comprising donations of both air time and money.

Advertisements for charities with a vital need to reach the general public in order to raise money may be made or aired free of charge.

TF1 corporate foundation

TF1's corporate foundation, created in 2007, will focus in 2008 on helping young people to find jobs and to discover the world of work.

An initiative was launched in January 2008, calling on young people aged 18 to 30 living in disadvantaged neighbourhoods to submit a short video in support of their application for a job in the audiovisual industry via the foundation's website. The ten winners, chosen by a panel of professionals, will be offered a two-year apprenticeship in the TF1 group plus training and individual mentoring.

The initiative will be repeated every year.

Manage human resources and the working environment

Commitment

Maintain premium employee benefits and a working environment that promotes well-being, security and fulfilment, by:

- promoting equal opportunity;
- supporting staff throughout their career;
- maintaining and developing a high-quality HR policy.

Action

Integration of disabled employees

TF1 has a policy of integrating disabled employees with four ob-

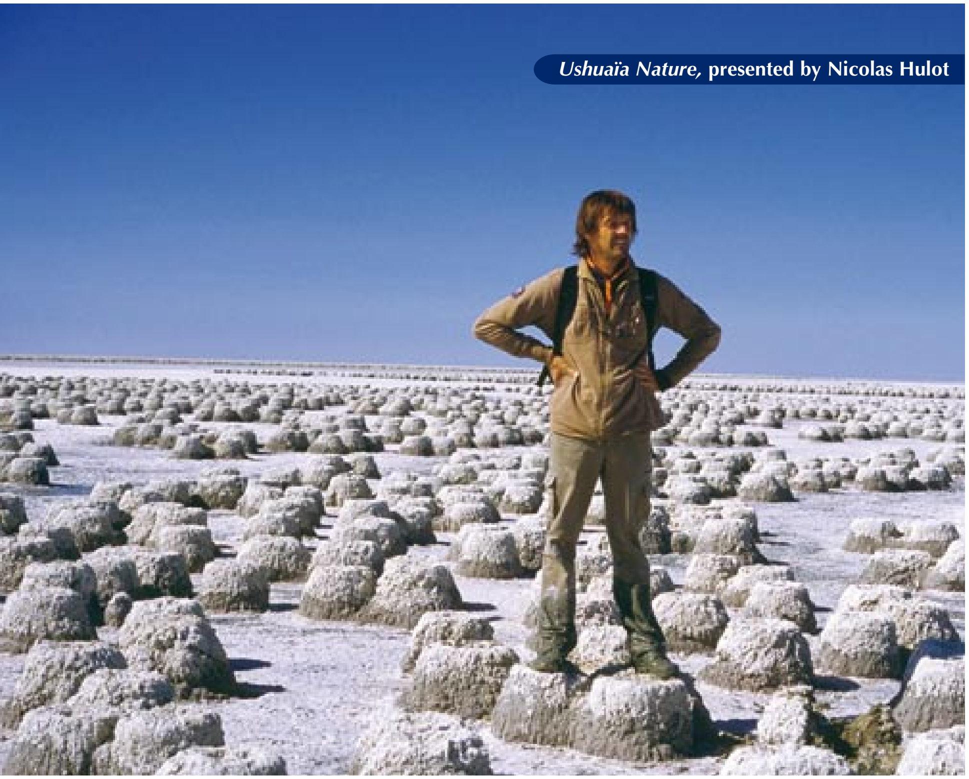
Collecting for the TF1 Foundation

jectives: direct employment, continuing employment, use of the sheltered sector, and greater disability awareness among all staff.

In 2007, TF1 carried out a study with the association R2H to identify factors holding back the adoption of a more proactive approach. The study included a quantitative and qualitative analysis based on about 20 interviews with staff from different parts of the group.

Since 1 December 2007, the policy of integrating disabled employees has been backed up by the creation of a disability task force within TF1's human resources development department.

The task force reflects the group's determination to improve the welcome and integration of disabled employees and to make greater use of the sheltered sector.



Ushuaïa Nature, presented by Nicolas Hulot

Gender equality

The works council's gender equality committee has carried out a comparative review of the situation of TF1 SA employees according to a range of criteria such as headcount, leave, training and pay so that discrepancies identified can be rectified on the basis of precise indicators.

In 2007, a decision was taken with the trade unions to give all female salaried employees who took maternity leave in the previous year the full amount of negotiated general and individual pay increases. 32% of women whose maternity leave started in 2006 received a pay increase higher than the negotiated rates for both general and individual rises.

Support staff throughout their career

TF1 spends over 3% of its payroll on training. It encourages employees to make use of their training entitlement by providing information about the entitlement scheme and advising them in their choice of training. Nearly 364 training requests were received in 2007.

Maintain premium employee benefits

TF1 goes beyond its statutory obligations in order to provide a working environment that promotes its employees' well-being.

Newsreader Claire Chazal

Some examples:

- An individual bonus of €915 is paid for marriage and the birth of a child and daycare places are reserved. Pregnant women remain on full pay for the entire time they are off work and their working week is reduced by 10 hours from the sixth month of pregnancy.
- A time savings account (accumulated leave) scheme was introduced in 2007.
- A group-wide agreement on the supplementary health insurance scheme negotiated in late 2007 came into effect in January 2008.

Environmental challenges

Commitment

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

Action

All environmental issues (energy, water and paper consumption, greenhouse gas emissions, waste management) are handled within the framework of the environmen-

Testimonial

Bernard Charbonnel and Christophe Legeron,
logistics managers for the features department

"The approach includes a technology watch, testing and above all the gradual involvement of individuals until every one of the 120 staff, whether reporters or editors, has assumed the new working habits. To give an example, thanks to the approach, we will have achieved a 90% reduction in the use of dry batteries by the end of 2008."

tal management system introduced in 2005. Measures to reduce energy consumption at TF1's main site in Boulogne-Billancourt, begun in 2006, continued in 2007 with the installation of motion sensors, low-energy lightbulbs, new studio lighting, etc.

Carbon balance

With support from ADEME, the French environment and energy management agency, TF1 carried out a first carbon balance of its broadcasting activities in order to map the source of greenhouse gas emissions. The first such exercise by a French media operator, it raised awareness of the issues among a large number of people both inside and outside the group.

A plan to reduce greenhouse gas emissions has been drawn up with the help of the parent company, Bouygues SA, including:

- a new purchasing and depreciation policy incorporating environmental criteria for computer hardware;
- a policy to encourage the use of low-emission company cars and carbon offsetting;
- ongoing energy-saving measures;
- an action plan to reduce external greenhouse gas emissions;
- cooperation with other players in the sector to promote low-energy TV set design and point-of-sale information about the energy consumption of TV sets.

Limit the ecological footprint of activities

Within the channel's features department, measures have been taken to reduce the environmental impact of outside broadcasting. 40 vehicles use Total Excellium diesel fuel, the use of aerosol cans has been cut, dry batteries (50,000 a year) are being replaced with rechargeable batteries and cassettes are being replaced with reusable data media.

Raise awareness among employees and suppliers

Calls for tender have included environmental protection criteria and sustainable development considerations in general since 2005. The group organised a meeting of all logistics service providers to share experiences and think together about measures to be taken in 2008.

Introduce a centralised responsible purchasing policy

In 2008, the TF1 group will draw up a code of ethics for supplier relations, based on the following principles:

- transparent and even-handed relations with suppliers;
- clear purchasing processes and substantiated decisions;
- reciprocal compliance with contractual commitments;
- societal and environmental responsibility;
- considerate and ethical behaviour;
- refusal of bribery and conflicts of interest, whistleblowing.

There are also plans to circulate a questionnaire to all suppliers that will help to measure their commitment to sustainable development, introduce labour audits for purchases in high-risk countries and identify all purchases of merchandising in the group in order to implement the relevant best practices.

TF1 partners the "Pièces Jaunes" campaign

Outlook for 2008

2008 is a crucial year for TF1. The group aims to:

- **consolidate the TF1 core channel's leading position** by overhauling its brands in all areas of programming;
- **develop a comprehensive media strategy** by strengthening its internet presence and the place of theme channels;
- **expand multiple-media advertising services** (television, internet, mobile, etc.);
- **continue to improve the profitability** of diversification activities;
- **introduce a centralised responsible purchasing policy.**

Telecommunications operator

Excellent financial results, the fruit of marketing investments in 2006

In 2007, Bouygues Telecom continued to offer an attractive line-up for both consumers and businesses and passed the 9-million customer mark in November. It ensured that it had the resources to meet growing demand for data and converged services from businesses and SMEs.

New brand campaign

2007 sales	Operating margin	Net profit att. to the Group	Employees	2008 sales target
€4,796m (+6%)	15.6% (+2.5 points)	€492m (+26%)*	7,700	€4,965m (+4%)

(*) From continuing operations

Highlights

- **Carbon balance** measured in 2007.
- **November:** 3G+ services released for businesses and consumers.
- **September:** signing of an agreement with Neuf Cegetel for the provision of a business and consumer DSL service; new brand campaign on the theme of freeing up personal communication; launch of Neo Pro services for SMEs.
- **July:** conclusion of an MVNO contract with cable operator Numericable.
- **June:** launch of Business Synchro, converged voice and data services, and of the "2 Fois Plus" plan.

A dynamic year

Bouygues Telecom made astute strategic choices in 2006 and this was reflected in its results in 2007: a 5.7% rise in sales and a 2.5-point increase in the current operating margin to 15.6%. Sales from network amounted to €4.5 billion, a rise of 5.3% despite an 18% cut in call termination charges from 1 January 2007.

Growth was mainly due to a 6.1% increase in the number of SIM cards over the year. The success of the Neo and Exprima unlimited call plans and of Universal Music Mobile continued.

2007 also saw a 22% increase in the number of business and SME customers.

Consolidated EBITDA amounted to €1,332 million, or 29.8% of sales from network, an 0.8-point rise on 2006. The increase was due to the combination of three positive factors:

- higher sales;
- €30 million of non-recurring items in the first half of the year;
- lower relative marketing costs than in 2006, when Neo was launched.

Amortisation and depreciation expenses bottomed out in 2007 and some initial investments have now been entirely written off. As a result, operating profit increased at a higher rate than EBITDA.

For the first time, Bouygues Telecom recorded income from net surplus cash, contributing to the sharp rise in net profit excluding divested activities (Bouygues Telecom Caraïbe was sold in 2006).

The company invested €600 million in 2007, mainly in upgrading and extending the network, and stepped up the rollout of its third-generation high-speed packet access (HSPA) network in 2007. Eleven cities were covered, representing over 20% of the French population.

The company also expanded its retail sales network. The number of stores in the Bouygues Telecom Clubs network (RCBT) rose from 521 at end-2006 to 548 at end-2007. In September, Bouygues Telecom acquired the entire share capital of Stock Com, a wholesaler.

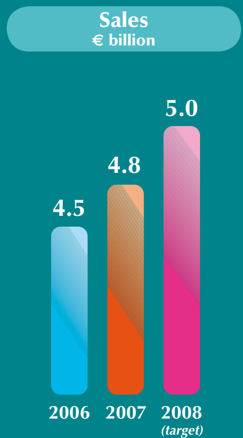
In September, Bouygues Telecom also signed an agreement with Neuf Cegetel giving it access to a DSL network comprising 1,000 subscriber nodes covering over 60% of the French population.

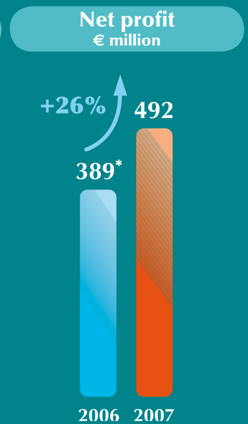
Bouygues Telecom will buy part of the network (622 nodes) by 30 June 2008. After that date, Neuf Cegetel will continue to allow Bouygues Telecom access to 378 nodes in its own network.

The new infrastructure will allow Bouygues Telecom to increase its range of converged services for businesses, begun with Business Synchro.

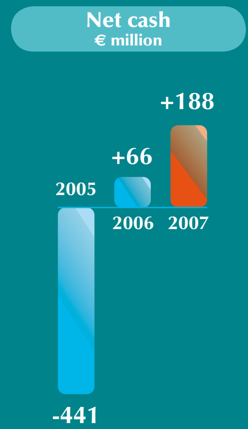
For consumers, it will enable the company to offer an attractive range of broadband internet services, further helping to secure their loyalty.

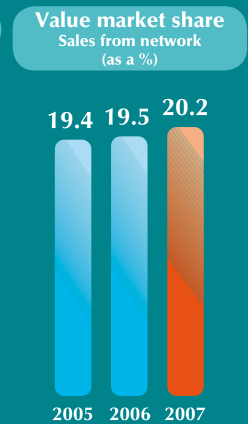
Bouygues Telecom paid a dividend of €450 million in April 2007 and ended the year with a net cash surplus of €188 million.

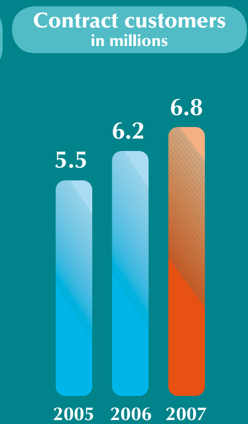


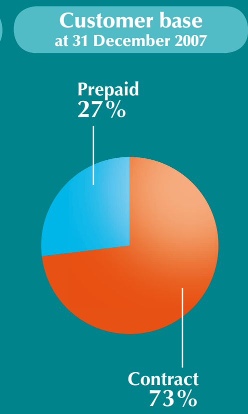


(*) Excl. net profit from divested companies (BTC): €110m









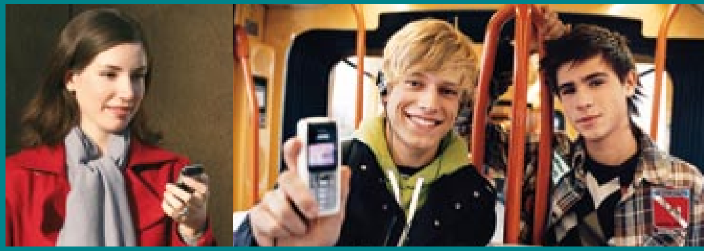
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

ASSETS (€ million)	2006*	2007
• Property, plant and equipment and intangible assets	3,045	3,060
• Goodwill	1	8
• Non-current financial assets and taxes	9	12
NON-CURRENT ASSETS	3,055	3,080
• Current assets	1,010	1,114
• Cash and equivalents	92	210
• Financial instruments used to hedge net debt	-	-
CURRENT ASSETS	1,102	1,324
TOTAL ASSETS	4,157	4,404
LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	2006	2007
• Shareholders' equity att. to the Group	2,324	2,370
• Minority interests	-	-
SHAREHOLDERS' EQUITY	2,324	2,370
• Non-current debt	19	17
• Non-current provisions	99	96
• Other non-current liabilities	-	-
NON-CURRENT LIABILITIES	118	113
• Current debt	6	5
• Current liabilities	1,708	1,916
• Overdrafts and short-term bank borrowings	1	-
• Financial instruments used to hedge net debt	-	-
CURRENT LIABILITIES	1,715	1,921
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,157	4,404
Net cash surplus	66	188

(*) Applying the same accounting policy as in 2007

CONDENSED INCOME STATEMENT

(€ million)	2006*	2007
SALES	4,539	4,796
• Net depreciation and amortisation expense	(595)	(579)
• Net charges to provisions and impairment losses	(67)	(34)
• Other income and expenses	(3,284)	(3,437)
CURRENT OPERATING PROFIT	593	746
• Other operating income and expenses	-	-
OPERATING PROFIT	593	746
• Cost of net debt	(9)	3
• Other financial income and expenses	-	(1)
• Income tax expense	(195)	(256)
• Share of profits and losses of associates	-	-
NET PROFIT FROM CONTINUING OPERATIONS	389	492
• Net profit of discontinued and held-for-sale operations	110	-
NET PROFIT	499	492
• Minority interests	-	-
CONSOLIDATED NET PROFIT att. to the Group	499	492



Bouygues Telecom has more than 20% of the market by value

Controlled growth

The market

The French mobile phone market grew by 7.1% in terms of the number of SIM cards, fuelled by an 8.2% rise in the number of contract customers. As in 2006, the major operators lost prepaid customers to mobile virtual network operators (MVNO).

As was the case last year, MVNOs took the lion's share of net growth in the SIM card base (33% compared with 31% in 2006). They had 4.7% of the total base at end-2007 and achieved most of their growth at the expense of Orange and SFR.

Over the year as a whole, Bouygues Telecom accounted for 20% of net growth in contract customers. The proportion of contract customers in the customer mix, 73%, increased by 1.5 points. For the first time, Bouygues Telecom took more than 20% of the market by value.

Sales and marketing

In 2007, Bouygues Telecom adjusted its products and services to meet **consumer** expectations.

The Neo and Exprima range of call plans was rounded out with the Exprima 24/24 plan offering unlimited calls to fixed-line numbers and the "2 Fois Plus" plan offering double call time to all numbers from 6.00pm to midnight.

In August, the prepaid line was renamed "Bouygues Telecom Card" and overhauled to boast an unrivalled price per minute as well as recharge cards that include unlimited text messages.

Universal Music Mobile continued to be popular with young people and had over one million customers at the end of the year.

Services to **businesses** were considerably enhanced in 2007.

Business Synchro, a converged voice/data service, was launched in June. It enables firms to cut their costs, simplify their processes and improve their efficiency, offering them a one-stop contact and a single bill for fixed and mobile calls and internet access.

In June, the Neo line was extended to SMEs. The Neo Pro 4h plan offers unlimited calls to all fixed-line and mobile numbers during the week and an additional four hours of call time at evenings and weekends.

Rollout of the HSPA network meant that 3G+ services, especially internet access, became available in November. Services include instant internet access with a USB modem and unlimited mobile internet access with the first HSUPA-compatible data card.

In the second half of the year, Bouygues Telecom concluded two MVNO wholesale agreements with Numericable and Auchan, both strong brands with a sizeable customer base and extensive distribution network.

Customer relations

AFAQ/AFNOR renewed for a further two years its NF Service certification for the consumer call plans component of Bouygues Telecom's customer service operations, awarded in December 2006. Bouygues Telecom is still the only operator to have obtained such certification.

Subsidiaries

Réseau Clubs Bouygues Telecom (RCBT)

There were 548 stores in the Bouygues Telecom Clubs network at end-2007, 179 of them in shopping centres.

Alongside the network of independent retailers, RBCT continued to expand its branch network, created in 2005, increasing the number of branches from 54 at end-2006 to 151 at end-2007.

RCBT reported a 12% increase in sales in 2007 to €358 million.

Téléciel – Stock Com

Téléciel, a wholesale distributor of telecommunications products and services, coordinates and supplies a network of 1,400 sales outlets.

In 2007, Téléciel continued to develop Phonéo, an umbrella brand for 111 independent retailers, and took over 15 Cellular Telecom stores, a regional chain, through Phonéo Distribution, a wholly-owned subsidiary of Téléciel.

In early September 2007, Bouygues Telecom acquired Stock Com, a wholesale distributor of telecommunications products and services which supplies 700 independent retail outlets, mostly in and around Paris and Marseille.

Téléciel reported sales of €132 million in 2007.

Regulatory environment

Licences

Fourth UMTS licence

ARCEP, the French telecommunications regulator, rejected the only application for a fourth UMTS licence, submitted by Iliad, because it did not fulfil the qualification criteria. However, under the law of 3 January 2008 on the development of competition for the benefit of consumers, any modification of the financial conditions for the fourth licence is henceforth a matter for the government.

Bouygues Telecom's UMTS licence

On 23 November, Bouygues Telecom provided ARCEP with evidence showing that its 3G network covers over 21% of the French population and confirming that it offers the full range of 3G services. Bouygues Telecom thus complies with its rollout obligations.

Renewal of Bouygues Telecom's GSM licence

On 7 December 2007, ARCEP informed Bouygues Telecom of the terms for the renewal for 15 years of its licence to use 900 MHz and 1800 MHz frequencies, valid from 8 December 2009.

Regulation

Voice call termination

ARCEP set voice call termination rates for 18 months from 1 January 2008 at €0.065 per minute for Orange and SFR (13.3% less than in 2007) and €0.085 per minute for Bouygues Telecom (8% less than in 2007). The difference between Bouygues Telecom and its competitors is now €0.02, compared with €0.0174 previously.


548 Bouygues Telecom Club stores

International roaming

Bouygues Telecom introduced the Eurotariff adopted by the European Parliament on 25 September 2007. For a one-year period, the regulation sets the maximum charge to the customer per minute at €0.49 excluding taxes for calls made from another EU Member State and €0.24 excluding taxes for calls received in another EU Member State. The charges will fall to €0.46 and €0.22 respectively in 2008 and €0.43 and €0.19 in the summer of 2009.

The regulation also sets the ceiling for wholesale prices at €0.30 excluding taxes on average in 2007, falling to €0.28 and €0.26 on 30 August 2008 and 2009 respectively.

Blind spots

The programme to cover blind spots continued. At 31 December 2007, when the programme was due to end, coverage had been extended to almost 90% of the 3,000 municipalities concerned. Coverage will be extended in 2008 and 2009 to municipalities in the initial programme not covered at the end of 2007.

Priority arterial roads

Under the terms of a nationwide agreement concluded in February 2007, Bouygues Telecom gave a commitment, alongside Orange and SFR, to cover 57,000 kilometres of priority arterial roads. Under the terms and conditions for

Enhanced services for business users

Upgrading and extending the network

renewal of its licence in December 2009, Bouygues Telecom must have completed the coverage by the end of 2010.

Digital dividend

The transition from analogue to digital television, which uses only one-sixth of the frequency resources, will free up frequencies in the UHF band (470-862 MHz) over the period to 2012. On 16 November 2007, the international telecommunications authorities decided to allocate the 790-862 MHz band to mobile services in Europe, opening up the prospect of using part of the UHF band in the future for electronic communication services.

Personal mobile TV

The law of 5 March 2007 on the modernisation of broadcasting and the television of the future defined the legal framework for personal mobile TV services.

On 8 November 2007, the French broadcasting authority CSA invited applications for the allocation for a ten-year period of the 13 personal mobile TV channels available out of the 16 channels created. The CSA will award the licences before the summer of 2008.

Consumer affairs

A new law promoting competition for the benefit of consumers came into effect on 3 January 2008.

Provisions affecting the mobile phone industry include:

- a 10-day notice period for cancelling subscriptions;
- the regulation of subscription periods longer than 12 months, allowing subscribers to terminate the contract from the thirteenth month in return for payment of a quarter of the outstanding amount and requiring operators to systematically offer contracts lasting 12 months at most.

Research and development

One highlight of 2007 was the introduction of the new Business Synchro solution, a direct result of Bouygues Telecom's experimental work as part of its R&D activities. Bouygues Telecom has focused in particular on the following areas:

Contactless applications

Two operational experiments involving public transport were carried out using the Near Field Communication (NFC) standard, one in Paris with the local mass transit authority and the French railways, the other in the Grenoble area.

Bouygues Telecom is also an active participant in the Secure Electronic Transactions task force whose work led to the launch of a pilot scheme for payments by mobile phone, introduced in Caen and Strasbourg in late 2007.

Mobile TV

In 2007, Bouygues Telecom defined technological solutions for broadcast-mode video (broadcast modes, access control, content protection, etc.).

SIM card

At the "Cartes 2007" exhibition, Bouygues Telecom gave a demonstration of the first over-the-air full download and remote personalisation of a contactless transit application into a new-generation SIM card.

Standardisation

With know-how gained from R&D, Bouygues Telecom is able to play an active part in standardisation initiatives relating to its businesses and to defend its interests in strategic areas like SIM cards, mobile TV and contactless applications.

Protecting innovation

Bouygues Telecom is at pains to protect the fruits of its R&D activities. It has a portfolio of 225 patents or patent applications in France and in other countries and filed 12 new French patents in 2007.

Innovation Forum

The annual Innovation Forum is intended to provide recognition and an in-house showcase for innovative projects and their designers. Prizes are awarded to the most

Contactless payment

Investing in technology

innovative of the 50 or so projects (new services, technologies, processes, etc.) presented during the event, which lasts several days.

Operating risks

Litigation

Bouygues and Bouygues Telecom are continuing their legal action against State aid granted when France Telecom was recapitalised in 2002 and against the unlawful retroactive modification of UMTS licence fees in favour of Orange and SFR. In the case involving the recapitalisation of France Telecom, oral arguments are due to be heard before the Court of First Instance of the European Communities in 2008. The case concerning UMTS licence fees has been brought before the Court of Justice of the European Communities.

In the context of the procedure to renew its licence, in early 2008 Bouygues Telecom challenged the difference in treatment between operators before the Conseil d'État, since ARCEP has reserved the right to ask Bouygues Telecom to return certain blocks of 900 MHz frequencies as of 2009. The case is due to be heard in 2008.

Competition

The changed conditions for the award of a fourth UMTS licence and concentration among players in the fixed and mobile phone industries are factors likely to increase competition on the market. Bouygues Telecom is anticipating this shift by bringing out generous offers, with a proactive strategic focus on the quality of its customer relations.

Technology

The company invested heavily in 2007 to ensure that major technical components of the network have redundant backup. The T-Réagir business continuity plan guarantees minimum service continuity for the time needed to deal with a malfunction.

Bouygues Telecom's critical functions are managed by information systems. Changes in load or context can cause serious malfunctions. The information systems department is organised according to the principles of the Information Technology Infrastructure Library (ITIL) quality framework, which introduces continuous improvement. An information systems continuity plan, I-Réagir, has been in place for several years and is operational at all times, covering the eventuality of hardware destruction. Bouygues Telecom's insurance covers this risk.

Fraud

Fraudulent use of services and the network is a constant threat because of the potential amounts involved. Bouygues Telecom has earmarked resources to ensure permanent and effective monitoring of the risk. Specific internal control measures have been introduced to monitor financial flows and a high level of security is ensured through protective action proportionate to the amounts involved.

Cost control

On a market that is becoming more and more complex as the number of players increases, pressure towards higher marketing costs is enhanced by the need to remain competitive. The retail network, on which Bouygues Telecom depends to achieve its sales and customer service targets, is paid on commission. Bouygues Telecom has introduced an internal control system based on regular meetings of spending committees to oversee decisions.

Health

Mobile telephony uses radio waves to carry communications. No adverse health effects from base stations or handsets have been proved to date.

However, the company recognises the importance of addressing legitimate concerns expressed by the public and users about the possible health effects of radiofrequencies. Some studies suggest the possibility of a risk following intensive mobile phone use. Health and safety authorities, taking account of the uncertainties that emerge from the conclusions of current scientific studies, propose precautions of an individual nature with the aim of reducing exposure. Bouygues Telecom applies all these measures, provides information in various formats (company website, brochures, etc.) and systematically supplies hands-free kits. It also helps to finance the French Health and Radiofrequencies Foundation, which defines, promotes and funds research into the effects of exposure to radiofrequencies.

Natural disasters

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

Continuously upgrading systems

Sustainable development indicators

	Our aim	2007 key figures	Action plan	2008 objectives	Progress
Financial and business challenges	Purchase responsibly.	• Over **95%** of buyers given training in responsible purchasing in 2007. • **6** social audits carried out in low-cost countries in 2007.	• Provide training to buyers and operational staff. • Continue social audits in compliance with the Global Compact. • Cooperate with suppliers on more responsible products and equipment.	• Provide a suitable computerised tendering system. • Apply an environmental and social scoring system to about 100 suppliers and define an action plan. • Continue to computerise exchanges with suppliers.	
	Support customers in their mobile phone use.	• **20%** of calls taken by customer advisers lead on to a review of consumption and personalised advice.	• Offer customers the services best suited to their consumption patterns; involve them in the company's sustainable development policy.	• Raise awareness among customers through measures such as e-billing, collection of used handsets, etc.	
	Protect children from harmful content.	• **37,000** parental controls activated at end-2007.	• Offer a parental control service for customers who are minors.	• Study the possibility of stricter, profile-based parental control; study options for filtering independent sites (chat rooms, etc.). • Study the extension of parental control to SMS+, MMS+, DVB-H TV, etc.	
	Honour our service pledge.	• Renewal of AFAQ/AFNOR certification for customer relations centres. • **1st** prize in the Customer Relations League Tables in 2007.	• Develop the service mindset: "Support our customers at all times". • Establish closer relations with consumer protection authorities and enhance dialogue with consumer bodies.	• Ensure the coherence of our quality policy between different contact channels. • Enhance the measurement of customer satisfaction at different points (activation, renewal, migration, etc.).	
Social/HR challenges	Give as many people as possible access to our services.	• **2,559** municipalities covered in 2007 under the blind-spot coverage programme.	• Cover all 3,000 municipalities in the blind-spot coverage programme.	• Continue the rollout: install an additional 250 base stations to cover another 300 municipalities and arterial roads.	
	Make mobile telephony accessible to the disabled.	• **182** Bouygues Telecom Club(1) stores with disabled access. • **300** free voice software packages offered to customers in 2007 (+113%).	• Ensure that Bouygues Telecom Club stores have disabled access. • Improve services for the disabled.	• Continue to improve disabled access to stores. • Provide more information about accessibility. • Give disabled people a wider choice of handsets.	
	Be transparent on the subject of radiofrequencies and health.	• **2** new leaflets. • **-14** points(2) on 2006: the perception of base stations as a health hazard.	• Increase customer communications on best practices for mobile phone use (hands-free kit, road safety, etc.).	• Encourage the use of hands-free kits. • Provide information about the specific absorption rate (SAR) in customer materials. • Continue research.	
	Ensure our employees health.	• Industrial accident frequency and severity rate: **1.66** and **0.040**	• Seek input from health and safety committees and staff on the design of new workplaces.	• Take steps to raise awareness of emergency procedures and preventive measures among staff.	

(1) Of 310 Bouygues Telecom Club stores and branches (2) Source: 2007 survey of mayors by TNS Sofres

Measures to be introduced in 2008 — Measures introduced in 2007 — Ongoing measures — Measures completed in 2007

	Our aim	2007 key figures	Action plan	2008 objectives	Progress
Social/HR challenges	Develop skills and promote equal opportunity among the disabled.	• **92%** of employees given training. • **33%** of managerial staff are women. • **12%** more disabled employees than in 2006, 133% increase in sales with the sheltered sector.	• Promote staff training and mobility. • Continue our workplace diversity policy. • Create a disability task force to coordinate measures.	• Conclude a jobs and skills planning agreement. • Continue recruitment and diversity training. • Continue to promote work/study contracts. • Implement the disability task force.	
	Support good citizenship initiatives.	• **3,500** employees and **160,000** customers involved in the Earth Challenge. • **€950,000** spent on sponsorship in 2007. • **313** volunteer employees in 2007.	• Support employees who are involved in charities. • Encourage staff to take part in solidarity initiatives. • Extend the network of medical and social charities supported.	• Renew support for the Nicolas Hulot Foundation's Earth Challenge. • Put the partnership with the charity Les Petits Princes on a long-term footing. • Publish the novel that wins the Bouygues Telecom Foundation prize and launch the second prize. • Make charitable sponsorship by staff more systematic.	
Environmental challenges	Integrate base station sites into their environment.	• **81%** of sites audited.[3] • **84%** of sites audited.[3]	• Assess the entire installed equipment base. • Integrate all new base station sites into the environment.	• Study the integration of base station sites into the environment in the context of HSPA rollout.	
	Recycle waste.	• **171,525** used handsets collected, 151 tonnes of network equipment recycled in 2007. • **100%** of waste complies with the WEEE Directive.	• Encourage customers to recycle their used handsets. • Increase expertise among operational staff. • Optimise waste management streams.	• Audit equipment suppliers and network service providers. • Audit waste production and draw up an action plan to reduce it. • Give priority to local industries. • Press for technology standardisation with AFNOR and other stakeholders.	
	Limit electricity and paper consumption.	• **2** new base station sites powered by renewable energy sources. • **3.87** MWh consumed per occupied workstation. • **22.4%** of consumers with call plans on e-billing.	• Continue to roll out base station sites powered by renewable energy sources. • Continue to optimise electricity consumption. • Develop alternatives to paper for communications.	• Carry out a systematic survey to identify oversized network equipment in relation to traffic. • Continue to experiment with renewable energy sources for base station sites. • Carry out a study of air conditioning in offices.	
	Reduce greenhouse gas emissions.	• **8,300** tonnes of carbon equivalent[4] emitted in 2006 under the energy item.	• Draw up an action plan.	• Involve suppliers in action to reduce greenhouse gas emissions. • Cut business travel by 5% and define a new company car policy.	
	Operate office sites sustainably.	• **1** HQE-certified customer relations centre under construction.	• Obtain HQE certification for all new buildings. • Help to draw up the HQE Operation reference framework with the CSTB. • Improve the environmental profile of buildings.	• Test the HQE Operation reference framework on two sites. • Train site managers in HQE Operation.	

(3) At end-2007, according to the 12 integration rules defined by the three mobile operators (4) Carbon balance carried out in 2007 using 2006 data

Organisation

Bouygues Telecom's sustainable development policy is coordinated by the services and innovation department in liaison with operational and support units. Guidelines and objectives are defined by a steering committee made up of members of senior management. A sustainable development executive committee, comprising representatives of the firm's main lines of business, meets monthly to monitor progress, ensure operational coherence and prepare quarterly reports for the steering committee.

Initiatives are implemented at the company's 11 main sites by two-person teams representing corporate services and human resources departments.

HQE-certified customer relations centre in Bourges (France)

Commitment to the environment

Collect and recycle waste

Batteries and handsets

Since 2003, in line with the changing requirements of environmental regulations, Bouygues Telecom has extended the collection of used handsets to all its distribution channels.

The profits generated in 2007 from the collection of used handsets from businesses, distance sellers and employees are donated to the Nicolas Hulot Foundation and will be used to finance 495 places at environmental awareness camps for children.

In 2008, Bouygues Telecom plans to overhaul its mobile handset recycling processes with the aim of optimising logistics.

Waste generated at base station sites and in offices

Environmental audits have been carried out at office sites as part of a challenge, with the aim of highlighting the strengths and weaknesses of each activity, promoting exchanges of best practices and encouraging improvement plans. The audits focused on the implementation of new regulations, especially on hazardous waste management.

Sustainable development corners were introduced at the firm's 11 main sites during the 2007 Sustainable Development Week. As well as being used to collect recyclable products like handsets, batteries and bottle tops, they are also places where information is provided and where events take place at key times during the year, like the campaign to collect used handsets, carbon balance awareness-raising, sponsorship initiatives, etc.

A spring clean, organised in 2007 for the first time, resulted in the collection of 146 tonnes of paper, cardboard and POS materials from all the company's sites. The scheme will also provide useful information for calculating the specific storage space required at existing and future sites.

Reduce nuisance and pollution

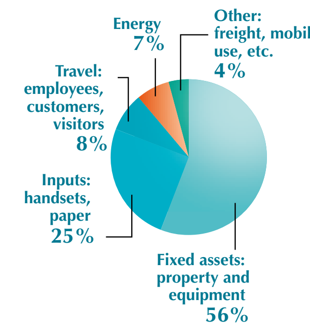
Blend base station sites into the environment

In 2007, Bouygues Telecom continued the evaluation of all its equipment installed in France. 81% of base station sites had been audited by the end of the year and 84% of them are integrated into the environment according to the 12 environmental integration principles defined by the three French mobile operators.

Reduce greenhouse gas emissions

Bouygues Telecom carried out a carbon balance in 2007 in partnership with ADEME, the French environment and energy management agency, in order to estimate the direct and indirect greenhouse gas emissions generated by its activity. Action plans will be introduced for each item.

Breakdown of greenhouse gas emissions by major item



Bouygues Telecom already equips its sales force with low-CO_2 vehicles (120 grams of CO_2 per kilometre). 200 more environmentally friendly vehicles will ultimately be brought into service. These changes in the vehicle fleet represent a saving of 240,000 litres of fuel and 48 tonnes of CO_2.

Steps have been taken to encourage teleworking, such as:

- a 3D GPS tool to optimise or eliminate the need for on-site servicing by technicians;

This symbol refers to an indicator in the sustainable development indicators or non-financial indicators.

- training in e-working so that radio engineers in the French regions can work remotely on the Paris network;
- a device on 3G antennae so that their vertical tilt can be adjusted remotely.

Optimise electricity and paper consumption

Electricity consumption

Bouygues Telecom continued its efforts to reduce electricity consumption in its buildings by upgrading air conditioning systems and changing heat pumps. Electricity consumption in offices fell by 4% in 2007.

Paper consumption

Bouygues Telecom offers its customers e-billing. 22.4% of customers with consumer call plans had opted for e-billing by the end of 2007.

Efforts are also made to limit the amount of paper used for internal communications (the in-house magazine has fewer pages), office applications (29% reduction in paper consumption in offices between 2006 and 2007) and external communications (development of alternatives to paper).

Environmentally aware building design

Since 2006, Bouygues Telecom has been part of a group led by CSTB, the French building research centre, working to prepare a reference framework for HQE Operation to be issued in 2008. Bouygues Telecom will test the framework on two sites in March 2008 and ultimately intends to seek HQE certification for all its sites.

To save energy, Bouygues Telecom is planning to use the heat given off by mainframes (1,000 W per sq. metre on average) to produce domestic hot water and heat fresh air and the heat from desktop computers to heat office space.

Sustainable development corner

Commitment to society and employees

Promote health and safety

In the light of new scientific research published in 2007, Bouygues Telecom has stepped up the information provided to the public on how best to reduce exposure to electromagnetic fields, including measures such as using hands-free kits and choosing a handset with a low specific absorption rate (SAR). More information is available on a specific website in French, www.sante.bouyguestelecom.fr.

All technical staff have been given training in radiofrequencies and health and their occupational exposure to electromagnetic fields has been monitored. The results showed that the level of exposure was comparable to that generally found in the general public and therefore well below the regulatory limits.

2,000 staff training actions were undertaken in 2007, in areas such as first aid, operations in high places, fire prevention and road safety.

The company has also designed a warning and localisation device that quickly alerts local emergency services if a network technician gets into difficulty. Acoustic baffles have been installed to improve working conditions for customer advisers.

Staff and the health and safety committee have contributed to the design of workspaces in the company's future headquarters and technical centre, in areas such as acoustics, lighting, waste management, fire safety, accessibility for disabled workers, etc.

Support customers in their mobile phone use

Protect children from harmful content

In 2007, Bouygues Telecom extended the parental control already available on i-mode to WAP. Parental control is also systematically offered at points of sale for new customers, even if they are not minors. Communications with customers have been reinforced with the provision of information on the company website.

Give disabled people access to mobile telephony

Eighteen Bouygues Telecom stores were adapted in 2007 to make them accessible to people with motor disabilities. A specific visual pathway was installed in two stores to make it easier for sight-impaired people to access the store and move around within it.


Earth Challenge

Consumer protection

Bouygues Telecom has opted to focus on call plan overruns and excess consumption in order to satisfy customers by offering them the product best suited to their consumption patterns, especially on the occasion of consumption reviews. For customers with high levels of excess consumption, the company has introduced a system for detecting overruns and providing support.

182 stores with disabled access

Favour equal opportunity

Diversity in the workforce

In 2007, Bouygues Telecom continued its commitment to non-discrimination.

- It concluded an agreement on the management of older staff so that all employees can follow an appropriate career path. Amongst other measures, it provides for a mid-career interview, including a review of skills and options.
- It signed the diversity charter applicable to recruitment and career management.
- Under the terms of the gender equality agreement, Bouygues Telecom proposes an interview to prepare the ground for women taking and returning from maternity leave.

Integration of disabled employees

Action in 2007 focused on integrating disabled employees and keeping them in employment. Bouygues Telecom greatly increased its business with the sheltered sector – the amount of sales more than doubled – and the number of disabled employees was 12% higher than in 2006.

The agreement on integrating disabled employees and keeping them in employment was approved by the local department of work, employment and training in November 2007. The company has created a disability task force to coordinate and monitor the company's actions relating to disabled employees.

Skills development

Employees are encouraged to leave their CV on a secure intranet to validate their acquired skills. The resource helps careers committees to optimise skills management.

Responsible purchasing

Over 60 buyers had been given awareness-raising and training in responsible purchasing by the end of 2007, covering aspects such as assessment of the social and environmental risks of their portfolio, the criteria for including new products in listings and ways of improving suppliers' performance.

Bouygues Telecom is currently testing software to assess suppliers' corporate social responsibility (CSR) on a panel of over 100 suppliers.

Monitor the origin of products

The social audit programme continued in 2007 with six new audits in low-cost countries, most of them of tier-two suppliers. Outcomes included a temporary freeze on orders, requests for corrective action or even delisting.

Support good citizenship initiatives

In 2007, the Bouygues Telecom corporate foundation continued to support projects to raise awareness and forge links between people in three fields:

- support for people in medical or social difficulty;

- environmental protection, especially renewed support for the Nicolas Hulot Foundation's Earth Challenge;
- promotion of the French language.

Testimonial

Magali Lacour,

Bouygues Telecom employee, member of AFDE*

"I have a little boy with a very rare genetic disease for which there is a small nationwide charity, AFDE. Amongst other things, the disease prevents sufferers from sweating. When I found out that my company supports good causes, I saw a great opportunity for helping me in my work for children with the disease and for my son. The president of the charity and I put together a project that we submitted to the Bouygues Telecom Foundation. They gave us a donation of €5,000 which helped to turn a plan to give the children a holiday into reality. 15 children went off to a holiday camp with all the necessary medical assistance but without their parents. A real holiday, just like other children! €5,000 is as much as our charity reckons to raise from other donors in a year. Thanks to the Foundation, for a week a few kids were able to forget that they were ill."

(*) French Ectodermic Dysplasia Association

This symbol refers to an indicator in the sustainable development indicators or non-financial indicators.

Testimonial

Valérie Gérôme,

internal communications manager, Ericsson France*

"A practical first step has already been taken following the survey. Bouygues Telecom wanted an overall, long-term picture of Ericsson's strategy for reducing the energy consumption of its equipment, carrying out environmental audits of its products and introducing innovative solutions to help radio equipment blend into the environment as well as possible. We are convinced that these contacts provide a solid foundation for extended cooperation between our companies in the field of corporate social responsibility."

(*) Valérie Gérôme replied to a CSR evaluation survey conducted for Bouygues Telecom

One unique feature of the Bouygues Telecom Foundation is that it relies on staff involvement. In 2007, 313 volunteers took part in the Foundation's actions and support was provided to six charities sponsored by employees.

Management system

Quality-driven management

Bouygues Telecom aims to ensure complete customer satisfaction. To constantly improve customer satisfaction, the company is introducing an integrated management system covering all quality, safety and environment issues in harmony with corporate strategy.

In 2007, AFAQ/AFNOR renewed its NF Service certification for quality of service at the company's customer relations centres. Bouygues Telecom also won first prize in the 2007 TNS Sofres–BearingPoint customer relations league tables in the mobile telephony category.

Bouygues Telecom has chosen the European Foundation for Quality Management (EFQM) reference framework, based on self-assessment, to provide managers with appropriate resources and a progress-oriented approach spanning all stakeholders.

Dialogue with stakeholders

As a partner of the Solidays and Les Méditerranéennes music festivals during the summer of 2007, Bouygues Telecom carried out a campaign to raise awareness of handset recycling and environmentally friendly mobile phone use among festival-goers.

To enhance relations with consumer bodies, a specific extranet site has been set up. Intended to become a preferential and exclusive link with consumer organisations, it contains a large number of the contractual, marketing and informational documents about the company that such organisations need in order to provide their members with the best advice.

In the 2006 employee perception survey, 93% of respondents said that Bouygues Telecom was a socially responsible employer. Three-quarters of staff consider that diversity is a reality within the company. It was as a result of the survey, in which employees raised issues about pay, that the company decided to give every employee an individual overall pay review.

Bouygues Telecom came second in JDN Management's ranking of the top ten most pleasant hi-tech companies to work in.

9 million customers in November 2007

Outlook for 2008

Rollout of the HSPA network will be stepped up to meet businesses' growing demand for data services.

The agreement with Neuf Cegetel will pave the way for the launch of **converged services** for business customers in the first half of 2008 and for consumers in the second half of the year.

The 8% cut in Bouygues Telecom's call termination rates from 1 January 2008 will curb growth in **sales from network,** as in previous years, although the figure is still expected to rise by 3% over the year to €4.6 billion.

Within the framework of the **carbon balance** in 2007, several initiatives will be taken to involve suppliers in a joint effort to reduce greenhouse gas emissions.

New ways of limiting business travel and electricity consumption will also be introduced.

Following on from the Grenelle Environment Forum, Bouygues Telecom and AFNOR will lead the task force on **standardisation of connectors.** The aim is to reach an agreement between all the parties involved (manufacturers, consumer organisations, operators) that can then be extended to the whole of Europe.

Non-financial indicators by business

Family	Indicator	Scope	Unit	2005	2006	2007	Reporting framework
Foster a trusting relationship with our clients	Percentage of completed projects for which customer satisfaction surveys have been conducted	Global	%			33	GRI PR 5
	Percentage of sales covered by triple QSE certification	Global	%		47	57	GRI PR 1
Implement a quality management system (QMS)	Percentage of sales covered by an ISO 9001 certified QMS	Global	%	94	96	90	
Involve suppliers and subcontractors in our sustainable development policy	Percentage of sales generated by operating units with an action plan to involve subcontractors in the QSE approach	European subsidiaries excl. Bâtiment International and Bouygues TP	%			58	Internal
	Percentage of sales generated by operating units that systematically include the sustainable development charter in their contracts with subcontractors or suppliers	European subsidiaries excl. Bâtiment International and Bouygues TP	%			38	
Increase preventive safety measures	Percentage of sales covered by a safety management system (SMS) with ILO, OHSAS 18001 or equivalent certification	Global	%	22	71	75	GRI PR 1
	Frequency rate of industrial accidents	Global		11.50	12.82	14.76	GRI LA 7
	Severity rate of industrial accidents	Global		0.50	0.54	0.50	
	Number of deaths during the year as a result of an industrial accident	Global		6	2	10	
	Frequency rate of industrial accidents involving temporary site workers	France		19.64	19.64	27.88	Internal
	Frequency rate of road accidents with the company vehicle fleet involving third parties	Global	accident/ vehicle	16.1	15.9	15	
Monitor career paths	Employees receiving regular performance and career development reviews	France	%	84	86	81	GRI LA 12
Develop skills	Employees who received training during the year	Global	%			40	GRI LA 10
	Managerial staff who received training during the year	France	%			69	
	Clerical/technical/supervisory staff who received training during the year	France	%			65	
	Employees in managerial positions outside France who received training during the year	International only	%			21	
	Site workers who received training during the year	Global	%			31	
Encourage diversity	Percentage of women	France	%		12.6	14	GRI LA 13
	Percentage of women in senior managerial positions	France	%			6	
	Percentage of women in managerial positions	France	%		17	17	
	Percentage of female clerical/technical/supervisory staff	France	%			32	
	Percentage of female site workers	France	%			1	
	Number of disabled employees on permanent contracts	France			357	449	Internal
	Sales of work performed by the sheltered sector during the year	France	€			380,000	
Participate in economic and social life	Number of operations carried out during the year in cooperation with local retraining bodies	France			97	157	
	Number of partnerships supporting education and health during the year	Global			75	175	

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

Family	Indicator	Scope	Unit	2005	2006	2007	Reporting framework
Implement an environmental management system (EMS)	Percentage of sales covered by an ISO 14001 certified EMS	Global	%	36	59	61	GRI PR1
Design and develop buildings with high environmental performance	Percentage of the R&D budget devoted to sustainable construction	Global	%		21	21	Internal
	Total number of buildings with high environmental performance in the order intakes for the year	Building activities France and international				101	
	Total number of buildings with high environmental performance where Bouygues Construction is the designer in the order intakes for the year	Building activities France and international				30	
Reduce energy consumption	Fuel consumption of the company's light commercial and passenger vehicle fleet	France	millions			22	GRI EN 3
Minimise disturbance for local residents	Percentage of work sites taking action to listen to or communicate with local residents, or to assess their satisfaction	All activities excl. civil works	%			46	Internal

Bouygues Immobilier

Family	Indicator	Scope	Unit	2005	2006	2007	Reporting framework
Employee share ownership	Average amount of employee profit-sharing	France	€			1,664.46	GRI
	Employee shareholders	France and Europe	%			68.34	GRI
Quality	Percentage of book sales covered by a quality management system (including ISO 9001 certified facilities)	France and Europe	%			97.90	GRI 3.2
Diversity and discrimination	Women in managerial positions at 31/12 (permanent and fixed-term contracts, including work/study contracts and apprenticeships)	France and Europe	%			33.40	Internal
	Disabled employees at 31/12 (permanent and fixed-term contracts)	France and Europe	Employees			4	
Jobs	Net job creation at 31/12 in absolute terms (permanent and fixed-term contracts)	France and Europe	Employees			300	GRI LA 2
Training	Employees who received training (workforce at 31/12)	France and Europe	%			73	GRI LA 10
	Training	France and Europe	Number of hours			31,407	
	Average number of hours per trainee	France and Europe	Hours/trainee			28	
	% of annual payroll	France and Europe	%			3.70	
Sponsorship and charitable work	Expenditure	France and Europe	€			724,000	Internal
EMS	Percentage of book sales covered by an environmental management system (EMS) (including ISO 14001 certified facilities)	France and Europe	%			13.60	GRI 3.2
Energy	Direct electricity consumption	France (consumption billed only)	kWh/employee			3,858	GRI EN 3
Water	Total water consumption per employee	Headquarters	Cu. metre/ employee			13	GRI EN 8

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

	Family	Indicator	Scope	Unit	2005	2006	2007
(*)	Workforce	Average workforce	France	Employees	33,193	34,505	37,160
			International		26,983	27,773	29,564
			Global		60,176	62,278	66,724
	Hiring	Site workers	Global	Employees	3,550	5,100	5,300
		Managerial staff	Global		1,650	1,900	2,800
		Total	Global		5,200	7,000	8,100
		Interns	Global		2,500	2,650	2,600
	Women	Site workers	France	%	0.70	0.40	0.50
			International		5.07	5.70	5.88
		Managerial staff	France		18.60	18	18.40
			International		24.05	24.40	21.85
		Total	France		7.80	7.50	7.50
			International		9.39	10.80	9.39
	Pay	Workforce	France	Employees	30,000	31,846	34,115
		Average pay, Colas plant operator		Multiple of statutory minimum wage	1.45	1.48	1.49
		Average pay, Colas site manager		Multiple of statutory minimum wage	2.00	2.04	2.09
		Workforce	United States	Employees	-	4,884	4,973
		Average pay, Colas plant operator		Multiple of statutory minimum wage	-	3.99	3.76
		Average pay, Colas site manager		Multiple of statutory minimum wage	-	5.49	4.62
		Workforce	Madagascar	Employees	4,100	4,102	4,327
		Average pay, Colas plant operator		Multiple of statutory minimum wage	5.00	5.26	5.64
		Average pay, Colas site manager		Multiple of statutory minimum wage	7.40	8.00	8.37
	Safety	Occupational safety index	France	-	9.61	9.53	7.27
			International	-	2.30	2.06	1.84
		Road accidents (number of accidents involving a third party per vehicle)	France	%	0.104	0.097	0.094
		Percentage of total workforce with up-to-date occupational first-aid training	Global	%	20	21	21
	Local dialogue	Percentage of sales from materials production sites covered by a local dialogue structure	Global	%	-	28	17
	Certification	Quality (percentage of sales)	Global (excl. US)	%	-	85	85
		Environment (percentage of materials production sales)	Global		-	49	42
(*)	Recycling	Quantity of raw materials recycled in Colas plants in relation to output from Colas quarries and gravel-pits	Global	%	-	11	12
		Percentage of planed materials in production of asphalt mix	Global		-	8	9
	Vegecol	Number of projects completed	Global		60	350	450
		Tonnes applied	Global	Tonnes	600	1,600	2,400

Social/HR challenges · Environmental challenges

(*) All Colas indicators refer to an internal reporting framework.

Family	Indicator	Unit	2005	2006	2007	Reporting framework
Customer relations	Number of answers about radiofrequencies and health to:					GRI PR1
	- letters		454	614	429	
	- e-mails		243	402	286	
	Number of electromagnetic field measurements requested by stakeholders		388	510	429	
Employee share ownership	Membership of company savings plan (at 31/12)	%	61	68	67	
Women	Women in managerial positions (at 31/12)	%	34	34 of managerial staff	33 of managerial staff	
Disabled people	Disabled employees (at 31/12)	Employees	72	108	121	
	Disabled people hired	Employees	16	45	26	
	Sales with the sheltered sector	€	167,000	265,000	618,000	
Absenteeism	Total hours off work/total working hours (excl. maternity leave)	%	3.80	3.50	3.60 (end-November 2007)	
Accidents	Frequency rate		1.36	1.65	1.66	GRI LA 7
	Severity rate (o/w number of deaths, subcontractors included)		0.052	0.056 (1 death at a subcontractor)	0.040	
	Industrial accidents	Number	43 (o/w 18 with time off)	41 (o/w 21 with time off)	39 o/w 20 with time off	
	Accidents on the way to and from work	Number	62 (o/w 37 with time off)	49 (o/w 26 with time off)	59 o/w 34 with time off	
Training	Training hours	Hours	197,979	185,329	184,481	GRI LA 9
	Employees receiving training	%	89	91	92	
Solidarity	Solidarity spending	€	560,000	960,000	950,000	
Health	Action plans				• Involvement in prevention programmes (healthy living, smoking, etc.) as part of national initiatives carried out at health and social services of Bouygues Telecom's sites • Flu prevention plan	
Society	Awards received in recognition of social, ethical and environmental performance		Economical and clean technologies award		Second in the JDN Management Top 10 best-to-work-for high-tech companies First prize for Customer Relations 2007 - TNS Sofres-BearingPoint (mobile phone sector)	
Base stations	Number of base stations whose integration into the environment has been assessed	Aggregate	3,242	8,638	10,797	GRI EN 14
Recycling	Recycled handsets:	Number				GRI EN 15
	- collected in stores		20,938 (June to Dec.)	49,497	118,345	
	- through after-sales		102,344	87,261	40,202	
	- business customers				1,860	
	- employees				1,817	
	- internet				9,301	
	Weight of recycled network equipment	Tonnes				GRI EN 11
	- batteries		58	25	13	
	- excl. batteries		117	84	138	
Consumption	Electricity consumption per occupied workstation in offices	MWh	4.59	4.02	3.87	GRI EN 3
	Paper consumption per occupied workstation	Number of reams	8.38	7.49	5.77	GRI EN 1

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

NB: TF1's non-financial indicators appear in its 2007 annual report, available on the tf1.fr website.

Bouygues SA

The parent company of an industrial group, Bouygues SA focuses entirely on the development of the Group's businesses. It is the place where decisions are taken that determine the Group's activities and the allocation of its financial resources.

Fostering exchanges and maximising the benefit of accumulated experience

2007 sales	Operating loss	Net profit	Employees
€68m (+13%)	€30m (-20%)	€751m (+25%)	177

Internal control

Drawing on the recommendations and the reference framework published by the AMF on 22 January 2007, Bouygues SA launched a major project in 2007 to analyse and optimise internal control throughout the Bouygues group.

A full account of the project is given in the Chairman's report on internal control (see *Legal and financial information*).

Management – Senior management changes

Bouygues SA pays particular attention to Group management, taking steps to encourage exchanges between support structures and businesses, maximise the benefit of accumulated experience, provide leadership and develop team spirit within the Group.

Changes took place in 2007 at the head of a number of the Group's businesses.

At Colas, Hervé Le Bouc replaced Alain Dupont as Chairman and CEO.

Olivier Roussat was appointed CEO of Bouygues Telecom, with Philippe Montagner remaining as Chairman. Emmanuel Forest and Richard Viel were appointed Deputy CEOs.

At TF1, Nonce Paolini was appointed CEO, with Patrick Le Lay continuing as Chairman. The new heads of these major subsidiaries have spent most of their career with the Group. They have all held senior positions in the businesses they now run and have benefited from a transition period alongside their predecessors.

Services rendered to subsidiaries

As well as being responsible for the overall management of the Group, Bouygues SA provides a range of general and expert services to Group businesses in areas such as finance, communications, new technologies, insurance, legal affairs, human resources, etc. For that purpose, Bouygues SA concludes annual agreements with its businesses under which it invoices them for services rendered.

Acquisition of BNP Paribas' stake in Bouygues Telecom

Under the terms of agreements signed on 21 June 2005, on 10 September 2007 Bouygues acquired BNP Paribas' 6.5% stake in Bouygues Telecom for €441 million, taking its own stake in the company to 89.5%. In accordance


The lobby of Bouygues SA's headquarters

with IFRS, the equity interest and the corresponding debt have been included in Bouygues' consolidated financial statements since 30 June 2005.

Acquisition of Alstom shares

Taking advantage of market opportunities, Bouygues has acquired shares in Alstom. Bouygues' stake in Alstom rose from 25.35% on 30 June 2007 to 30% on 29 February 2008.

Financial transactions – Employee savings

It is an article of faith at Bouygues that Group employees should be closely associated with the success of their companies, in which they play a key role.

In view of the Group's good results in 2006 and bright prospects for 2007, in December 2006 the Board decided to carry out an employee-only capital increase. The programme, called Bouygues Partage, was completed in January 2007 and was a great success, since 76% of the eligible workforce subscribed, representing over 53,000 employees. 6,371,520 shares were created for €232 million. Designed so that each employee would have access to the same number of shares, the Bouygues Partage scheme combined three advantages: a 20% discount for the subscription of three Bouygues shares; an employer's matching contribution equivalent to the purchase price of nine shares per investor; and gearing, to take the number of subscribed shares to 120.

In sum, for the purchase price of three shares (€109.32) and after five years, employee shareholders will hold 12 shares plus a portion of the capital gain on the 108 other shares.

In August 2007, the Board decided to carry out a second capital increase reserved for Group employees, called Bouygues Confiance 4. A leveraged transaction, it was also highly successful, since 50% of the eligible workforce subscribed, representing over 37,000 employees. 6,947,662 shares were created for €300 million. Employees have thus been given the opportunity to participate in five leveraged capital increases in nine years. Employees were Bouygues' second-largest shareholder group at 29 February 2008, holding 14.2% of the capital and 18.3% of the voting rights and making Bouygues the CAC 40 company with the highest level of employee share ownership.

Financial flows

In 2007, Bouygues SA received dividends totalling €896 million from its subsidiaries as follows:

- Bouygues Construction: €140m
- Bouygues Immobilier: €75m
- Colas: €200m
- TF1: €78m
- Bouygues Telecom: €372m
- Alstom: €28m
- Other: €3m

There are no significant flows of funds between Group subsidiaries.

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

The Group has not been affected by the financial crisis that began in the second half of 2007. When investing surplus cash, Bouygues has always avoided speculative instruments like securitisation vehicles, hedge funds, etc.

Research and development

Bouygues SA has a research and development arm, the e-Lab, which provides assistance with innovation and decision-support projects in the Group's businesses. It has worked on a number of projects in areas such as the scheduling of finishings in construction projects and the optimisation of advertising slots for TF1.

The unit stepped up its work on new technologies in 2007. For example, a recommendation engine has been set up with the Wat website (www.wat.tv).

The e-Lab also helps to stimulate innovation within the Group, heading up and coordinating an innovation network that has more than 350 members with responsibilities not only in technical fields and R&D but also in marketing and strategy. Working groups have been organised, together with half-day seminars on topics like sustainable development and raising awareness of innovation among employees.

The e-Lab also helps Bouygues entities to keep abreast of technological advances by encouraging links with innovators outside the Group. It cooperates with start-ups, researchers and manufacturers as they bring their projects to fruition, then puts them into contact with the appropriate subsidiaries within the Group.

Other activities

Finagestion, the subsidiary which took over Saur's equity interests in a number of African companies, reported consolidated profit in line with forecasts in 2007. Sodeci, which distributes water in Ivory Coast, had its contract renewed for 15 years. Siza, a South African subsidiary, was sold.

ALSTOM

Two high-growth businesses

Growth and improved profitability – World rail speed record

Bouygues acquired Alstom shares in 2007, raising its stake from 25% on 1 January 2007 to 30%. Alstom and Bouygues increased their cooperation to better meet demand for rail transport and power generation equipment and services worldwide.

3 April 2007: the V150 trainset beats the world rail speed record

Figures for the first half of FY 2007/08

2007 sales	Current operating margin	Net profit att. to the Group	Orders received	Employees
€8,004m (+21%)	7.2 % (+0.9 point)	€388m (+49%)	€12,847m (+33%)	approx. 70,000

Highlights

Major contracts concluded

- **August:** turnkey combined-cycle power plant in Staythorpe, England (€850m). Power and desalination plant in the United Arab Emirates (€1bn).
- **July:** 360 subway cars for the city of New York (approx. €500m).
- **June:** 80 double-decker TGV* trains for SNCF (€2.1bn); Britain's largest combined heat and power plant on the Isle of Grain (€580m); contracts with Statoil (Norway) and E.ON (Sweden) to test CO_2 capture technologies.

Record

- **April:** world rail speed record (574.8kph) with the V150 TGV* trainset.

(*) TGV is a registered trademark of France's national railway company, SNCF

Non-exclusive cooperation agreement between Bouygues and Alstom

On 26 April 2006, Alstom and Bouygues concluded a commercial and operational cooperation agreement. By sharing best practice in project management and pooling their commercial resources, the two groups plan to jointly develop integrated projects worldwide as they arise, drawing on Bouygues' expertise in civil engineering as well as Alstom's know-how in equipment and services for power generation and rail transport. However, the cooperation agreement does not contain any exclusivity clause. The two groups will continue to work with the partners that are best suited to each project in the interest of their clients.

As part of the process of establishing cooperation between the two groups, Bouygues also invested €150 million in a 50% stake in Alstom Hydro, the world's leading supplier of hydropower generation equipment. Bouygues is interested in the hydropower market since civil engineering is a major component of the construction of such plants. A clause in the agreements between the two groups gives Bouygues the option of selling its stake to Alstom if the Board blocks certain decisions or during a 20-day period after 31 October 2009.

Bouygues as an Alstom shareholder

Under this partnership, on 26 June 2006 Bouygues acquired the French government's stake in Alstom, representing 21.03% of the capital, at a cost of €2 billion. Bouygues gave a commitment to keep the shares bought from the government for at least three years.

Major recruitment drive

Bouygues subsequently raised its stake to 25.1%, then to 30.07% in 2007. The interest in Alstom is consolidated by the equity method. Alstom's net contribution to Bouygues' consolidated profit at 31 December 2007 amounted to €187 million.

Overview of Alstom

Alstom is an international group with about 70,000 employees and operations in more than 70 countries around the world. Its financial year ends on 31 March. In 2006/07, it reported sales of €14.2 billion in its two lines of business, Power and Transport. In 2006/07, the group generated 49% of its sales in Europe, 18% in Asia-Pacific, 23% in North and South America and 10% in Africa and the Middle East.

Alstom has more than 250,000 shareholders.

Power

Alstom's Power Systems and Power Service Sectors offer the most comprehensive and technologically advanced ranges of systems, equipment and services available in the power generation industry to meet the growing demands of their clients, covering the installation of all-new equipment, the upgrading of existing facilities and long-term maintenance. Alstom is in third place on the global market. Its main competitors are General Electric, Siemens and Mitsubishi. It also faces competition from other players on certain market segments.

Alstom's competitive advantage springs from its presence in all types of power generation, including gas, coal, hydro, wind and conventional islands for nuclear power plants. Alstom technology equips over 25% of conventional islands in nuclear power plants worldwide. Specialising in the management of turnkey projects, the group is also able to optimise power plant performance. At the same time, Alstom leads the way in clean-coal combustion technologies and, more generally, in high-performance and cost-saving pollution control systems. These enable its clients to ensure compliance not only with current environmental standards but also with those of the future. Alstom estimates that one-quarter of the world's thermal power plants contain at least one item of equipment supplied by the group. This experience is essential in the service sector, where Alstom upgrades existing plants (mainly its own facilities). The Power Service Sector provides life-cycle maintenance. Its main competitors are General Electric, Siemens and Mitsubishi, which tend to concentrate on servicing their own equipment. The Power Service Sector also gives the highest priority to systems and services that make power plants both cleaner and more efficient. Alstom is the world's leading supplier of hydropower equipment, with around 25% of the market.

Transport

The Transport Sector offers the most complete range of systems, equipment and services in the railway market. The world's leading supplier of very high-speed trains, Alstom is also well-positioned in tram and underground systems, regional trains, high-speed intercity connections, signalling, infrastructure and all related services.

The group is advantageously placed in relation to its main competitors, Bombardier and Siemens. Alstom has staked out a position as a leader in advanced technologies, including rail traffic management, automatic light metros, ground-level switched contacts for tramways and AGV fourth-generation very high-speed trains, capable of carrying 450 passengers at a commercial speed of 360kph.

Alstom's business activity in 2007

In the year to 31 March 2007, orders taken by Alstom increased by 24% (34% like-on-like) to €19 billion, bringing the order book to €32.3 billion (up 20% in real terms, and 22% like-on-like).

Alstom has about 70,000 employees

Alstom is the world's third-largest power operator

The trend was confirmed in the first nine months of FY 2007/08, since Alstom booked orders worth €19.9 billion, an increase of 38% on the same period in the previous year (40% like-on-like). The order book at 31 December 2007 amounted to €40.6 billion, the equivalent of about 30 months' sales.

The order intake for Power Systems was €10.2 billion for the first nine months of 2007/08, a 28% increase (30% like-on-like) compared to the same period of the previous year. This excellent commercial performance underlines the strength of the Sector's strategic positioning in a dynamic market environment. Orders in the Power Service Sector remained strong at €3.4 billion, a 6% increase both in real terms and like-on-like. The book-to-bill ratio of 1.3 confirms the favourable trend in service activities.

A number of major contracts were concluded during the year:

- construction of Britain's largest combined heat and power plant on the Isle of Grain (€580 million);
- in Brazil, a combined-cycle power plant fuelled by blast furnace waste gas (€330 million);
- a turnkey contract to build a gas-fired power plant in Algeria (€300 million);
- construction and maintenance of a turnkey combined-cycle power plant in Staythorpe, England (€850 million);
- planned construction, as leader of a consortium, of a power and desalination plant in the United Arab Emirates (€1 billion);
- supply of equipment for hydropower plants in Brazil and China (approx. €350 million);
- six steam turbine and turbo generator packages for Medupi, South Africa's biggest coal-fired power plant (over €1.4 billion).

The Transport Sector also achieved excellent commercial performance in 2007. Orders for the first nine months of 2007/08 rose to €6.2 billion, double the amount in the same period of the previous year. Major contracts included:

- 80 double-decker TGV trains for SNCF (€2.1 billion);
- 360 subway cars for the city of New York (approx. €500 million);
- four high-speed Pendolino trains for the Helsinki to St. Petersburg rail link (€120 million);
- fleet maintenance for London Underground's Jubilee Line (€117 million);
- 30 commuter trains for RENFE, the Spanish rail transport operator (€220 million).

Acquisitions – Partnerships – Investments

In 2007, the group finalised a number of acquisitions or partnerships of great importance for the implementation of its strategies.

Alstom announced an agreement concerning the acquisition for US$242 million of Power Systems Manufacturing, a Florida-based high-tech company with a leading position as a provider of improved gas-turbine parts and low-Nox upgrade solutions for gas turbines. With a team of highly-qualified engineers, the company reported sales of approx. US$70 million in 2006.

Completing its range of power generation technologies, Alstom finalised the acquisition of Spanish wind turbine company Ecotècnia for €350 million (enterprise value) on the basis of results at 1 January 2007. Ecotècnia is expected to generate sales in excess of €350 million in 2007, half of them in Europe outside Spain, giving Alstom a foothold in a fast-growing market segment.

Alstom has created a joint venture with RENFE in Spain to provide train maintenance services. Alstom will own a 51% stake in the

The Three Gorges Dam in China

company, which strengthens the Transport Sector's service activities, a segment expected to grow rapidly over the next ten years.

Alstom and Transmasholding, the leading supplier to Russian Railways, signed a cooperation agreement for the production of railway components up to rolling stock for the Russian market. To jointly meet growing demand for the construction of nuclear power plants, a joint venture has also been created with Atomenergomash, a subsidiary of the State agency responsible for implementing Russia's civilian nuclear power strategy. The two partners will together invest €300 million in the form of assets and cash.

Alstom acquired 51% of Wuhan Boiler Company, a Chinese company listed on the Shenzhen stock exchange, for €32.8 million. Making boilers for coal-fired power plants in China and elsewhere, the company has been an Alstom partner for ten years and generates annual sales of around €200 million. Exports are ultimately expected to account for 35% of output. Alstom also acquired Quingdao Sizhou, a market leader in China for boiler auxiliaries with annual sales of over €50 million.

Alstom has announced its intention of building a new facility in Chattanooga, Tennessee, US, to manufacture steam and gas turbines, generators and related equipment. Costing more than US$200 million, this major investment will enable the group to expand its manufacturing and engineering capacity in order to meet growing demand for power generation, especially in the Americas.

Alstom's results

Alstom's results show that strong growth in activity was matched by an equally favourable improvement in profitability.

FY 2006/07

Alstom achieved the targets it set itself in FY 2006/07: an operating margin of 6.7% and an operating profit of €957 million (up 28% in real terms and 40% like-on-like); free cash flow of €745 million, compared with €525 million a year earlier, an increase of 42%; a reduction in net debt to €64 million at end-March 2007; and first-half net profit attributable to the group of €448 million, compared with €178 million in the previous year, an increase of 152%.

First half of FY 2007/08

Results for the first half of FY 2007/08 confirm that the group continues to combine growth with improved profitability: half-year sales at 30 September 2007 amounted to €8 billion, up 21% on the same period of the previous year (22% like-on-like). The operating margin rose from 6.3% in the first half of FY 2006/07 to 7.2% and net profit attributable to the group increased by 49% to €388 million. The group generated exceptionally high free cash flow of €1,248 million (up 67%).

The Alstom share

The Alstom share price stood at €147 at the close on 31 December 2007, the last trading day of the year. This represented a rise of 43% over the year as a whole, making Alstom the third best performer among the CAC 40 companies in 2007.

Outlook

Sales in full-year 2007/08 are likely to increase by 15% through organic growth, while the operating margin is expected to rise to about 7.5% after a further improvement in the second half of the year.

Highlights since 1 January 2008

Design for Broomfield Hospital

Bouygues Construction

Bouygues UK and Ecovert FM, two British subsidiaries of Bouygues Construction, signed a contract worth nearly €400 million to design, build, operate and maintain the 43,000-sq.-metre **Broomfield Hospital** near London (€200 million for construction, €180 million for facilities management services).

In Asia, Bouygues Travaux Publics recently won a concession contract to build and operate **Busan Harbour** in South Korea. The value of the work to be done by Bouygues Travaux Publics amounts to €250 million.

In France, Bouygues Bâtiment Ile-de-France has signed a contract worth more than €300 million to renovate the 87,000-sq.-metre **Axa Tower,** which at 218 metres will become the tallest building in the La Défense business district near Paris.

Bouygues Construction has concluded a new public-private partnership contract to design, build, finance, maintain and provide FM services for **three prisons.** It is France's biggest PPP contract to date.

Bouygues Construction has also been awarded the contract to **extend the Grésillons sewage treatment plant** in the Paris region. On completion, the HQE-certified plant will be capable of handling the daily sewage discharge of a population-equivalent of 1.5 to 2 million people.

Bouygues Immobilier

Bouygues Immobilier has sold the **Eqwater office building** in the heart of the new Seine Ouest business district in Issy-les-Moulineaux to DekaBank, a German investor, for €160 million.

Bouygues Telecom

Bouygues Telecom has launched its new mobile internet offer, including free unlimited reception of personal e-mails (including attachments) on mobile phones for all customers. For €9.90 a month, the **Web & Mail option** offers customers with an unlocked call plan unlimited mobile internet surfing, enabling them to send and receive e-mails with attachments.

Bouygues Telecom has also launched **the new Neo plan.** Neo is now a complete suite of solutions in which users can find the plan that best suits their needs, choosing one of five time slots for the start of their unlimited call feature. Calls to French overseas departments, Europe and the United States are included in the plan at the same rates as calls to numbers in metropolitan France.

Alstom

Alstom has concluded a number of major contracts.

It has won a second major contract with Eskom, worth more than

Renovation of the Axa Tower

€1.3 billion, to provide **equipment for a 4,740 MW coal-fired power station** in South Africa. It will be booked in the first half of FY 2008/09. Electrabel Nederland has awarded Alstom a **turnkey contract for a GT26-based combined-cycle power plant** worth more than €400 million.

Alstom, together with its US partners the Electric Power Research Institute (EPRI) and We Energies, has launched an **innovative project that uses chilled ammonia to capture carbon dioxide.** Alstom has also concluded a partnership with Dow Chemical to develop a **carbon dioxide capture technology using amine scrubbing.**

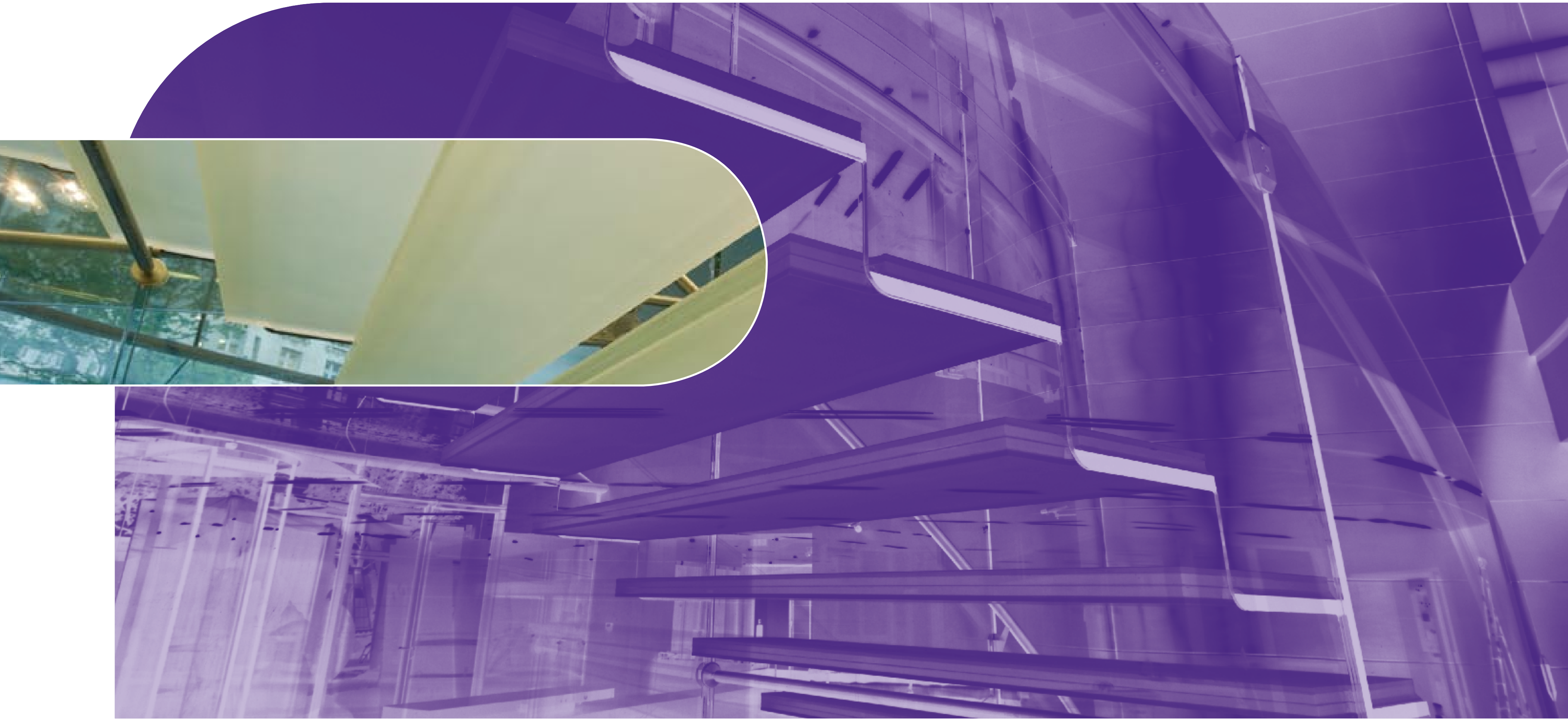
The Transport Sector has also won major contracts, including infrastructure for a **rail line** in the southern suburbs of Tunis (€36 million), **126 subway cars** for the Chinese city of Nanjing (€25.5 million) and **18 X'Trapolis commuter trains** for Melbourne, Australia (€160 million). Argentina has chosen an Alstom-led consortium to **build the first very high-speed line in Latin America.** The award is the penultimate stage in the project and the contract is due to be finalised in the next few months.

On 5 February 2008, Alstom unveiled **the prototype of the AGV,** its latest new-generation, very high-speed train. The single-deck, state-of-the-art train incorporates articulated carriages, a technology which contributed to the success of France's TGV, and a new distributed drive system. It will be capable of reaching a commercial speed of 360kph.

The Italian rail operator Nuovo Trasporto Viaggiatori (NTV) has ordered **25 AGV trains** at a cost of €650 million. The contract includes **maintenance of the trains** for a 30-year period, not included in the amount, and an option for 10 additional trains.

A ruling by the Quebec Superior Court upheld Alstom's claim that it was **entitled to bid for a contract** to renew Montreal's fleet of subway cars.

Unveiling of the AGV



A curved glass staircase in the lobby of Bouygues SA's headquarters.

3. Risks

Risks

The Bouygues group is exposed to different types of risk. It is continuing to step up its policy of identifying and managing risk so that it can achieve its main objectives.

Country risk

Most of the Bouygues group's businesses have little or no exposure to country risk. The Group has adopted a flexible organisation to limit the risk arising from instability in some parts of the world, allowing it to withdraw more easily from the countries concerned and minimise its financial losses. The Group seeks to ensure the continuity of contracts with its clients, but its first concern is for the safety of its employees, including repatriation if necessary.

Colas does over 95% of its works business in Europe and North America (United States and Canada). Consequently, it has little exposure to country risk or non-payment risk, since 60-65% of sales are with public-sector clients (federal and local government authorities), and it executes a very large number of small contracts.

Bouygues Construction does not currently have any significant business in countries affected by serious civil disturbances or armed conflict.

As a matter of policy, Bouygues does not operate in countries where an international embargo is in effect or where corruption cannot be avoided. In the countries where it does operate, Group policy is to observe political neutrality and to concentrate solely on carrying on its business. A Bouygues Construction subsidiary has operated in Turkmenistan under those conditions for over 10 years. To the best of the Group's knowledge, neither the French government nor the European Union nor any major international public organisation has imposed an embargo on or issued any reserves about doing business in Turkmenistan. In view of the responsibilities assumed by such bodies and organisations, and the information available to them alone, the Group conforms with their positions when deciding whether to start or continue doing business in a particular country.

Finagestion, a Bouygues subsidiary which took over Saur's African subsidiaries, continues to be affected by country risk in connection with Ivory Coast. CIE and Sodeci distribute water and power in Ivory Coast under public service delegation contracts, though they are not responsible for investment. Ciprel is a power generation subsidiary in Ivory Coast which also owns assets there. Despite political instability, the companies were able to maintain a normal level of operations in 2007.

Market risk

Interest rate and currency risk

Some Group entities use hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates. The Group's policy on the use of financial instruments is described below.

Risks to which the Group is exposed

Currency risk

In general, the Bouygues group has little exposure to currency risk in routine commercial transactions. Wherever possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most projects executed outside France, on which local-currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. In addition, the Group pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

Interest rate risk

The Group's financial income and expenses have low sensitivity to interest rate risk. The bulk of debt is in the form of fixed-rate bond issues, and a range of hedging instruments is used to convert variable-rate debt into fixed-rate debt.

On average over the year, the amount of variable-rate debt in the balance sheet is less than the amount of surplus cash invested at variable rates.

The consolidated income statement would be only marginally affected by fluctuations in euro interest rates, or by a divergence in interest rate trends between the euro and other major currencies.

Principles applied to all hedging instruments

The only instruments used for hedging purposes are forward currency purchases and sales, currency swaps and purchases of currency options for currency risk hedging purposes; and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes.

These instruments:

- are used solely for hedging purposes;
- are contracted solely with high-quality French and foreign banks;
- carry no liquidity risk in the event of a downturn.

Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of hedging instruments, the selection of counterparties with whom they are contracted, and more generally the management of exposure to currency risk and interest rate risk.

Hedging rules

Currency risk

Group policy is to hedge systematically all residual currency exposure relating to commercial transactions. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the awarding of the contract has been confirmed.

In general, equity investments in foreign companies are hedged by a debt of a similar amount in the same currency, recorded in the books of the company that owns the investment.

In the interests of efficiency, the currency positions of some Group entities may be managed centrally, which in some cases may result in the offset of matching positions.

Interest rate risk

Group policy is for each sub-group to hedge some or all of its financial assets and liabilities, where these are foreseeable and recurring.

The aim is to control future interest expense by fixing the cost of debt using swaps and future rate agreements, or by limiting it through the use of caps, over a period equivalent to that of the financial liabilities to be hedged.

As with currency risk, the interest rate positions of some Group entities may, in the interests of efficiency, be managed centrally and partially offset.

Accounting methods

In general, the financial instruments used by the Group qualify for hedge accounting, which means that the hedging relationship is documented in accordance with the requirements of IAS 39. Two types of accounting treatment are used:

- Fair value hedges: changes in the fair value of the hedging instrument and changes in the fair value of the hedged item are recognised symmetrically in the income statement.
- Cash flow hedges: changes in the fair value of the hedging instrument are recognised in the income statement for the ineffective portion of the hedging relationship, and in shareholders' equity (until the hedge is closed out) for the effective portion.

In a few cases, such as when the notional amount is small or the maturity is short, it is Group policy not to use hedge accounting so as to avoid cumbersome administrative procedures. In such cases, any change in the fair value of the hedging instrument is recognised in the income statement.

Market value of hedging instruments

At 31 December 2007, the market value (net present value) of the hedging instruments portfolio was +€2.6 million. This amount mainly comprises the net present value of interest rate swaps contracted to hedge the Group's debt (fair value hedges and cash flow hedges), and the net present value of forwards and futures contracted to hedge currency risk arising on commercial transactions.

The split of this market value by type of hedge is as follows:

- fair value hedges of components of net debt: -€3.0 million
- cash flow hedges: +€5.6 million

In the event of a +1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of +€10.8 million; in the event of a -1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€5.8 million.

In the event of a uniform 1% depreciation in the euro against all other currencies, the hedging instruments portfolio would have a market value of -€4.4 million.

These calculations were prepared by the Bouygues group, or obtained from the banks with whom the instruments were contracted.

Interest-bearing debt by maturity

(€ million)	Current debt 2008	Non-current debt 1 to 2 years 2009	2 to 3 years 2010	3 to 4 years 2011	4 to 5 years 2012	5 to 6 years 2013	6 or more years 2014 & later	Total non-current debt 31/12/2007	Total 31/12/2006
Bond issues	142	1,004	495	747		1,148	3,166	6,560	6,564
Bank borrowings	145	235	53	14	14	5	59	380	177
Finance lease obligations	22	18	15	10	4	2	5	54	56
Other debt	19	36	7	20	4	1	5	73	47
Total interest-bearing debt	**328**	**1,293**	**570**	**791**	**22**	**1,156**	**3,235**	**7,067**	**6,844**
Comparative at 31/12/2006	**867**	**60**	**1,105**	**536**	**771**	**13**	**4,359**		**6,844**

Split of current and non-current debt by currency

Equivalent value (€ million)	Europe: Euro	Pound Sterling	Other currencies	US dollar	CFA franc	Other currencies	Total
Non-current, 31/12/2007	6,258	663	86	1	28	31	7,067
Current, 31/12/2007	293	7	21		3	4	328
Non-current, 31/12/2006	6,105	650	19	13	31	26	6,844
Current, 31/12/2006	833	2	16	1	5	10	867

Split of current and non-current debt by interest rate type

Split of current and non-current debt, including the effect of all open interest rate hedging contracts at the balance sheet date:

	31/12/2007	31/12/2006
Fixed rate[1]	89%	87%
Variable rate	11%	13%

(1) Rates fixed for more than one year

Interest rate risk

The split of financial assets and financial liabilities by interest rate type at 31 December 2007 was as follows:

€ million	Variable rate	Fixed rate	Total
Financial liabilities	695	6,699	7,394
Financial assets(*)	3,106		3,106
Net position before hedging	(2,411)	6,699	4,288
Interest rate hedges	(114)	114	
Net position after hedging	**(2,525)**	**6,813**	**4,288**
Adjustment for seasonal nature of certain activities	250		
Net position after hedging and adjustment	**(2,275)**		

(*) Includes -€3 million for the fair value of financial instruments contracted to hedge net debt

An immediate 1% rise in short-term interest rates would reduce net interest expense by €22.75 million over a full year.

Interest rate hedges - Analysis by maturity

Maturity (€ million)	Notional amounts at 31/12/2007 2008	2009 to 2012	After 2012	Total	Notional amounts 31/12/2006
Interest rate swaps					
- on financial assets	650	28	-	678[1]	**983**
- on financial liabilities	285	1,182	164	1,631[2]	**1,154**
Future rate agreements					
- on financial assets	-	-	-	-	**-**
- on financial liabilities	-	-	-	-	**-**
Caps/floors					
- on financial assets	-	-	-	-	**-**
- on financial liabilities	150	65	-	215	**204**

(1) of which swaps paying fixed rate: 678
(2) of which swaps paying fixed rate: 1,131

Currency hedges - Analysis by original currency

Currency	At 31 December 2007 (equivalent value, in € million) US dollar	Pound Sterling	Swiss franc	Hong Kong dollar	Other	Total 31/12/2007	Total 31/12/2006
Forward purchases/sales							
- forward purchases	134	1	2	-	397	534	363
- forward sales	175	111	5	-	79	370	210
Currency swaps	46	220	77	18	82	443	255
Currency options							
- forward purchases	37	3	4	-	11	55	67
- forward sales	-	-	-	-	20	20	-

Collateral given

(€ million)	Total 31/12/2007	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity under 1 year	1 to 5 years	over 5 years	Total	Total 31/12/2006
Mortgages secured on land and buildings, pledges of plant and equipment	**14**	3	4	7				5	7	2	14	10
Pledges of securities and subordinated loans	**16**	16						6		10	16	8
Total	30	19	4	7				11	7	12	30	18

Exposure to equity risk

The Group has no significant exposure to the risk of a fall in the price of the equities it holds.

Liquidity risk

At 31 December 2007, the Group had €3,106 million in available cash and equivalents (including -€3 million for financial instruments used to hedge net debt) plus €4,260 million of medium-term confirmed and unused bank facilities. The Group does not therefore face any liquidity risk.

The bank loans contracted by Bouygues do not include any financial covenants or trigger events. The same applies to bank loans contracted by Bouygues subsidiaries.

Exceptional events – Legal disputes

Group companies are involved in various lawsuits and disputes in the normal course of their business. Risks have been assessed on the basis of past experience and analysis by 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 situation of the Group as a whole. Lawsuits are reviewed regularly, especially when new facts arise. Provisions seem appropriate with regard to these assessments. The Group uses all legal means to defend its legitimate interests.

The main disputes pending at the present time are described below.

Construction

The disputes involving Bouygues Construction entities are not of any great significance. Two Bouygues Construction subsidiaries, Bouygues Bâtiment International and Bouygues Travaux Publics, are party to arbitrations relating to projects in Uganda and Hungary respectively. The amounts at stake will not have any significant impact on Bouygues Construction's consolidated financial statements.

Bouygues Construction and Colas subsidiaries are involved in actions taken by the French competition authorities. The most important case concerns anti-competitive practices in the early 1990s relating to the award of renovation and maintenance contracts for high schools in the Paris region. In 2007, the Competition Council sanctioned 12 companies altogether and fined Group companies €37 million. Bouygues Construction and its subsidiaries are continuing to handle a compensation claim over the TGV Nord high-speed rail link to northern France following the condemnation in 1995 of most French construction groups for anti-competitive practices. SNCF, which is seeking compensation from all the contractors concerned for the damage it claims to have suffered, obtained a judgment from the Conseil d'État on 19 December 2007 upholding the joint and several condemnation of the contractors and referring the damage to SNCF to expert assessment, which could take several years.

Television

SPPF, an umbrella organisation of record producers, has taken action against TF1 in relation to the use of records under the license instituted by French law. Negotiations to settle the dispute were begun with all the players in the sector in 2007.

Telecoms

Following the failure which struck its network on 17 November 2004, Bouygues Telecom claimed

on its insurance policy but its claim was rejected. Bouygues Telecom brought action against the insurer in September 2007.

In 2005, Bouygues Telecom was fined €58 million in a case involving alleged collusion between mobile phone operators. Bouygues Telecom has lodged an appeal with the European Court of Human Rights on the grounds of the right to a fair trial. The proceedings could take several years. After the Paris Appeal Court upheld the initial Competition Council decision, Bouygues Telecom lodged an appeal with the Court of Cassation. In a judgment of 29 June 2007, the Court of Cassation upheld the fine for collusion but overturned the condemnation for exchange of information, sending the case back to the Paris Appeal Court, which will hear it again on that point. After the Competition Council's decision, customers and the consumer organisation *UFC-Que Choisir* brought over 3,500 claims for compensation against the company. The court voided the actions in December 2007.

In 2004, certain managers of Bouygues Telecom Club stores in the RCBT distribution network brought a case before the Versailles employment tribunal, asking for their relationship with RCBT to be reclassified as an employment contract and seeking compensation. The dispute was settled out of court in July 2007.

Insurance – Risk coverage

The Group constantly endeavours to optimise and ensure the long-term validity of the insurance policies taken out by Bouygues SA and its subsidiaries, not only to protect itself against potential losses that are exceptional in terms of their size or number but also so that cover is provided at a cost which does not undermine the Group's competitiveness. This policy of securing long-term insurance implies partnerships with high-quality, financially sound insurers. In order to maintain such partnerships and ensure that information cannot be used to the detriment of the interests of the Group and its shareholders, especially in legal disputes, the Group ensures that guarantee conditions and the amount of premiums are kept in strictest confidence, especially where liability insurance is concerned.

Because of the range of their activities, the Group and its subsidiaries have to contract very different types of insurance, suited to each situation. The risks incurred by the Group in its five lines of business are not comparable. Consequently, each business takes out its own insurance policies. Premiums also vary considerably; the Group's premium payments to general insurance companies represent approximately 0.3% of sales, a percentage which can be understood only in the light of that diversity.

In addition to mandatory insurance, covering 10-year building guarantees in France and automobile third party liability for example, the main policies are as follows.

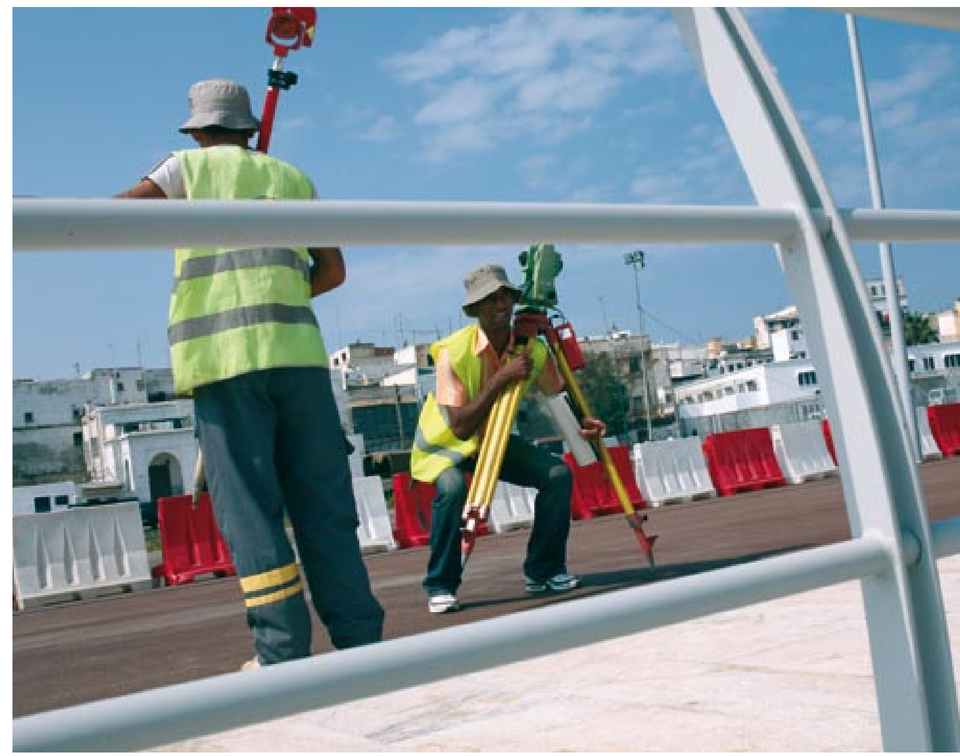
- **Damage.** The cover is generally equal to the value of the assets insured. For the largest concentrations of value, however, the cover is limited to the amount of repairs for damage occurring in a disaster scenario, defined with the insurers' consent following prior expert valuations carried out by external consultants.

  When damage to the insured assets is likely to cause an interruption in operations, insurance is taken out to cover the resulting operating losses. The cover is based on the length of time for which the damaged site is unavailable according to the disaster scenario used and existing disaster recovery plans.
- **Site insurance.** The cover is equal to the market value. By way of an exception, for certain geographically extended projects, the cover may also be limited to the amount of repairs for damage occurring in a disaster scenario. The scenario is determined according to the type of project (e.g. motorway, viaduct or tunnel) and the part of the world in which it is situated, so as to assess the risk of earthquakes or cyclones, for example, and the resulting damage. The cover is sometimes limited by the total available capacity on the world insurance market, for example for damage resulting from earthquakes or terrorist acts in another country.
- **Liability insurance.** These policies insure against damage to third parties for which Group companies may be responsible. As the companies are of very different size and operate in very different businesses, the cover is tailored to the risks incurred. It is generally in excess of €5 million per claim.

For all these policies, deductibles are adjusted to optimise the overall cost to the Group according to the likelihood of claims and the premium reductions that can be obtained from insurers by increasing deductibles. Taking these factors into account, certain risks are insured without any deductible at all while others are insured with a higher deductible, amounting in some cases to as much as €3 million.

Some insurance policies issued by traditional blue-chip insurance companies are partly reinsured by the Group's captive reinsurance subsidiary. The subsidiary is managed by a specialist company which defines the provisions to be constituted in compliance with insurance and reinsurance regulations, the purpose of which is to ensure that the provisions are sufficient to meet the commitments of the companies to which they apply.

The Group and its subsidiaries continue to take preventive measures and introduce safeguards to further reduce the likelihood of accidents and losses and to limit their scope. One benefit of this policy is to facilitate negotiations with insurers over the amount of premiums and conditions of coverage.



The façade of 32 Hoche, Bouygues SA's headquarters.

4. Legal and financial information

Corporate governance

I • Organisation of the Board of Directors

1 • Membership

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

2 • Information on directors (at 31 December 2007)

Chairman and CEO

Martin Bouygues

32 Avenue Hoche, 75008 Paris, France

Date of birth: 03/05/1952
Date of first appointment: 21/01/1982
Expiry of current term of office: 2009
Number of shares in the company: 338,661
(62,556,114 via SCDM)

Expertise/experience

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

Principal positions outside Bouygues SA

Chairman of SCDM

Other positions and functions in the Group
In France: Director of TF1*
Outside France: Director of Sodeci* and CIE* (Ivory Coast)

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

Former positions and functions during the last five years (outside the Bouygues group)
2007 - Director of HSBC France
2003 - Chairman and CEO and director of SCDM

(*) Listed company

Deputy Chief Executive Officers

Olivier Poupart-Lafarge

32 Avenue Hoche, 75008 Paris, France

Date of birth: 26/10/1942
Date of first appointment: 17/10/1985
Expiry of current term of office: 2009 (2008 Deputy CEO)
Number of shares in the company: 513,535

Expertise/experience

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

Principal positions outside Bouygues SA

Co-CEO of SCDM

Other positions and functions in the Group

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

Other positions and functions outside the Group

In France: Director of Alstom* and BIC*

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

2003 - Director of SCDM

(*) Listed company

Olivier Bouygues

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

Date of birth: 14/09/1950
Date of first appointment: 05/06/1984
Expiry of current term of office: 2010 (2009 Deputy CEO)
Number of shares in the company: 163,997
(62,556,114 via SCDM)

Expertise/experience

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

Principal positions outside Bouygues SA

Co-CEO of SCDM

Other positions and functions in the Group

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

Other positions and functions outside the Group

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

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

2006 - Director of Novasaur
2004 - Director of Actiby

(*) Listed company

Directors

Pierre Barberis

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

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

Expertise/experience

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

Principal positions outside Bouygues SA

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

Other positions and functions outside the Group

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

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

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

(*) Listed company

Patricia Barbizet

12 Rue François 1er, 75008 Paris, France

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

Expertise/experience

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

Principal positions outside Bouygues SA

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

Other positions and functions in the Group

In France: Director of TF1*

Other positions and functions outside the Group

In France: Chairman and director of Piasa; CEO (non-proxy) and member of the supervisory board of Financière Pinault; director of Fnac SA, Société Nouvelle du Théâtre Marigny and Air France-KLM*; member of the supervisory board of Yves Saint Laurent; member of the management board of SC du Vignoble de Château Latour; standing representative of Artémis on the boards of Sebdo Le Point and Agefi
Outside France: CEO and director of Palazzo Grassi (Italy); Chairman and board member of Christies International Plc* (United Kingdom); member of the supervisory board of Gucci Group NV* (Netherlands)

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

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

(*) Listed company

François Bertière

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

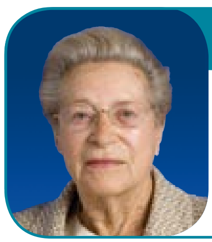
Date of birth: 17/09/1950
Date of first appointment: 27/04/2006
Expiry of current term of office: 2009
Number of shares in the company: 6,000

Expertise/experience

François Bertière graduated from the École Polytechnique and the École Nationale des Ponts et Chaussées, and is a qualified architect (DPLG). He began his career in 1974 in the Infrastructure Ministry. In 1977, he was appointed technical advisor to the office of the French Education Ministry, then deputy director in charge of planning at the Regional Infrastructure Department of Upper Corsica in 1978. In 1981, he became director of urban development at the Public Development Agency (EPA) of Cergy-Pontoise. He joined the Bouygues group in 1985 as Deputy CEO of Française de Constructions. In 1988, he was appointed Chairman and CEO of France Construction, Vice-Chairman and CEO of Bouygues Immobilier in 1997, then Chairman and CEO of Bouygues Immobilier in 2001. François Bertière has been a director of Bouygues Immobilier since 1991.

Principal positions outside Bouygues SA

Chairman and CEO of Bouygues Immobilier



Mrs Francis Bouygues

50 Rue Fabert, 75007 Paris, France

Date of birth: 21/06/1924
Date of first appointment: 19/10/1993
Expiry of current term of office: 2009
Number of shares in the company: 110 (5,290,034 via FMB)

Georges Chodron de Courcel

3 Rue d'Antin, 75002 Paris, France

Date of birth: 20/05/1950
Date of first appointment: 30/01/1996
Expiry of current term of office: 2009
Number of shares in the company: 930

Expertise/experience

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

Principal positions outside Bouygues SA

Chief Operating Officer of BNP Paribas*

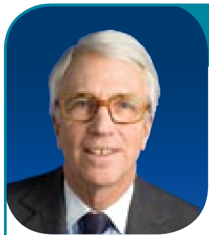
Other positions and functions outside the Group

In France: Chairman of Compagnie d'Investissement de Paris et Financière BNP Paribas; director of Alstom*, Nexans*, Société Foncière, Financière et de Participations* and Verner Investissements; member of the supervisory board of Lagardère SCA*; non-voting director of Exane, Safran* and Scor*
Outside France: Chairman of BNP Paribas SA (Switzerland); director of Banca Nazionale del Lavoro (Italy), BNP Paribas Zao (Russia), Erbé SA (Belgium) and Scor Holding AG* (Switzerland)

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

2007 - Chairman of BNP Paribas UK Holdings Ltd (United Kingdom) - 2006 - Chairman of BNP Paribas Emergis SAS; non-voting director of Scor Global Life (formerly Scor Vie)
2005 - Member of the supervisory board of Sagem*; director of Capstar Partners SAS; director of BNP Paribas SA (Switzerland) - 2004 - Director of BNP Paribas Canada (Canada); director of BNP Prime Peregrine Holdings Limited (Malaysia); director of BNP Paribas UK Holdings Limited (United Kingdom) - 2003 - Member of the supervisory board of Scor*; Chairman of BNP Paribas Bank Polska (Poland); Chairman of BNP Paribas Peregrine Limited (Malaysia); Chairman and director of BNP US Funding (United States); director of BNP Paribas Securities Corp. (United States)

(*) Listed company



Charles de Croisset

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

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

Expertise/experience

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

Principal positions outside Bouygues SA

International advisor to Goldman Sachs International

Other positions and functions outside the Group

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

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

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

(*) Listed company

Michel Derbesse

1 Avenue du Maréchal Maunoury, 75016 Paris, France

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

Expertise/experience

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

Principal positions outside Bouygues SA

Director of FNTP

Other positions and functions outside the Group

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

(*) Listed company

Lucien Douroux

20 Rue de la Baume, 75008 Paris, France

Date of birth: 16/08/1933
Date of first appointment: 30/03/1999
Expiry of current term of office: 2010
Number of shares in the company: 500

Expertise/experience

Lucien Douroux graduated from the Conservatoire National des Arts et Métiers (CNAM). He was appointed CEO of Caisse Régionale du Crédit Agricole de Paris et d'Île-de-France in 1976. He was CEO of Caisse Nationale du Crédit Agricole from 1993 to 1999 and Chairman of the supervisory board of Crédit Agricole Indosuez from 1999 to 2001.

Principal positions outside Bouygues SA

Director of Banque de Gestion Privée Indosuez

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

2006 - Director of Euris; Chairman of Banque de Gestion Privée Indosuez
2005 - Director of Suez*
2004 - Vice-Chairman of the Board of Directors of Wafabanq* (Morocco); Chairman of the supervisory board of Fonds de Garantie des Dépôts

(*) Listed company

Alain Dupont

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

Date of birth: 31/07/1940
Date of first appointment: 07/10/1997
Expiry of current term of office: 2008
Number of shares in the company: 2,300

Expertise/experience

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

Principal positions outside Bouygues SA

Director of Colas*

Other positions and functions in the Group

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

Other positions and functions outside the Group

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

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

2005 - Vice-Chairman of CNETP
2004 - Member of the Chambre de Commerce et d'Industrie des Hauts-de-Seine
2003 - Chairman of Union Routière de France

(*) Listed company

Yves Gabriel

1 Avenue Eugène Freyssinet, 78280 Guyancourt, France

Date of birth: 19/03/1950
Date of first appointment: 10/09/2002
Expiry of current term of office: 2010
Number of shares in the company: 124,788

Expertise/experience

Yves Gabriel is a civil engineering graduate of the École Nationale des Ponts et Chaussées, and joined the Bouygues group in 1976. His career began at Screg Île-de-France as works engineer; he then became sector head and manager of a regional branch office. In 1985, he established Screg Bâtiment where he was CEO until 1992. From 1989 to 1992, he also served as COO of Bouygues' industrial construction division and was Chairman of Ballestrero. From 1992 to 1996, he was CEO of the Screg group (France's third-largest road construction group). In November 1996, he joined the Saur group as executive vice president responsible for activities in France and the merger with the Cise group. In June 2000, he was appointed CEO of the Saur group. In September 2002, he was appointed Chairman and CEO of Bouygues Construction.

Principal positions outside Bouygues SA

Chairman and CEO of Bouygues Construction

Other positions and functions in the Group

In France: Director of ETDE; standing representative of Bouygues Construction on the Boards of Bouygues Bâtiment International, Bouygues Bâtiment Ile-de-France and Bouygues Travaux Publics

Other positions and functions outside the Group

In France: Director of FNTP

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

2005 - First Vice-Chairman and director of Sefi

(*) Listed company

Jean-Michel Gras

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

Date of birth: 20/10/1970
Date of first appointment: 28/04/2005
Expiry of current term of office: 2010

Expertise/experience

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

Principal positions outside Bouygues SA

Head of purchasing at TF1*

(*) Listed company

Thierry Jourdaine

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

Date of birth: 08/06/1963
Date of first appointment: 16/12/2003
Expiry of current term of office: 2010

Expertise/experience

Thierry Jourdaine joined Bouygues in 1985 as works supervisor. He was a quality manager at Bouygues Bâtiment Housing Division from 1996 to 2001. Thierry Jourdaine then became a quality and environment manager at Bouygues Bâtiment International.

Principal positions outside Bouygues SA

Quality and environment manager, Bouygues Bâtiment International

Patrick Kron

3 Avenue Malraux, 92300 Levallois-Perret, France

Date of birth: 26/09/1953
Date of first appointment: 06/12/2006
Expiry of current term of office: 2010
Number of shares in the company: 500

Expertise/experience

Patrick Kron is a graduate of the École Polytechnique and an engineer of the Corps des Mines. He began his career at the Industry Ministry from 1979 until 1984 before joining the Péchiney group. From 1984 to 1993, he occupied various operational and financial positions at Péchiney, notably President of the Electrometallurgy Division. In 1993, he became member of the executive committee of the Péchiney group and Chairman and CEO of Carbone Lorraine from 1993 to 1997. From 1995 to 1997, he ran Péchiney's Food and Health Care Packaging Sector and held the position of COO of the American National Can Company in Chicago (United States). From 1998 to 2002, Patrick Kron was Chairman of the executive board of Imerys before joining Alstom where he has been CEO since January 2003, and Chairman and CEO since March 2003.

Principal positions outside Bouygues SA

Chairman and CEO of Alstom*

Other positions and functions outside the Group

In France: Director of the musical ensemble "Les Arts Florissants"
Outside France: Director of Alstom UK Holdings Ltd (United Kingdom)

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

2007 - Director of Alstom Ltd (United Kingdom)
2006 - Director of Imerys*; member of the supervisory board of Vivendi Universal*
2005 - Member of the supervisory board of Imerys*

(*) Listed company

Patrick Le Lay

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

Date of birth: 07/06/1942
Date of first appointment: 24/04/1986
Expiry of current term of office: 2008
Number of shares in the company: 78,150

Expertise/experience

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

Principal positions outside Bouygues SA

Chairman of TF1*

Other positions and functions in the Group

In France: Director of Colas* and F4; member of the supervisory board of France 24; Chairman of Serendipity Investment; standing representative of TF1*; director of AB Group
Outside France: Standing representative of TF1*; director of WB Television (Belgium)

Other positions and functions outside the Group

In France: Chairman of Incunables & Co.

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

2006 - Director of Prima TV; standing representative of TF1* on the Board of Téléma; standing representative of TV Breizh on the Board of TVB Nantes; standing representative of TPS Sport on the Board of TPS Motivation
2004 - Standing representative of TF1* on the Board of Siccis

(*) Listed company

Jean Peyrelevade

73 Rue d'Anjou, 75008 Paris, France

Date of birth: 24/10/1939
Date of first appointment: 25/01/1994
Expiry of current term of office: 2010
Number of shares in the company: 3,750

Expertise/experience

Jean Peyrelevade is a graduate of the École Polytechnique and the Institut d'Études Politiques (IEP), and is a senior civil aviation engineer. He was deputy head of the private office of the Prime Minister in 1981, and in 1983 became Chairman of Compagnie Financière de Suez and, at the same time, of Banque Indosuez. He was appointed Chairman and CEO of Banque Stern, then in 1988 became Chairman of UAP, before becoming Chairman of Crédit Lyonnais in 1993 for ten years. He is currently a merchant banker at Banca Leonardo group.

Principal positions outside Bouygues SA

Vice-Chairman of Leonardo France

Other positions and functions outside the Group

In France: Director of Suez* and DNCA Finance; member of the supervisory board of CMA-CGM
Outside France: Director of Finance de la Société Monégasque d'Électricité et de Gaz (Monaco); member of the supervisory board of KLM (Netherlands)

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

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

(*) Listed company

François-Henri Pinault

10 Avenue Hoche, 75008 Paris, France

Date of birth: 28/05/1962
Date of first appointment: 22/12/1998 (as standing representative of Financière Pinault)
Date of second appointment: 13/12/2005 (in a personal capacity)
Expiry of current term of office: 2010
Number of shares in the company: 500

Expertise/experience

François-Henri Pinault is a graduate of the École des Hautes Études Commerciales (HEC). He has spent his whole career within the PPR group. He was CEO of France Bois Industries from 1989 to 1990 and was appointed Chairman and CEO of Pinault Distribution in 1991. In 1993, he became Chairman of CFAO. He was appointed Chairman and CEO of Fnac in 1997, and was then executive vice-president of the PPR group and then head of Internet activities and Chairman of the supervisory board of PPR-Interactive from 2000 to 2001. Since 1998, François-Henri Pinault has been a director, and since 2003 Chairman of the Board of Directors of Artémis. In 2005, he became Chairman of the executive board and then Chairman and CEO of PPR.

Principal positions outside Bouygues SA

Chairman and CEO of PPR*

Other positions and functions outside the Group

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

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

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

(*) Listed company

Michel Rouger

30 Rue Claude Lorrain, 75016 Paris, France

Date of birth: 08/12/1928
Date of first appointment: 30/01/1996
Expiry of current term of office: 2008
Number of shares in the company: 500

Expertise/experience

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

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

Former positions and functions during the last five years (outside the Bouygues group)
2007 - Chairman of Emer Parcs
2006 - Chairman of the supervisory board of Sharing Knowledge
2004 - Chairman of Promega; member of the supervisory board of Lagardère Groupe*
2003 - Director of De Broeck Diffusion

(*) Listed company

SCDM

32 Avenue Hoche, 75008 Paris, France

Date of first appointment: 22/10/1991
Expiry of current term of office: 2010
Number of shares in the company: 62,556,114

Other positions and functions in the Group
In France: Director of GIE 32 Hoche

Other positions and functions outside the Group
In France: Chairman of Actiby, SCDM Énergie, SCDM Participations and SCDM Investur

Non-voting directors

Philippe Montagner

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

Date of birth: 04/12/1942
Date of first appointment: 24/04/2003
Expiry of current term of office: 2009
Number of shares in the company: 140,758

Expertise/experience

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

Principal positions outside Bouygues SA

Chairman and director of Bouygues Telecom

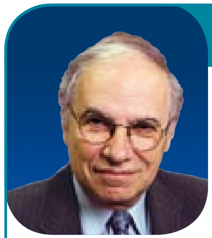
Other positions and functions in the Group

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

Other positions and functions outside the Group

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

(*) Listed company



Alain Pouyat

32 Avenue Hoche, 75008 Paris, France

Date of birth: 28/02/1944
Date of first appointment: 26/04/2007
Expiry of current term of office: 2010
Number of shares in the company: 5,830

Expertise/experience

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

Other positions and functions in the Group

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

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

2004 - Non-voting director of Wanadoo

(*) Listed company

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

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

1 • General information

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

To ensure transparency and good corporate governance, Bouygues intends to comply with the provisions of the European Commission Recommendation dated 15 February 2005 on the role of directors, and with the provisions of the report entitled "Corporate governance of listed companies" published in October 2003 under the aegis of the French Association of Private Companies (AFEP) and the French employers' federation (MEDEF). In particular, these principles underpin the Board of Directors' rules of procedure. However, the company does not comply fully with some of the recommendations, particularly as regards meetings of external directors without other directors in attendance or committees comprising at least three members (as in the case of the Remuneration and Selection Committees).

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

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

1.3 Restrictions on the powers of the Chief Executive Officer

The Board of Directors has not placed any restrictions on the powers of the Chief Executive Officer. However, the Board's internal rules of procedure state that any significant operations, particularly those falling outside the company's business strategy, must be approved by the Board. These operations include acquisitions or divestments, significant investments in organic growth, and internal restructuring measures.

1.4 Board meetings

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

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

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

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

1.5 Board of Directors' rules of procedure

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

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

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

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

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

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

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

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

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

Annexes to the rules of procedure (see paragraph 5 for details) define the remit and operating rules of the four Committees set up since 1995. These rules restrict membership of the Committees to directors independent of the company's management. Corporate officers or salaried directors of the company cannot therefore sit on the Committees. The Committees are chaired by independent directors.

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

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

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

1.6 Changes to the membership of the Board

The Annual General Meeting of 26 April 2007:

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

2 • Information on directors

2.1 Assessing director independence

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

- The director has not been an employee or corporate officer of the company, or an employee or director of its parent or a company that it consolidates, during the past five years.
- The director is not a corporate officer of an entity in which the company directly or indirectly holds a directorship, or in which an employee appointed as such or a corporate officer of the company (currently in office or having held office in the past five years) is a director.
- The director is not directly or indirectly, a customer, supplier, investment banker or commercial banker that is material for the company or its Group, or for which the company or its Group represents a material proportion of its business.
- The director does not have any close family ties with a corporate officer of the company.
- The director has not been an auditor of the company within the previous five years.
- The director has not been a director of the company for more than twelve years, on the understanding that independent status expires at the end of the term of office during which the twelve-year threshold is exceeded.
- Directors representing key shareholders of the company or its parent may be considered as independent when they do not take part in the oversight of the company. When such directors own more than 10% of the company's capital or voting rights, the Board should systematically review their independent status, based on the report of the Appointments Committee and taking into account the composition of the company's capital and any conflicts of interest that may arise.

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

Having examined the situation of each of the directors, and noted the advice of the Selection Committee, the Board considers Pierre Barberis, Patricia Barbizet, Georges Chodron de Courcel, Charles de Croisset, Lucien Douroux, Jean Peyrelevade, François-Henri Pinault and Michel Rouger to be "independent directors" within the meaning of the European Commission Recommendation and the AFEP-MEDEF report. Lucien Douroux has held management positions with financial institutions that have a business relationship with the company, but has not held such positions for a number of years; furthermore, the institutions concerned have undergone substantial changes since that time. The Selection Committee, having examined the relationship between Bouygues and BNP Paribas, has also concluded that Georges Chodron de Courcel is not in a situation of material conflict of interest. François-Henri Pinault and Patricia Barbizet are respectively Chairman and Chief Executive Officer of Artémis, a Pinault group company. At 31 December 2007, the Pinault group owned 2.01% of Bouygues' capital and had entered into a shareholders' agreement with SCDM. As this agreement expired on 24 May 2006 and, in light of Artémis' current ownership interest in Bouygues, the Board considers that no material conflict of interest exists for François-Henri Pinault and Patricia Barbizet.

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

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

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

2.2 Potential conflicts of interest

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

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

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

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

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

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

2.3 Judgments and orders

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

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

Jean Peyrelevade was indicted in 2004 by a grand jury of the central district of California on the petition of the federal prosecutor in connection with the Executive Life affair. This indictment was dropped following Mr Peyrelevade's signature at the beginning of 2006 of an Alford Guilty Plea by which he agreed to various sanctions whilst maintaining he was innocent. These sanctions have no effect on his capacity to manage and administrate companies, other than banking establishments in the United States.

2.4 Family relationships

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

2.5 Other information

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

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

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

3 • Assessment of the Board of Directors

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

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

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

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

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

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

Remuneration arrangements were considered appropriate.

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

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

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

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

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

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

Having received the reports of the relevant Committees, the Board also drew up its annual report including the chapter on corporate officers' remuneration, the quarterly and annual financial statements, the special report on stock options and the special report on share buybacks. It acquainted itself with the financial statements and set the amount of the dividend. Finally, it prepared the draft resolutions to be submitted to the Annual General Meeting of 26 April 2007.

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

5 • Work of the Committees established by the Board

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

5.1 Accounts Committee

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

- reviewing the parent company and consolidated financial statements at least two days before they are presented to the Board;
- ensuring that the accounting methods used to draw up the financial statements are both relevant and consistent;
- verifying the internal procedures used for the collection and verification of the information on which the financial statements are based;
- preparing reports or making recommendations on the above, either at the time the financial statements are approved or as and when necessary;
- supervising the auditor selection and/or renewal procedure, formulating an opinion on the fees charged and submitting its findings to the Board;
- reviewing the breakdown of audit fees paid by the company and its Group, and ensuring that they do not represent a material proportion of the auditors' revenues such that auditor independence may be impaired;
- issuing an opinion on the appointment of statutory auditors and/or renewal of the statutory auditors' engagement.

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

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

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

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

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

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

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

The Accounts Committee also examined the following matters:

- the depth and scope of audit procedures and the quality of the documentation produced at year-end 2006;
- first-time recognition in the 2006 financial statements of Bouygues' interest in Alstom, based on valuations and advice provided by an independent expert;
- accounting treatment of the Alstom Hydro joint venture;
- impact of the Bouygues Partage employee share ownership scheme (accounting treatment of the discount and the employer's matching contribution);
- interest rate hedges set up in connection with the GBP 400 million bond issue in September 2006;
- the cost for Bouygues Telecom of providing a universal service;
- fines imposed by competition authorities;
- provisions set aside by Bouygues Construction and construction site risks;
- contribution of TPS to Canal+;
- impact of Colas' investments in Spie Rail and TF1's investments in the AB Group;
- development and accounting treatment of various disputes involving Bouygues Telecom;
- Group-wide internal control project.

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

5.2 Remuneration Committee

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

- making recommendations to the Board on the remuneration arrangements for corporate officers, including all benefits accruing to them;
- defining and overseeing the rules used to determine the variable portion of corporate officers' remuneration, and ensuring that the arrangements are consistent with their performance and with the company's medium-term strategy;
- defining a standard stock option policy, on the understanding that no discount may be offered on options awarded to senior Group executives, and in particular corporate officers of the company;
- reviewing any stock option plans available to corporate officers and employees; and making recommendations to the Board on whether the plans should award stock subscription or stock purchase options;
- making suggestions regarding remuneration and incentive arrangements for the Group's senior management;
- where stock options or bonus shares are awarded to the Chairman, Chief Executive Officer or Deputy Chief Executive Officers, making recommendations on the number of shares resulting from the exercise of stock options or bonus share grants that the beneficiary is required to retain until the end of his or her term of office;
- providing the Board of Directors with the draft annual report required by the Commercial Code:
  - on executive remuneration and benefits granted by the company and/or by the companies it controls within the meaning of Article L. 233-16 of the Commercial Code,
  - on the stock subscription or stock purchase options granted to and exercised by the corporate officers and the top ten grantees among the company's employees,
  - on the stock options granted to and exercised by employees of companies in which Bouygues has a controlling interest.

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

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

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

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

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

5.3 Selection Committee

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

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

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

The Committee pays particular attention to the mix of skills, experience and knowledge of Group businesses that each candidate will need in order to make an effective contribution to the Board's work.

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

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

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

5.4 Ethics and Sponsorship Committee

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

- In the field of ethics, the Committee
  - helps define the code of conduct or principles underpinning corporate behaviour applicable to senior management and employees alike,
  - makes recommendations or gives an opinion on initiatives aimed at promoting best practices in this area,
  - ensures that the Group's values and rules of good conduct are respected.
- In the field of sponsorship, the Committee
  - sets rules or makes recommendations for Bouygues' corporate sponsorship policy,
  - gives its opinion to the Chairman of the Board on corporate sponsorship projects identified by Bouygues when they represent a significant financial investment,
  - ensures that its recommendations and rules of good conduct are applied across the Group.

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

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

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

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

6 • Remuneration of corporate officers

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

1 • Internal control procedures put in place by the company

Introduction

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

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

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

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

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

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

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

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

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

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

- supplement or better define the Group's key internal control principles;
- better identify common best practices across its businesses;
- develop a consistent approach to major issues affecting the entire Group.

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

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

1 • Group internal control procedures

1.1 General internal control environment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.2 Objectives/activities and control procedures – Risks

1.2.1 Objectives/management cycle

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

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

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

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

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

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

a) Strategic plan and business plan

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

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

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

b) Annual plan

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

A first review of progress (or an update) of the annual plan for the current year takes place in June, when the strategic plan is presented to the Group's senior management.

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

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

1.2.2 Activities and control procedures

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

a) Major risks of a general nature

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

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

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

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

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

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

Guidelines for major-risk management

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

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

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

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

Legal aspects

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

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

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

The Corporate Secretary is also Group Ethics Officer.

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

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

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

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

Insurance

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

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

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

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

b) Business-specific risks

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

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

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

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

This is also the case at Colas where, despite a very strong culture of decentralisation, arrangements exist for the control of commitments both in terms of commercial commitments (projects are submitted to "contract committees") and in terms of acquisitions, which must be presented for prior agreement to the senior management of Colas and, in some cases, to its Board of Directors.

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

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

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

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

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

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

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

c) Management control

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

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

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

Parent company management control

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

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

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

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

Group reporting

The parent company systematically controls its subsidiaries' financial management through an annual plan (including updates) and monthly sets of indicators. The indicators are sent directly to the Group's senior management and centralised by the Group's strategy and development department, which plays a pivotal role in the Group's management control.

The sets of monthly indicators provided to the parent company are the same as those prepared by each business for its own senior management.

Every quarter, interim financial statements are produced along with the monthly indicators.

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

Projects in the businesses

In the businesses, management control is also carried out through the specifically assigned departments and dedicated information systems that have been put in place. For example, in 2007 Bouygues Construction continued work on the Edifice project with a view to modernising the financial management of construction projects, and to improve budget control and reporting by introducing new software. The software is due to be installed in all Bouygues Construction group entities in 2008.

d) Cash management and finance

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

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

The fundamental rules of prudent management relate in particular to internal security (two signatures for payments, etc.), external security (secure cheques, payment by promissory note, etc.), liquidity (confirmed lines of credit, investment of cash surpluses, etc.), the quality of counterparties, the terms of loan agreements (absence of covenants, etc.) and the assessment and hedging, where necessary, of exchange rate risk.

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

e) Internal audit

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

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

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

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

f) Whistleblowing procedure

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

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

1.3 Information and communications

The production and dissemination of information, both inside and outside the Group, does much to enhance internal control.

Existing information systems provide a means of managing and controlling the business, and communication helps both to make staff more aware of the importance of control and to provide those outside the Group with reliable and relevant information in compliance with legal requirements.

1.3.1 Internal communications

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

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

The department also supervises e.by and ebysa, the Bouygues group and parent company intranet portals, which provide online access to a wealth of information. Group and company employees use these sites as working tools.

The corporate communications department also publishes "Bouygues in Brief", a brochure containing financial information which is circulated externally as well as to the Group's managerial, technical and clerical staff.

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

1.3.2 External communications

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

Its main tasks are to:

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

2 • Internal control procedures related to accounting and financial information

2.1 Group consolidation and accounting department

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

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

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

In addition to the computerised accounting system, a number of years ago the Group consolidation and accounting department produced a Group consolidation handbook containing the rules and procedures applicable to consolidation throughout the Group. The handbook is an important reference tool for the preparation of the consolidated financial statements. In the context of the transition to IAS/IFRS, the Group consolidation and accounting department has created a dedicated intranet site describing the various principles and options that apply within the Group.

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

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

2.2 Accounts Committee

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

In addition to carrying out general and regular checks, the Committee selects specific subjects for detailed examination, such as the consequences of disposals or acquisitions. It checks the accounting treatment of the risks incurred by the various companies of the Group, particularly country risk and, in the case of Bouygues Construction, the risks involved in the execution of certain projects. The Committee pays particular attention to changes in accounting methods, and therefore regularly examines decisions and measures taken to implement the new IAS/IFRS.

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

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

2.3 Investor relations

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

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

2.4 Steering

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

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

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

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

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

The Chairman of the Board of Directors

III • Supervision by the auditors

1 • Statutory auditors

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

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

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

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

2 • Alternate auditors

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

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

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

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

Remuneration of corporate officers
and stock options granted to corporate officers and employees

1 • Report on remuneration

(Articles L. 225-102-1 and L. 225-37 last para., of the Commercial Code)

1.1 • The principles and rules applicable to the remuneration of corporate officers

The Board of Directors has drawn up the following principles and rules for fixing the remuneration and other benefits granted to corporate officers.

In 2007, the Board took into account the AFEP-MEDEF recommendations published in January 2007 relating to the remuneration of senior executives and corporate officers of listed companies.

Fixed remuneration and benefits in kind

The rules for determining fixed remuneration were decided in 1999 and have been applied in a consistent manner since then.

Fixed remuneration takes account of the level and difficulty of the individual's responsibilities, job experience, seniority in the Group, and also the wage policy of groups or companies in similar sectors.

Benefits in kind involve use of a company car and, in the case of Martin Bouygues and Olivier Bouygues, the part-time assignment of an assistant and a chauffeur/security guard for their personal requirements.

Variable remuneration

The rules for determining the variable element of remuneration were also decided in 1999 and remained unchanged until February 2007, when the Board adjusted the calculation in light of the AFEP-MEDEF recommendations.

The variable element of remuneration is decided on an individual basis: the Board decides the criteria for the variable element of each senior executive's remuneration and limits it to a percentage of the fixed remuneration. The percentage limit relative to the fixed remuneration also depends on the individual senior executive. The criteria have been decided taking into account the position held by the corporate officer and the business in which he or she works.

Variable remuneration is based on the performance of the company managed by the corporate officer and/or that of the Group, with performance being determined by reference to the following major economic indicators:

- Increase in current operating profit.
- Change in the consolidated net profit (Group share) of Bouygues.
- Free cash flow (before changes in working capital) of Bouygues.
- Change in the consolidated net profit (Group share) of the subsidiary managed by the corporate officer (Bouygues Construction, Bouygues Immobilier, Colas, TF1 or Bouygues Telecom).
- Free cash flow (before changes in working capital) of the subsidiary managed by the corporate officer (Bouygues Construction, Bouygues Immobilier, Colas, TF1 or Bouygues Telecom).

Various criteria are applied to each corporate officer. Each criterion is used to determine part of the variable remuneration. Information on the criteria is set out in the table in paragraph 1.2 below.

In exceptional cases, upon the advice of the Remuneration Committee, the Board may award special bonuses.

Other information regarding remuneration

All remuneration is paid by Bouygues, apart from that of Alain Dupont who is paid directly by Colas, and Martin Bouygues and Olivier Bouygues, whose remuneration is invoiced to Bouygues by SCDM pursuant to the agreement governing relations between Bouygues and SCDM, which has been approved under the regulated agreements procedure.

Remuneration paid by Bouygues is invoiced back to the relevant subsidiary if the corporate officer performs his or her duties there (François Bertière: Bouygues Immobilier; Yves Gabriel: Bouygues Construction; Patrick Le Lay: TF1).

In accordance with the guide for preparation of annual reports dated 27 January 2006 published by the Autorité des Marchés Financiers, details of the salaries paid to the two directors representing employee shareholders who have an employment contract with Bouygues or one of its subsidiaries are not provided.

Additional retirement provision

Corporate officers and salaried directors also benefit from the additional retirement provision introduced for the members of the Group's management committee, namely 0.92% of the reference salary per year of service under the regime. The Group is not obliged to set aside provisions in respect of this additional retirement provision, which takes the form of an insurance policy taken out with an insurer outside the Group. This additional retirement provision has been approved pursuant to the regulated agreements procedure.

Compensation on leaving the company

The company and its subsidiaries have not entered into any commitment and have not given any undertaking relating to the granting of severance compensation in the event that the Chairman, Deputy CEOs or salaried directors leave the company.

Salaried directors have the benefit of the collective agreement applicable to the company (Paris region construction company executives' collective agreement for Bouygues SA), which provides for certain compensation if a director's employment contract is terminated, even though such compensation is not strictly classified as severance compensation as such. A senior executive whose employment contract has been suspended during the period in which he or she is a corporate officer also has the benefit of this collective agreement as soon as his or her employment contract becomes effective again at the end of his or her appointment as corporate officer. In such cases, the Board has agreed that the term during which the corporate office is held should be taken into account to calculate the director's seniority and any accrued benefits under the reinstated employment contract.

Salaried directors or such senior executives may therefore receive the compensation provided for under this collective agreement in the event of dismissal or retirement. Martin Bouygues, Chairman and CEO, and Olivier Bouygues, Deputy CEO, will not benefit from such compensation if their appointments come to an end. Conversely, Olivier Poupart-Lafarge, Patrick Le Lay, Yves Gabriel, Alain Dupont and François Bertière are eligible for such compensation.

Because of their seniority with the company (more than 30 years), in 2008 Olivier Poupart-Lafarge and Alain Dupont will each receive the compensation provided for by the collective agreement, consisting of one year's salary to be paid by Bouygues and Colas, respectively.

1.2. Remuneration of the three corporate officers (in euros)

Position and length of service within the Group		Remuneration[(1)]	Amounts in respect of FY 2005 in euros[(2)] due[(3)]	Amounts in respect of FY 2005 in euros[(2)] paid	Amounts in respect of FY 2006 in euros[(2)] due[(3)]	Amounts in respect of FY 2006 in euros[(2)] paid	Amounts in respect of FY 2007 in euros[(2)] due[(3)]	Amounts in respect of FY 2007 in euros[(2)] paid	Criteria for variable remuneration (FY 2007)[(6)]	Benefits in kind in euros[(7)] in 2005	Benefits in kind in euros[(7)] in 2006	Benefits in kind in euros[(7)] in 2007
M. Bouygues	Chairman and CEO 34 years	Fixed	920,000 0%	920,000	920,000 0%	920,000	920,000 0%	920,000	• Increase in current operating profit (1/3). • Change in consolidated net profit (Group share) of Bouygues (1/3). • Free cash flow (before changes in working capital) (1/3).			
		Variable	1,380,000 0%	1,380,000	1,380,000 0%	1,380,000	1,380,000 0%	1,380,000				
		% variable/fixed[(4)]	150%		150%		150%					
		Ceiling (variable)[(5)]	150%		150%		150%					
		TOTAL	**2,300,000**	**2,300,000**	**2,300,000**	**2,300,000**	**2,300,000**	**2,300,000**		50,236 -63%	42,836 -15%	39,020 -9%
O. Poupart-Lafarge	Deputy CEO 34 years	Fixed	920,000 0%	920,000	920,000 0%	920,000	920,000 0%	920,000	• Increase in current operating profit (1/3). • Change in consolidated net profit (Group share) of Bouygues (1/3). • Free cash flow (before changes in working capital) (1/3).			
		Variable	1,380,000 +11%	1,242,000	1,380,000 0%	1,380,000	1,380,000 0%	1,380,000				
		% variable/fixed[(4)]	150%		150%		150%					
		Ceiling (variable)[(5)]	150%		150%		150%					
		Special bonus					690,000	690,000				
		TOTAL	**2,300,000**	**2,162,000**	**2,300,000**	**2,300,000**	**2,990,000**	**2,990,000**		4,176 +0,87%	3,700 -11%	3,360 -9%
O. Bouygues	Deputy CEO 34 years	Fixed	920,000 0%	920,000	920,000 0%	920,000	920,000 0%	920,000	• Increase in current operating profit (1/3). • Change in consolidated net profit (Group share) of Bouygues (1/3). • Free cash flow (before changes in working capital) (1/3).			
		Variable	1,012,000 0%	1,012,000	1,104,000 +,9%	1,012,000	1,104,000 0%	1,104,000				
		% variable/fixed[(4)]	110%		120%		120%					
		Ceiling (variable)[(5)]	110%		120%		120%					
		TOTAL	**1,932,000**	**1,932,000**	**2,024,000**	**1,932,000**	**2,024,000**	**2,024,000**		10,584 -87%	10,584 0%	10,584 0%
		TOTAL CORPORATE OFFICERS	**6,532,000 +2.16%**	**6,394,000**	**6,624,000 +1.4%**	**6,532,000**	**7,314,000 +10.41%**	**7,314,000**		**64,996**	**57,120**	**52,964**

(1) No remuneration other than that mentioned in the table was paid to corporate officers by companies in the Group. (2) Amounts due = all the amounts allocated in respect of one financial year. Amounts paid = all the amounts paid in the financial year, however the variable part allocated for a financial year is actually paid in the first quarter of the following year. (3) Amounts due: the percentages inserted under the fixed and variable remuneration show variations by reference to the previous financial year (2005 or 2006). (4) Variable remuneration expressed as a percentage of fixed remuneration. (5) Variable remuneration ceiling, set as a percentage of fixed remuneration. (6) Criteria for variable remuneration: the percentage expresses the weighting of the criteria in the determination of the total variable remuneration. (7) Benefits in kind: the percentages show variations as compared to the previous financial year (2005 or 2006).

1.3. Remuneration of salaried directors (in euros)

	Position and length of service within the Group	Remuneration[1]	Amounts in respect of FY 2005 in euros[2]		Amounts in respect of FY 2006 in euros[2]		Amounts in respect of FY 2007 in euros[2]		Criteria for variable remuneration (FY 2007)[6]	Benefits in kind in euros[7]		
			due[3]	paid	due[3]	paid	due[3]	paid		in 2005	in 2006	in 2007
F. Bertière	Director 23 years	Fixed			820,000 17%	820,000	920,000	920,000	• Change in consolidated net profit (Group share) of Bouygues (1/3). • Change in consolidated net profit (Group share) of Bouygues Immobilier (1/3). • Change in free cash flow (before changes in working capital) of Bouygues Immobilier (1/3).			
		Variable			984,000 17%	840,000	1,380,000 +40.24%	984,000				
		% variable/fixed[4]			120%		150%					
		Ceiling (variable)[5]			120%		150%					
		TOTAL			**1,804,000**	**1,660,000**	**2,300,000**	**1,804,000**		4,944 0%	4,944 0%	4,944 0%
A. Dupont	Director 43 years	Fixed	920,000 0%	920,000	920,000 0%	920,000	920,000 0%	920,000	• Change in consolidated net profit (Group share) of Bouygues (1/3). • Change in consolidated net profit (Group share) of Colas (1/3). • Free cash flow (before changes in working capital) of Colas (1/3).			
		Variable	1,380,000 +3.45%	1,334,000	1,380,000 0%	1,380,000	1,380,000 0%	1,380,000				
		% variable/fixed[4]	150%		150%		150%					
		Ceiling (variable)[5]	150%		150%		150%					
		Special bonus	690,000			690,000						
		TOTAL	**2,990,000**	**2,254,000**	**2,300,000**	**2,990,000**	**2,300,000**	**2,300,000**		4,100 0%	4,100 0%	4,100 0%
Y. Gabriel	Director 33 years	Fixed	850,000 +13.33%	850,000	920,000 8%	920,000	920,000 0%	920,000	• Change in consolidated net profit (Group share) of Bouygues (1/3). • Change in consolidated net profit (Group share) of Bouygues Construction (1/3). • Free cash flow (before changes in working capital) of Bouygues Construction (1/3).			
		Variable	1,062,500 +28.80%	825,000	1,242,000 17%	1,062,500	1,380,000 +11.11%	1,242,000				
		% variable/fixed[4]	125%		135%		150%					
		Ceiling (variable)[5]	125%		135%		150%					
		TOTAL	**1,912 500**	**1,675,000**	**2,162,000**	**1,982,500**	**2,300,000**	**2,162,000**		8,748 0%	8,671 -1%	8,652 -0.2%
P. Le Lay	Director 27 years	Fixed	920,000 0%	920,000	920,000 0%	920,000	920,000 0%	920,000	• Change in consolidated net profit (Group share) of Bouygues (1/3). • Change in consolidated net profit (Group share) of TF1 (1/3). • Free cash flow (before changes in working capital) of TF1 (1/3).			
		Variable	1,216,000 +7.36%	1,132,667	1,380,000 13%	1,216,000	920,000 -33.33%	1,380,000				
		% variable/fixed[4]	132%		150%		100%					
		Ceiling (variable)[5]	150%		150%		150%					
		TOTAL	**2,136,000**	**2,052,667**	**2,300,000**	**2,136,000**	**1,840,000**	**2,300,000**		4,140 0%	4,140 0%	3,792 -8%

1.4. Directors' fees

In euros		Origin (Notes 1 and 2)	2005	2006	2007
M. Bouygues	Chairman and CEO	Bouygues	48,784	48,784	48,784
		Subsidiaries	26,666	25,291	28,616
O. Poupart-Lafarge	Deputy CEO	Bouygues	24,392	24,392	24,392
		Subsidiaries	55,465	60,246	64,196
O. Bouygues	Deputy CEO	Bouygues	24,392	24,392	24,392
		Subsidiaries	46,277	55,099	54,380
Sub-total corporate officers	Chaiman and CEO	Bouygues	97,568	97,568	97,568
	Deputy CEO	Subsidiaries	128,408	140,636	147,192
		TOTAL	**225,976**	**238,204**	**244,760**
P. Barberis	Director	Bouygues	30,490	30,490	30,490
P. Barbizet	Director	Bouygues	24,392	24,392	24,392
			12,196	12,196	12,196
		Subsidiaries	28,269	27,925	27,625
F. Bertière	Director	Bouygues		18,294	24,392
Mrs F. Bouygues	Director	Bouygues	24,392	24,392	24,392
G. Chodron de Courcel	Director	Bouygues	30,490	30,490	30,490
C. de Croisset	Director	Bouygues	24,392	24,392	24,392
M. Derbesse	Director	Bouygues	27,441	30,490	30,490
		Subsidiaries	30,893		
L. Douroux	Director	Bouygues	30,490	30,490	30,490
A. Dupont	Director	Bouygues	24,392	24,392	24,392
		Subsidiaries	15,000	18,750	20,000
Y. Gabriel	Director	Bouygues	24,392	24,392	24,392
J.M. Gras	Director	Bouygues	18,294	24,392	30,490
T. Jourdaine	Director	Bouygues	24,392	24,392	27,441
P. Kron	Director	Bouygues		6,098	24,392
P. Le Lay	Director	Bouygues	24,392	24,392	24,392
		Subsidiaries	108,300	112,050	115,250
J. Peyrelevade	Director	Bouygues	30,490	30,490	30,490
F.-H. Pinault	Director	Bouygues	24,392 6,098	24,392 12,196	24,392 12,196
M. Rouger	Director	Bouygues	30,490	30,490	30,490
Sub-total directors	Director	Bouygues	411,615	451,252	454,301
		Subsidiaries	182,462	58,725	162,875
		TOTAL	**594,077**	**609,977**	**617,176**
Total directors' fees (Note 3) Corporate officers + directors		**Bouygues**	**576,261**	**573,212**	**551,869**
		Subsidiaries	**339,566**	**326,682**	**310,067**
		TOTAL	**915,827**	**899,894**	**861,936**

Note 1: Bouygues = directors' fees paid in respect of participation on the Board of Bouygues. The total amount of directors' fees to be allocated to corporate officers and directors of Bouygues was fixed by the Annual General Meeting of 24 April 2003 at €700,000 each financial year, the Board being given the discretion as to how it should be split. The amounts shown opposite include directors' fees paid with respect to participation on one or more Board committees.
Directors' fees paid to each director amount to €24,392 per year. The Chairman and CEO is allocated directors' fees of €48,784 per year. Additional directors' fees paid to members of a Committee amount to €6,098 per year.

Note 2: Subsidiaries = directors' fees paid by Group companies within the meaning of Article L. 233-16 of the Commercial Code. This includes Colas, Bouygues Telecom and TF1.

Note 3: The total amount of directors' fees includes fees paid in financial year 2005 to Carmélina Formond (€12,196) and to Serge Weinberg (€30,490); these directors left the Board in 2005.
The total amount of directors' fees for 2005 and 2006 includes fees paid to Alain Pouyat by Bouygues (€24,392 in 2005 and 2006) and by subsidiaries (€28,696 in 2005 and €27,321 in 2006). Alain Pouyat's term of office as director expired at the end of 2006; Patrick Kron was co-opted to replace him.

Note 4: Philippe Montagner and Alain Pouyat, non-voting directors, receive directors' fees of €24,392 each financial year. They also receive directors' fees from Group subsidiaries for their duties as corporate officer or director, amounting to €17,642 for Philippe Montagner and €31,546 for Alain Pouyat.

The Board of Directors

2 • Special report on granting of stock options and bonus shares

(Article L. 225-184 and Article L. 225-197-4 of the Commercial Code)

2.1. Principles and rules for granting of stock options and bonus shares

The twentieth resolution of the Annual General Meeting on 28 April 2005 authorised the Board of Directors on one or more occasions to grant options conferring a right to subscribe for new shares or to purchase existing shares. This authorisation, granted for five years, required the beneficiaries of these options to be employees and/or corporate officers of Bouygues or of companies or economic interest groupings directly or indirectly associated with Bouygues under the terms of Article L. 225-180 of the Commercial Code.

The nineteenth resolution of the Annual General Meeting on 28 April 2005 also authorised the Board of Directors on one or more occasions to allot bonus shares whether in existence or to be issued in the future. This authorisation was conferred for a period of thirty-eight months and required the beneficiaries of these shares to be employees and/or corporate officers of Bouygues or of companies or economic interest groupings directly or indirectly associated with Bouygues under the terms of Article L. 225-197-2 of the Commercial Code.

To date, the Board of Directors has not made use of the authorisations granted by the Annual General Meeting to allot bonus shares or grant options to purchase shares. All options granted have been to subscribe for shares.

General rules applicable to grants of stock options and bonus shares

- Stock options or bonus shares are granted to help attract senior executives and employees, secure their loyalty, reward them and give them a medium- and long-term interest in the company's development, in light of their contribution to value creation.
- More than 1,000 senior executives and employees are beneficiaries under each plan. The beneficiaries are selected and individual allotments are decided by reference to each beneficiary's responsibility and performance, with particular attention being paid to executives with potential.
- In the case of stock options, no discount is applied.

In accordance with the AFEP-MEDEF recommendations of January 2007, the Board has decided how often and during what period of the year stock options or bonus shares will be granted.

Specific rules applicable to corporate officers

The Board of Directors has incorporated the following rules into its rules of procedure:

- Stock options or bonus shares shall not be granted to senior executives leaving the company.
- Risk hedging transactions relating to the exercise of stock options or the sale of bonus shares are forbidden.
- Corporate officers wishing to exercise stock options or sell bonus shares should obtain confirmation from the Group Ethics Officer that they do not hold inside information.
- When stock options or bonus shares are granted, the Board shall determine the number of bonus shares or shares resulting from the exercise of stock options that the Chairman, the CEO and the Deputy CEOs are obliged to retain until the expiry of their term of office.

This provision was applied to stock options granted in 2007. The Board set the number of shares resulting from the exercise of stock options that corporate officers were obliged to retain in registered form until the expiry of their term of office, either directly or through a company. For the 2007 plan, the corporate officers are obliged to retain 25% of shares resulting from the exercise of their stock options, after selling the number of shares required to cover the costs of exercising the options and paying any related taxes or social charges.

2.2. General information: characteristics of stock subscription options

All the stock options granted by the Board of Directors have the following characteristics:

- Exercise price: average of the opening prices quoted on the 20 trading days prior to the option grant, with no discount.
- Validity period: seven years as from the date the stock options are granted.
- Lock-up period: four years following the date the stock options are granted.
- Exercise period: the three years after expiry of the lock-up period (with three exceptions where stock options may be exercised at any time during the seven years: stock options exercised by heirs within six months of death of a beneficiary; change of control of Bouygues or cash tender or exchange offer relating to Bouygues; exercise of stock options in accordance with Articles 445-6 of the Labour Code, using assets acquired under a Group savings plan).
- Automatic cancellation if employment contract or appointment as corporate officer is terminated, unless given special authorisation, or in the event of invalidity or retirement.

2.3. Breakdown of stock options for each plan and category of beneficiary

	2001	2002	2003	2004	2005	2006	2007
Date of AGM	25/05/2000	25/05/2000	25/05/2000	25/05/2000	28/04/2005	28/04/2005	28/04/2005
Date of Board meeting	27/03/2001 03/07/2001 18/09/2001	25/06/2002 17/12/2002	17/06/2003	15/03/2004	21/06/2005	05/09/2006	05/06/2007
Number of stock options granted at each Board meeting:	4,023,600	3,598,100	2,996,000	3,180,750	3,102,500	3,700,000	4,350,000
• of which corporate officers	690,000	1,150,000	625,000	800,000	500,000	750,000	850,000
• of which 10 employees of the company	1,180,000	320,000	412,000	422,000	347,000	356,000	530,000
Original exercise price, prior to adjustment	€33.75 to €39.40	€27.08 to €27.56	€22.80	€29.61	€31.34	€40.00	€63.44
Exercise price after adjustment(1)	**€28.67 to €33.47**	**€23.00 to €23.41**	**€19.37**	**€25.15**	**€31.34**	**€40.00**	**€63.44**
Exercise period commencement date	27/03/2005 03/07/2005 18/09/2005	25/06/2006 17/12/2006	17/06/2007	15/03/2008	21/06/2009	05/09/2010	05/06/2011
Expiry date	26/03/2008 02/07/2008 17/09/2008	24/06/2009 16/12/2009	16/06/2010	14/03/2011	20/06/2012	04/09/2013	04/06/2014
Number of options remaining valid at 31/12/2007	**1,526,148**	**1,964,062**	**1,968,220**	**3,496,113**	**2,897,080**	**3,616,489**	**4,335,000**
							Total: 19,803,112

(1) In accordance with the law, the exercise prices were adjusted on 7 January 2005 because of an exceptional payout.

At 31 December 2007, the number of stock options still valid and exercisable (those no longer in the lock-up period and those where the exercise price is lower than the stock market price of 31 December 2007, the last quoted price in the financial year, i.e. €57.00) represents a maximum of 10,443,197 new shares, i.e. 3% of the share capital at 31 December 2007.

2.4. Stock options granted and exercised in 2007

General information

Options giving the right to subscribe for new shares in Bouygues were granted during 2007. On 5 June 2007, the Board of Directors granted 4,350,000 stock options to 1,208 beneficiaries, corporate officers or employees of the company or companies in the Bouygues group.

Date granted	Number of options granted	Exercise price of the options (in €)
5 June 2007	4,350,000	63.44

At the time the stock options were granted, and using the same method as for the consolidated financial statements, each stock option was valued at €8.62.

This stock option plan represents 1.25% of the company's share capital at 31 December 2007.

Stock options granted to corporate officers and salaried directors of Bouygues

Corporate officers	Company granting the options	Date granted	Number of options	Exercise price of the options (in €)
Martin Bouygues	Bouygues	5 June 2007	200,000	63.44
Olivier Poupart-Lafarge	Bouygues	5 June 2007	150,000	63.44
Olivier Bouygues	Bouygues	5 June 2007	100,000	63.44
		Total	**450,000**	

The stock options granted to the Chairman and CEO represent 4.6% of the 2007 plan. The options granted to the Chairman and CEO and to the two Deputy CEOs represent 10.34% of the 2007 plan.

These stock options represent 0.029% of the company's share capital (100,000 options), 0.043% of the share capital (150,000 stock options) and 0.058% of the share capital (200,000 options) at 31 December 2007. In total, the stock options granted in 2007 to the three corporate officers represent 0.13% of the company's share capital at 31 December 2007.

Salaried directors	Company granting the options	Date granted	Number of options	Exercise price of the options (in €)
François Bertière	Bouygues	5 June 2007	100,000	63.44
Alain Dupont	Bouygues	5 June 2007	150,000	63.44
Yves Gabriel	Bouygues	5 June 2007	150,000	63.44
		Total	**400,000**	

Stock options granted to the 10 Bouygues employees (not corporate officers) having received the largest number of options in 2007

Name	Company granting the options	Date granted	Number of options	Exercise price of the options (in €)
Jacques Bernard	Bouygues	5 June 2007	25,000	63.44
Blandine Delafon	Bouygues	5 June 2007	20,000	63.44
Jean-François Guillemin	Bouygues	5 June 2007	35,000	63.44
Hervé Le Bouc	Bouygues	5 June 2007	100,000	63.44
Philippe Montagner	Bouygues	5 June 2007	100,000	63.44
Nonce Paolini	Bouygues	5 June 2007	60,000	63.44
Alain Pouyat	Bouygues	5 June 2007	100,000	63.44
Jean-Claude Tostivin	Bouygues	5 June 2007	35,000	63.44
Lionel Verdouck	Bouygues	5 June 2007	35,000	63.44
Gilles Zancanaro	Bouygues	5 June 2007	20,000	63.44
		Total	**530,000**	

The corporate officers and employees of Bouygues have not been granted stock options or allotted bonus shares by companies connected to Bouygues during 2007 under the conditions provided in Article L. 225-180 of the Commercial Code or by companies controlled by Bouygues within the meaning of Article L. 233-16 of the Commercial Code.

Stock options exercised by corporate officers and all employees in the Bouygues group in 2007

Bouygues stock options exercised by corporate officers and salaried directors, and all employees in the Bouygues group in 2007, were as follows:

Plan	Exercise price of the options (in €)	Number of options exercised in 2007
04/07/2000	58.74	1,222,365
27/03/2001	33.47	547,197
03/07/2001	32.81	350,000
18/09/2001	28.67	150,000
25/06/2002	23.41	777,956
17/06/2003	19.37	1,347,453
15/03/2004	25.15	17,116
21/06/2005	31.34	10,383
05/09/2006	40.00	3,111
	Total	**4,425,581**

Stock options exercised by corporate officers of Bouygues in 2007

Corporate officer	Company granting the options	Date granted	Number of options exercised	Exercise price of the options (in €)
François Bertière	Bouygues	04/07/2000	9,416	58.74
Martin Bouygues	Bouygues	04/07/2000	82,383	58.74
		17/06/2003	235,379	19.37
Olivier Bouygues	Bouygues	04/07/2000	35,307	58.74
		17/06/2003	117,690	19.37
Michel Derbesse	Bouygues	04/07/2000	70,614	58.74
Alain Dupont	Bouygues	04/07/2000	5,885	58.74
		18/09/2001	150,000	28.67
Yves Gabriel	Bouygues	04/07/2000	11,769	58.74
		25/06/2002	58,845	23.41
		17/06/2003	30,000	19.37
Patrick Le Lay	Bouygues	04/07/2000	11,769	58.74
Olivier Poupart-Lafarge	Bouygues	04/07/2000	58,845	58.74
		17/06/2003	117,690	19.37
		Total	**995,592**	

Stock options exercised in 2007 by the 10 Bouygues employees with the highest number of options

Name	Company granting the options	Date granted	Number of options exercised	Exercise price of the options (in €)
Gérard Bucourt	Bouygues	04/07/2000	4,120	58.74
	Bouygues	27/03/2001	5,885	33.47
	Bouygues	25/06/2002	5,885	23.41
	Bouygues	17/06/2003	5,885	19.37
Blandine Delafon	Bouygues	04/07/2000	3,531	58.74
	Bouygues	25/06/2002	11,769	23.41
	Bouygues	17/06/2003	2,800	19.37
Jean-François Guillemin	Bouygues	04/07/2000	9,416	58.74
	Bouygues	27/03/2001	11,769	33.47
	Bouygues	25/06/2002	16,477	23.41
Gérard Lemarié	Bouygues	04/07/2000	5,297	58.74
	Bouygues	27/03/2001	5,297	33.47
	Bouygues	25/06/2002	5,885	23.41
Philippe Montagner	Bouygues	04/07/2000	35,307	58.74
	Bouygues	03/07/2001	250,000	32.81
Nonce Paolini	Bouygues	17/06/2003	23,538	19.37
Alain Pouyat	Bouygues	04/07/2000	23,538	58.74
Jean-Claude Tostivin	Bouygues	04/07/2000	9,416	58.74
	Bouygues	27/03/2001	11,769	33.47
	Bouygues	17/06/2003	23,538	19.37
Lionel Verdouck	Bouygues	04/07/2000	9,416	58.74
	Bouygues	17/06/2003	23,538	19.37
Gilles Zancanaro	Bouygues	04/07/2000	10,593	58.74
	Bouygues	27/03/2001	10,593	33.47
	Bouygues	25/06/2002	4,200	23.41
		Total	**529,462**	

During 2007, 2,900,527 stock options were exercised by employees of Bouygues or its subsidiaries not including corporate officers, salaried directors and the 10 persons referred to above.

2.5. Summary of the remuneration, benefits in kind and options granted to the three corporate officers in 2007

in euros	M. Bouygues	O. Poupart-Lafarge	O. Bouygues
Fixed remuneration	920,000	920,000	920,000
Variable remuneration	1,380,000	1,380,000	1,104,000
Special bonus	-	690,000	-
Benefits in kind	39,020	3,360	10,584
Total	**2,339,020**	**2,993,360**	**2,034,584**
Book value of stock options granted in 2007 and exercisable as from June 2011*	**1,724,440**	**1,293,330**	**862,220**

(*) Representing the book value at the grant date (€8.62 per option).

The Board of Directors

Share ownership

1 • Changes in share ownership over the last three years

Shareholder	Situation at 31 December 2007[1]				Situation at 31 December 2006				Situation at 31 December 2005			
	Number of shares	% of capital	Number of voting rights[2]	% of voting rights	Number of shares	% of capital	Number of voting rights[2]	% of voting rights	Number of shares	% of capital	Number of voting rights[2]	% of voting rights
SCDM[3]	63,058,772	18.15	123,435,517	27.18	62,693,562	18.73	118,995,301	27.61	61,262,080	18.19	107,372,414	25.34
Bouygues employees	49,419,820	14.22	83,258,608	18.33	44,286,383	13.23	73,697,437	17.10	44,774,405	13.30	74,311,729	17.54
Artémis group[4]	6,982,575	2.01	11,289,093	2.49	6,982,575	2.09	9,789,093	2.27	26,266,778	7.80	29,573,296	6.98
Other French shareholders	88,837,389	25.56	97,010,106	21.36	90,102,298	26.90	97,749,293	22.69	84,323,571	25.04	92,443,742	21.82
Capital Group International	21,651,817	6.23	21,651,817	4.77	26,969,688	8.06	26,969,688	6.26	26,969,688	8.01	26,969,688	6.36
Other foreign shareholders	116,691,812	33.58	116,691,812	25.68	102,181,590	30.52	102,181,590	23.71	93,061,374	27.63	93,061,374	21.96
Bouygues	860,393[5]	0.25	860,393[6]	0.19	1,561,487[5]	0.47	1,561,487[6]	0.36	105,000[5]	0.03	0	0
Total	**347,502,578**	**100**	**454,197,346**	**100**	**334,777,583**	**100**	**430,943,889**	**100**	**336,762,896**	**100**	**423,732,243**	**100**

(1) Based on a survey of identifiable bearer shares as at 31 December 2007 – 206,791,865 bearer shares identified.
(2) In accordance with Article 223-11 of the General Regulation of the Autorité des Marchés Financiers (AMF), the total number of voting rights has since 2006 been calculated on the basis of all shares with voting rights attached, including those of which the voting rights have been suspended.
(3) SCDM is a company controlled by Martin Bouygues and Olivier Bouygues. This figure includes shares owned directly by Martin Bouygues and Olivier Bouygues.
(4) The Artémis group (François Pinault) includes Artémis, Tennessee and Financière Pinault, companies which directly own Bouygues shares.
(5) Treasury shares held under share buy-back programmes.
(6) Voting rights attached to shares held by Bouygues are suspended.

Apart from Capital Group International, the company is not aware of any shareholder, other than those shown in the table above, holding more than 5% of the capital or voting rights.

Significant changes in share ownership

The main changes in share ownership since 31 December 2006 are as follows:

- An increase in the interest held by employees, from 13.23% to 14.22% of the capital and from 17.10% to 18.33% of the voting rights. The effect of the ending of the Bouygues Confiance 2 share ownership plan was more than offset by the success of the two employee share ownership plans (Bouygues Partage, Bouygues Confiance 4) launched in 2007.
- A further rise in the interests held by foreign investors, which represented 39.81% of the capital and 30.45% of the voting rights at 31 December 2007 (compared with 38.58% and 29.97% respectively at 31 December 2006).

The interest reported for Capital Group International Inc. (CGII), an American investment firm that is the parent company of a group of fund management companies, is that disclosed on 18 July 2007 when CGII declared that it had passed below the threshold of 5% of the voting rights of Bouygues.

2 • Shareholder agreements

The shareholder agreement between SCDM and Artémis signed on 4 December 1998 was terminated on 24 May 2006, when the Artémis group passed below the thresholds of 5% of the capital and voting rights of Bouygues.

As far as the company is aware, no shareholder agreement relating to the company's capital has existed since that date.

3 • Voting rights

The terms on which the principal shareholders of Bouygues hold voting rights are no different from those enjoyed by the other shareholders. They are entitled, on the same terms as the other shareholders, to double voting rights subject to the conditions specified in Article 12 of the by-laws, the terms of which are reproduced below (page 144).

Transactions in Bouygues shares during 2007 by directors, officers and other persons referred to in Article L 621-18-2 of the Monetary and Financial Code

(Article 223-26 of the AMF General Regulation)

Person involved	Transaction carried out	Nature of transaction	Number of transactions	Number of shares	Amount (€)
SCDM	by a subsidiary (related party)	Purchase	2	31,334	1,833,976.61
François Bertière	in a personal capacity	Exercise of options	1	9,416	553,095.84
		Sale	1	9,416	586,805.12
Martin Bouygues	in a personal capacity	Exercise of options	2	317,762	9,398,468.65
		Sale	3	147,383	9,141,783.25
Olivier Bouygues	in a personal capacity	Exercise of options	2	152,997	4,353,588.48
		Purchase	4	60,000	3,492,960.00
		Sale	2	49,500	3,042,204.00
Michel Cote	in a personal capacity	Exercise of options	2	51,623	1,707,460.02
		Sale	2	51,623	2,697,069.05
Michel Derbesse	in a personal capacity	Exercise of options	1	70,614	4,147,866.36
		Sale	1	70,614	4,431,028.50
Alain Dupont	in a personal capacity	Exercise of options	2	155,885	4,646,184.90
		Sale	2	155,885	9,107,171.00
Emmanuel Forest	in a personal capacity	Exercise of options	2	14,124	651,187.02
		Sale	2	14,124	888,046.50
Yves Gabriel	in a personal capacity	Exercise of options	3	100,614	2,649,972.51
		Sale	1	11,769	733,797.15
Jean-Michel Gras	in a personal capacity	Exercise of options	1	1,766	34,207.42
		Sale	1	1,766	111,258.00
Éric Guillemin	in a personal capacity	Exercise of options	2	8,239	364,987.70
		Sale	1	3,531	221,570.25
Patrick Kron	in a personal capacity	Purchase	1	500	24,625.00
Patrick Le Lay	in a personal capacity	Exercise of options	1	11,769	691,311.06
		Sale	1	11,769	720,262.80
Éric Mazoyer	in a personal capacity	Exercise of options	5	22,952	655,359.43
		Sale	3	11,051	692,469.77
	by a related party	Sale	7	11,901	736,744.80
Philippe Montagner	in a personal capacity	Exercise of options	4	285,307	10,276,433.18
		Sale	4	265,307	15,591,714.25
Nonce Paolini	in a personal capacity	Exercise of options	1	23,538	455,931.06
		Sale	1	23,538	1,468,500.51
Olivier, Poupart-Lafarge	in a personal capacity	Exercise of options	2	176,535	5,736,210.60
		Sale	1	58,845	3,692,523.75
	by a related party	Sale	1	20,000	1,227,000.00
Olivier Roussat	in a personal capacity	Exercise of options	3	5,708	236,432.34
		Sale	3	5,708	351,397.16

Stock market performance

1 • Bouygues on the stock market in 2007

Bouygues shares are listed on the Euronext Paris market (compartment A), and are included in the CAC 40, Euronext 100, FTSE Eurofirst 80 and Dow Jones Stoxx 600 indices. They are eligible for the deferred settlement service ("SRD") and for French equity savings plans ("PEAs").

There were a total of 347,502,578 shares in issue at 31 December 2007.

The average number of shares in issue during 2007 was 341,324,427.

The average daily volume traded was 1,612,270 shares.

With a 17.2% rise during 2007, Bouygues was the seventh best performer in the CAC 40, which rose by just 1.3% over the year.

Bouygues shares significantly outperformed the market in the first half of 2007, with investors favourably impressed by good results and the fine prospects for the Group's business areas.

Following this sharp rise – which was to some extent speculative – the share price amplified the correction experienced by world stock markets during the summer of 2007, returning close to the level at which it had begun the year.

During the autumn of 2007, the share price rallied strongly following the publication of high-quality first-half results across all the Group's business areas. In the winter, the share tracked trends in the markets, which were affected by the US subprime crisis and the resulting concerns among investors about US growth and its impact on the euro-zone economy.

	Number of shares[(1)]	Dividend paid for the year (€)			Quoted market price (€)			Dividend yield based on closing price (%)
		Net	Tax credit	Total	High	Low	Closing	
2003	333,199,969	0.50	0.25	0.75	28.28	16.61	27.72	2.7
2004	332,758,624	0.75[(2)]	-	0.75	34.26	25.94	34.00	2.2
2005	336,762,896	0.90[(2)]	-	0.90	42.67	28.75	41.30	2.2
2006	334,777,583	1.20[(2)]	-	1.20	49.42	36.05	48.63	2.5
2007	347,502,578	1.50	-	1.50	67.43	48.42	57.00	2.6

On 29 February 2008, the share was trading at €45.44.

(1) Includes investment certificates for the period prior to 2006. All outstanding investment certificates were reconstituted as shares on 18 May 2006.
(2) The tax credit has been abolished with effect from 1 January 2005. The dividend now entitles individuals tax-resident in France to tax relief (of 50% in 2005 and 40% in 2006 and 2007).

2 • Trends in share price and trading volume

Bouygues share price over the last 18 months

	High	Low	Number of shares traded	Capital traded (€ m)
2006				
July	41.30	36.05	28,312,450	1,076
August	41.37	38.26	27,851,146	1,102
September	42.32	40.70	29,794,560	1,234
October	46.70	41.77	33,899,991	1,502
November	47.13	43.81	30,966,828	1,413
December	49.42	43.60	33,803,326	1,596
2007				
January	54.15	48.42	27,920,074	1,420
February	55.95	49.59	24,696,238	1,330
March	58.05	50.20	37,284,135	1,970
April	61.69	57.30	34,566,026	2,050
May	65.75	57.70	41,104,318	2,540
June	67.43	60.50	41,817,787	2,660
July	64.20	57.49	32,986,553	2,030
August	58.32	49.55	47,813,855	2,590
September	61.39	55.00	33,945,170	1,990
October	66.58	59.84	29,061,416	1,840
November	66.58	55.12	32,227,982	1,940
December	63.27	55.25	26,952,725	1,590

Source: Euronext Paris

Share capital

1 • General information

1.1. Share capital

On 31 December 2006, the share capital of Bouygues was €334,777,583, divided into 334,777,583 shares with a nominal value of €1 each.

In 2007, 4,425,581 new shares were created following the exercise of stock options granted to Group employees.

In the same period, a total of 13,319,182 shares were issued in connection with two leveraged employee share ownership schemes, Bouygues Partage (6,371,520 shares issued on 10 May 2007) and Bouygues Confiance 4 (6,947,662 shares issued on 31 December 2007).

A total of 5,019,768 shares bought back by the company were cancelled on 4 December 2007.

Consequently, the share capital of Bouygues at 31 December 2007 was €347,502,578, divided into 347,502,578 shares with a nominal value of €1 each.

The total number of voting rights[1] at 31 December 2007 was 454,197,346 (at 31 December 2006, the total number of voting rights was 430,943,889).

(1) Including non-voting shares, in accordance with the new calculation provisions of the AMF's General Regulation.

1.2. Changes in the share capital over the last five years

All amounts in the table below are in euros.

Period	Increases and reductions in the share capital within the last five years	Amount of the changes in the share capital		Amount of the share capital	Cumulative number of shares and investment certificates[1]
		Nominal	Premiums and incorporation of reserves		
From 1 January to 16 June 2003	• Exercise of stock options for 58,370 shares	58,370	375,903	344,420,289	344,420,289
17 June 2003	• Cancellation of 9,685,825 shares bought back by the company	(9,685,825)	(236,218,525)	334,734,464	334,734,464
From 17 June to 10 December 2003	• Exercise of stock options for 318,070 shares	318,070	2,048,371	335,052,534	335,052,534
16 December 2003	• Cancellation of 2,521,365 shares bought back by the company	(2,521,365)	(57,386,267)	332,531,169	332,531,169
From 11 December to 31 December 2003	• Exercise of stock options for 668,800 shares	668,800	4,307,072	333,199,969	333,199,969
From 1 January to 10 June 2004	• Exercise of stock options for 386,240 shares • OCEANE bond conversion: 13,556,732 shares	386,240 13,556,732	3,646,271 335,881,691	333,586,209 347,142,941	333,586,209 347,142,941
15 June 2004	• Cancellation of 13,942,972 shares bought back by the company	(13,942,972)	(379,655,105)	333,199,969	333,199,969
From 11 June to 6 October 2004	• Exercise of stock options for 191,742 shares	191,742	4,032,822	333,391,711	333,391,711
14 December 2004	• Cancellation of 633,087 shares bought back by the company	(633,087)	(20,177,199)	332,758,624	332,758,624
From 1 January to 16 June 2005	• Exercise of stock options for 801,427 shares	801,427	14,464,213	333,560,051	333,560,051
21 June 2005	• Cancellation of 1,048,873 shares bought back by the company	(1,048,873)	(31,649,972)	332,511,178	332,511,178
From 17 June to 8 December 2005	• Exercise of stock options for 1,163,673 shares	1,163,673	26,788,468	333,674,851	333,674,851
13 December 2005	• Cancellation of 7,312,776 shares bought back by the company	(7,312,776)	(279,502,996)	326,362,075	326,362,075
28 December 2005	• Subscription by the Bouygues Confiance 3 employee share ownership scheme for 9,972,331 shares	9,972,331	240,034,007	336,334,406	336,334,406
From 9 December to 31 December 2005	• Exercise of stock options for 428,490 shares	428,490	7,986,521	336,762,896	336,762,896
From 1 January to 30 November 2006	• Exercise of stock options for 3,818,642 shares	3,818,642	90,923,045	340,581,538	340,581,538
6 December 2006	• Cancellation of 6,410,706 shares bought back by the company	(6,410,706)	(263,827,884)	334,170,832	334,170,832
From 1 December to 31 December 2006	• Exercise of stock options for 606,751 shares	606,751	17,022,599	334,777,583	334,777,583
From 1 January to 30 April 2007	• Exercise of stock options for 916,501 shares	916,501	25,156,127	335,694,084	335,694,084
10 May 2007	• Subscription by the Bouygues Partage employee share ownership scheme for 6,371,520 shares	6,371,520	225,806,669	342,065,604	342,065,604
From 1 May to 30 November 2007	• Exercise of stock options for 3,347,448 shares	3,347,448	117,506,137	345,413,052	345,413,052
4 December 2007	• Cancellation of 5,019,768 shares bought back by the company	(5,019,768)	(266,633,333)	340,393,284	340,393,284
31 December 2007	• Subscription by the Bouygues Confiance 4 employee share ownership scheme for 6,947,662 shares	6,947,662	293,052,383	347,340,946	347,340,946
From 1 December to 31 December 2007	• Exercise of stock options for 161,632 shares	161,632	4,004,984	347,502,578	347,502,578

(1) Reconstitution of existing investment certificates as shares on 18 May 2006 further to a decision by the Annual General Meeting of 27 April 2006.

1.3. Authorisations to increase or reduce the share capital or to buy back shares

In accordance with Article L. 225-100 paragraph 7 of the Commercial Code, the following table lists the current powers granted to the Board of Directors by the Annual General Meeting, and the use made of these powers during the financial year.

Purpose	Global ceiling or maximum nominal amount (€ m)	Duration	AGM	Use of the powers during the 2007 financial year
1. Purchase by the company of its own shares	1,500 10% of the share capital	18 months	26/04/2007	Purchase of 10,876,771 shares (including 9,270,878 in respect of the buy-back programme authorised by the AGM on 26 April 2007)
2. Issue (with pre-emptive rights) of shares or securities giving access to the share capital of the company or of a company of which it has more than 50% control	150 5,000 (debt securities)	26 months	26/04/2007	nil
3. Capital increase by incorporation of premiums, reserves or earnings	4,000	26 months	26/04/2007	nil
4. Issue (without pre-emptive rights) of shares or securities giving access to the share capital of the company or of a company of which it has more than 50% control	150(1) 5,000 (debt securities)(1)	26 months	26/04/2007	nil
5. Increase in the number of shares to be issued in the event of an increase in the share capital with or without pre-emptive rights	15% of the initial issue(1)	26 months	26/04/2007	nil
6. Setting of the price for public issues, without pre-emptive rights, of equity securities or any securities giving access to the share capital	10% of the share capital(1)	26 months	26/04/2007	nil
7. Increase in the share capital as consideration for contributions in kind consisting of shares of a company or of securities giving access to the share capital of a company	10% of the share capital(1)	26 months	26/04/2007	nil
8. Increase in the share capital as consideration for securities tendered to a public exchange offer	150(1)	26 months	26/04/2007	nil
9. Increase in the share capital for the benefit of company or Group employees subscribing to a company savings scheme	10% of the share capital	26 months	26/04/2007	10/05/2007: Bouygues Partage (€232 million share capital increase, including issue premium) 31/12/2007: Bouygues Confiance 4 (€300 million share capital increase, including issue premium)
10. Approval of the issue by a subsidiary of the company of equity securities giving access, whether immediately or in the future, to shares of the company	150(1)	26 months	26/04/2007	nil
11. Allotment of shares free of charge to company or Group employees	10% of the share capital	38 months	26/04/2007	nil
12. Allotment of stock subscription or purchase options	Limit fixed by law	38 months	28/04/2005	05/06/2007: launch of a stock option plan enabling 1,208 beneficiaries to subscribe for 4,350,000 shares (exercise price: €63.44)
13. Issue of negotiable securities conferring a right to the allotment of debt securities	5,000	26 months	26/04/2007	nil
14. Reduction of the share capital by cancellation of treasury stock	10% of the share capital per 24-month period	18 months	26/04/2007	04/12/2007: cancellation of 5,019,768 shares (1.45% of the share capital at such date)
15. Use of delegations and authorisations in order to increase the company's capital in the event of a public offer for the company's shares	Ceiling fixed in the relevant authorisations	14 months	26/04/2007	nil
16. Issue of equity warrants on preferential terms during the period of a public offer for the company's shares	150(1)	18 months	26/04/2007	nil

(1) To be applied against the overall ceiling set out in point 2 of this table.

2 • Supplementary report on the use of delegations relating to capital increases

The supplementary report of the Board of Directors on the issue of shares to employees under the Bouygues Confiance 4 plan, as provided for by Articles L. 225-129-5 and R. 225-116 of the Commercial Code, appears on pages 226 and 227 of this Registration Document.

3 • Financial authorisations submitted to the Annual General Meeting of 24 April 2008

The table opposite summarises the delegated powers and authorisations to be conferred on the Board of Directors by the Annual General Meeting on 24 April 2008. With effect from the date of their approval by the meeting, these financial authorisations cancel and replace the unused portion, if applicable, of those previously granted for the same purpose.

Purpose	Global ceiling or maximum nominal amount (€ m)	Duration
1. Purchase by the company of its own shares	1,500 10% of the share capital	18 months
2. Reduction of the share capital by cancelling shares held by the company	10% of the share capital per 24-month period	18 months
3. Allotment of stock subscription or purchase options	10% of the share capital (including bonus shares)	38 months
4. Issue of equity warrants on preferential terms during the period of a public offer for the company's shares	400	18 months
5. Use of delegations and authorisations in order to increase the company's capital in the event of a public offer for the company's shares	Ceilings fixed in the relevant authorisations	18 months

4 • Company savings scheme

On 31 December 2007, Group employees owned 14.22% of the share capital of Bouygues and 18.33% of its voting rights, mainly through a number of employee savings schemes.

- The scheme created in 1968 invests in Bouygues shares bought on the market. At 31 December 2007, this fund owned 3.12% of the capital of Bouygues and 4.63% of the voting rights.
- The Group savings plan collects voluntary contributions from employees and the contribution made by the company. These are invested in Bouygues shares by direct purchases made on the market. At 31 December 2007, this fund owned 3.85% of the capital of Bouygues and 5.73% of the voting rights.
- Following the increases in the share capital carried out in 2005 and 2007, the leveraged employee share ownership schemes known as Bouygues Confiance 3, Bouygues Partage and Bouygues Confiance 4, owned 6.17% of the share capital and 6.55% of the voting rights as at 31 December 2007.
- The Bouygues Immobilier employee savings scheme owned 0.13% of the share capital and 0.17% of the voting rights as at 31 December 2007.

5 • Potential creation of new shares

A total of 10,443,197 shares would be added to the 347,502,578 shares existing on 31 December 2007 if all exercisable stock options (options for which the lock-up period has expired with an exercise price less than the closing share price of €57.00 at 31 December 2007) were exercised, representing 3% of the share capital at 31 December 2007. This would increase the total number of shares to 357,945,775.

6 • Share buy-backs

Special report on share buy-backs
(Article L. 225-209 of the Commercial Code)

Summary of the use made by the Board of Directors of the authorisations granted by the Annual General Meeting

The Annual General Meetings on 27 April 2006 and 26 April 2007 authorised the Board of Directors to enable the company to repurchase its own shares through share buy-back programmes.

The table below, prepared in accordance with the provisions of Article 241-2 of the AMF's General Regulation and the AMF instruction no. 2005-06 dated 22 February 2005, presents in summary format the transactions carried out by the company on its own shares from 16 February 2007 exclusive (the date of the report on the previous programme) to 15 February 2008 inclusive, the date of this report.

Position at 15 February 2008:

Percentage of share capital held in treasury directly or indirectly:	1.23%
Number of shares cancelled over the preceding 24 months:	11,430,474
Number of shares in the portfolio(1):	4,276,285
Book value of the portfolio:	€243,964,571
Market value of the portfolio(2):	€206,287,988

(1) Including 660,000 shares pursuant to a liquidity contract complying with the AFEI Code of Ethics, and 3,616,285 shares to be cancelled.
(2) Closing price at 15 February 2008: €48.24.

Transactions outside the liquidity contract:

	Aggregate gross flows		Positions opened as at 15 February 2008			
			Open long positions		Open short positions	
	Purchases	Sales/ Transfers	Calls purchased	Long futures contracts	Calls written	Short futures contracts
Number of shares	8,364,085	1,169,519	(1)			
Average maximum expiration date (years)			(1)			
Average traded price	€57.80	€63.44				
Average strike price			(1)			
Amount	€483,469,020	€ 74,189,017				

(1) Calls purchased:

	Option 1	*Option 2*	*Option 3*	*Option 4*
Number of shares	*2,283,650*	*3,056,000*	*2,253,286*	*180,599*
Average maximum expiration date (years)	*0.1*	*4.4*	*2.8*	*4.4*
Average strike price	*€33.81*	*€31.34*	*€31.34*	*€45.55*

Transactions under the liquidity contract:

	Aggregate gross amounts	
	Purchases	Sales/Transfers
Number of shares	5,448,365	4,845,865
Average traded price	€59.23	€59.78
Amount	€322,718,502	€289,684,096

Shares cancelled by the company

The Board of Directors resolved on 4 December 2007 to cancel 5,019,768 shares, putting into effect the authorisation granted by the Annual General Meeting of 26 April 2007 to the Board of Directors to cancel up to 10% of the shares comprising the share capital in any 24-month period in accordance with the law.

Description of the share buy-back programme submitted for approval by the Annual General Meeting of 24 April 2008

Pursuant to Articles 241-2 and 241-3 of the AMF's General Regulation and European regulation 2273/2003 of 22 December 2003, the company presents below a description of the share buy-back programme to be submitted for approval by the Annual General Meeting of 24 April 2008.

Maximum percentage of the share capital that can be repurchased by the company: 10% of the total number of shares comprising the share capital at the date of the buy-back; the total number of shares held on any particular date may not exceed 10% of the existing capital at such date.

The objectives of the buy-back programme are:

- to ensure that the shares are liquid and to make a market in them through an investment service provider acting independently under the terms of a liquidity contract that complies with a code of conduct recognised by the Autorité des Marchés Financiers;
- to deliver shares upon the exercise of rights attached to securities that give access to the share capital by way of redemption, conversion, exchange, presentation of a warrant or otherwise;
- to retain shares with a view to using them subsequently as a medium of payment or exchange in an acquisition;
- to allot shares to employees or corporate officers of the company or Group companies under the terms and conditions laid down by law, in particular in the framework of profit-sharing schemes, stock option schemes, corporate savings plans and inter-company savings schemes or by allotment of bonus shares;
- to cancel shares, subject to authorisation by the extraordinary general meeting;
- to implement any market practice accepted by the Autorité des Marchés Financiers, and generally to carry out any other transaction in compliance with prevailing regulations.

Shares bought back and retained by Bouygues will be stripped of their voting rights and will not confer rights to the payment of dividends. Share buy-backs may be carried out, in compliance with prevailing regulations, in any manner notably on or off-market (including the over-the-counter market), by use of, in particular, derivative financial instruments, and at any time, in particular during a cash tender or exchange offer and during a standing offer. The entire programme may be carried out through block trades.

Shares purchased may be sold in particular under the conditions laid down by the Autorité des Marchés Financiers in its instruction dated 6 December 2005 relating to the introduction of a new regime governing the buy-back of a company's own shares.

The company may, pursuant to this authorisation, acquire or sell its own shares on or off-market, subject to the following limits:

- maximum purchase price: €80 per share,
- minimum sale price: €30 per share,

subject to any adjustments relating to transactions in the share capital.

The maximum amount of funds to be used for the share buy-back programme is €1,500,000,000 (one billion five hundred million euros).

Duration of the programme: eighteen months as from the Annual General Meeting of 24 April 2008, i.e. until 24 October 2009.

The Board of Directors

Results of Bouygues SA

1 • Dividend

1.1. Appropriation and distribution of the earnings of Bouygues SA (parent company)

The Annual General Meeting, having acquainted itself with the management report and having noted that distributable earnings amount to €1,189,196,390.30, is asked to approve the following appropriation and distribution:

- Allocation of €314,065.90 to the legal reserve, thereby increasing it to 10% of the company's capital.
- Distribution of a first dividend (5% of par) of €0.05 per share, representing a total amount of €17,375,128.90, drawn from distributable earnings.
- Distribution of an additional dividend of €1.45 per share, representing a total amount of €503,878,738.10.
- Appropriation of the balance, amounting to €667,628,457.40, to retained earnings.

Subject to approval by the Annual General Meeting, the dividend, equivalent to €1.50 per share, shall be payable in cash as from 2 May 2008. The dividend detachment date (ex-rights date) for the Euronext Paris market shall be 28 April 2008. The cut-off date for the positions which, after settlement, will qualify for payment (record date), shall be 30 April 2008.

If the company is holding some of its own stock at the dividend payment date, an amount equal to the dividends not distributed because of the nature of such stock shall be allocated to retained earnings.

The company is required by law to state the amount of dividends distributed in the last three years. They were as follows:

	Exceptional payout January 2005[1]	Financial year 2004	Financial year 2005	Financial year 2006
Number of shares	332,758,624	332,758,624	336,762,896	334,777,583
Dividend	€2.52	€0.75	€0.90	€1.20
Total dividend[2] (distributed earnings eligible for tax relief in accordance with para 2° of Article 158.3 of the General Tax Code)	€838,551,732.48	€248,928,093.00	€301,951,234.80	€400,003,315.20

(1) The amounts shown relate to the fraction, similar to a dividend for tax purposes, of the exceptional payout of €5.00 per share or per investment certificate decided by the ordinary general meeting of 7 October 2004 and distributed on 7 January 2005. This payout qualifies for tax purposes as an exceptional dividend of €2.52 and a capital contribution repayment of €2.48.

(2) The amounts shown represent the actual dividends paid out, noting that no dividends are paid on the shares bought back by the company.

Dividends not claimed within five years are paid to the French State.

2 • Five-year financial summary (€)

	2003	2004	2005	2006	2007
CAPITAL AT YEAR-END					
a) Share capital	333,199,969	332,758,624	336,762,896	334,777,583	347,502,578
b) Number of ordinary shares in issue	332,671,539	332,254,414	336,289,029	334,777,583	347,502,578
c) Number of investment certificates (without voting rights)	528,430	504,210	473,867	-	-
d) Maximum number of shares to be issued in the future:					
• by reconstitution of investment certificates and voting right certificates as shares[1]	528,430	504,210	473,867	-	-
• by exercise of stock options	15,326,960	17,626,248	20,953,720	20,094,262	19,803,112
• by conversion and/or exchange of convertible bonds	16,550,746	-	-	-	-
OPERATIONS AND RESULTS FOR THE YEAR					
a) Sales excluding taxes	61,677,048	68,137,090	64,270,115	60,463,413	68,394,069
b) Earnings before tax, depreciation, amortisation and provisions	119,984,708	385,435,019	173,230,055	490,059,858	603,251,275
c) Income tax	58,783,774	55,295,002	(37,656,430)	60,879,976	165,057,092
d) Employee profit-sharing	(250,000)	(69,154)	(224,770)	(473,100)	(637,019)
e) Earnings after tax, depreciation, amortisation and provisions	216,422,001	585,890,338	260,833,378	603,396,473	750,574,451
f) Distributed earnings	166,423,811	248,928,093	301,951,235	400,003,315	521,253,867
g) Withholding tax	0	None	None	None	None
PER SHARE DATA					
a) Earnings after tax but before depreciation, amortisation and provisions	0.54	1.32	0.40	1.65	2.21
b) Earnings after tax, depreciation, amortisation and provisions	0.65	1.76	0.77	1.80	2.16
c) Gross dividend per share	0.75	0.75[2]	0.90[2]	1.20[2]	1.50[2]
PERSONNEL					
a) Average number of employees during the year	244	227	195	175	171
b) Total payroll for the year	37,747,311	38,215,169	34,374,008	28,511,081	31,377,274
c) Amount paid in respect of employee benefits (social security, welfare benefits, etc.) for the year	12,551,862	13,363,283	11,678,781	10,910,295	12,139,850

(1) Such reconstitution does not change the share capital
(2) Without tax credit

Legal information

1 • General information

Company name

Registered office	32 Avenue Hoche 75008 Paris - France
Registration number	572 015 246 Paris
APE code	7010Z
Form	Société Anonyme (public limited company)
Date of incorporation	15 october 1956
Termination date	14 october 2089
Financial year	1 January to 31 December
Governing law	French

2 • Brief history of the Group

1952	Francis Bouygues forms a building firm
1955	First diversification: creation of Bouygues Immobilier
1970	Bouygues is floated on the Paris stock market
1984	Expansion into services, takeover of Saur (sold in 2005)
1986	Acquisition of Colas, the world's leading roadbuilder
1987	Bouygues is named operator and main shareholder of TF1
1989	Martin Bouygues is appointed Chairman and CEO of the Bouygues group
1996	Launch of Bouygues Telecom, France's third mobile phone operator
2002	Bouygues Telecom launches i-mode™, the pocket internet
2003	Bouygues owns 83% of Bouygues Telecom
2004	Exceptional payout of €1.7 billion
2006	Stake acquired in Alstom

3 • By-laws

3.1 Purpose (Article 2 of the by-laws)

The company has as its purpose in all countries:

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

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

At least 5% of net earnings for the year, 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 shareholders a first dividend equal to 5% of the paid-up share capital is deducted from distributable earnings. After appropriations to other reserves and to retained earnings decided by the Annual General Meeting, the balance of distributable earnings is divided between the shareholders.

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

Annual meetings of shareholders are called in accordance with the formalities required by law; they include all shareholders, whatever the number of shares they hold.

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

3.4 Double voting rights (Article 12 of the by-laws - Provision in force since 1 January 1972)

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

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

The extraordinary annual meeting may not abolish double voting rights unless authorised to do so by a special meeting of holders of those rights (Article L. 225-99 of the Commercial Code).

3.5 Notification of major holdings (Article 8.3 of the by-laws)

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

Further disclosures must be made under the same conditions each time the 1% threshold is crossed, whether upwards or downwards.

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

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

4 • Shareholder agreements entered into by Bouygues

4.1 Bouygues Telecom

The material provisions of the Bouygues Telecom shareholder agreement are the following: a reciprocal right of pre-emption; prohibition, without the prior agreement of the other shareholders, on disposals of securities to a telephone operator providing services to the public; an undertaking by each party not to acquire a stake in the capital of any competing operator.

4.2 Alstom

In connection with the formation of a joint venture called Alstom Hydro Holding between Alstom subsidiaries Alstom Power Centrales and Alstom Holdings and Bouygues, Bouygues and Alstom entered into a joint-venture agreement on 29 September 2006, which was amended by a supplemental agreement dated 31 October 2006.

In the joint-venture agreement, the parties included a provision whereby Bouygues could sell its holding in the simplified limited company (SAS) Alstom Hydro Holding within a twenty-day period after 31 October 2009, or prior to such date, in the event that the Board of Directors of Alstom Hydro Holding became deadlocked on the adoption of certain decisions under the contract.

If this option is exercised, the Alstom Hydro Holding shares may be sold either in cash for a total price of €175 million or against delivery by Alstom Power Centrales of 2,200,000 Alstom shares.

If Bouygues were to exercise the option for shares in Alstom, Alstom Power Centrales has undertaken to do its utmost to deliver the relevant shares, or failing which, pay Bouygues a cash sum equal to 2,200,000 multiplied by the closing price of the Alstom share on the third trading day preceding the effective exit date of Bouygues from the joint venture.

In accordance with Article L. 233-11 of the Commercial Code, these terms of the agreement between Bouygues and Alstom have been disclosed to the AMF, which published them on 14 November 2006.

5 • Factors likely to have an impact on any public tender offer price

In accordance with Article L. 225-100-3 of the Commercial Code, the factors likely to have an impact on the offer price in any potential tender offer relating to Bouygues' shares are set out below:

- Capital structure: information relating to Bouygues' share capital structure is set out in the "Share ownership" and "Share capital" chapters on pages 135-141 of this document.
- Restrictions in the by-laws on exercise of voting rights: Article 8.3 of the by-laws, relating to the notification of major holdings, is reproduced in paragraph 3.5 of this chapter.
- Direct or indirect holdings in the share capital of which Bouygues is aware pursuant to Articles L. 233-7 and L. 233-12 of the Commercial Code: the relevant information is set out in the "Share ownership" chapter on pages 135-136 of this document.
- Powers of the Board of Directors with respect to issuance and buy-back of shares: the relevant information is set out in the "Share capital" chapter on pages 138-140 of this document.
- Agreements entered into by Bouygues which will be modified or expire in the event of a change of control of Bouygues: the 10-year bonds maturing in May 2016, 7-year bonds maturing in 2013, and the 20-year bonds in sterling maturing in 2026 include a "change of control" clause providing for the early redemption of its bond debt in the event of a change of control of Bouygues resulting in a rating downgrade.

A change of control of Bouygues could potentially jeopardise TF1's authorisation to operate a national terrestrial television broadcasting service; indeed, Article 41-3 2° of the law of 30 September 1986 governing audiovisual media specifies that any natural or legal person which controls, within the meaning of Article L. 233-3 of the Commercial Code, any company holding such an authorisation, or which has placed it under its authority or dependency, is deemed to be the holder of the authorisation; Article 42-3 adds that the authorisation may be withdrawn, without prior formal demand, if there is any material change to the circumstances based on which the authorisation was granted, in particular changes to share capital structure.

6 • Publicly available documents

Legal documentation, regarding the company and the Group to be made available to shareholders in accordance with applicable regulations, may be accessed at the company's registered office.

Most of the above-mentioned documents may also be found online on Bouygues' website www.bouygues.com, under the heading "Finance/Shareholders".

Annual publications

In accordance with Article L. 451-1-1 of the Monetary and Financial Code, and Article 222-7 of the AMF General Regulation, this document contains all the information published or made public by the company within the European Economic Area or in any other country during the last twelve months in order to satisfy its legal or regulatory obligations with respect to financial instruments, issuers of financial instruments or markets in financial instruments.

1 • Information published on the AMF's website (www.amf-france.org)

1.1 Registration Document

Publication date	Subject
2007	
10 April 2007	2006 Registration Document

1.2 Press releases

Publication date	Subject
2007	
2 January 2007	Trading by Bouygues in its own shares between 27 December and 29 December 2006
8 January 2007	Trading by Bouygues in its own shares on 2 January 2007
8 January 2007	Press release containing the half-yearly statement of the liquidity contract
31 January 2007	Trading by Bouygues in its own shares on 25 January 2007

1.3 Disclosures

Publication date	Subject
2007	
15 January 2007	Purchase and sale of own shares by the company
19 March 2007	Purchase and sale of own shares by the company
23 April 2007	Purchase and sale of own shares by the company
28 May 2007	Purchase and sale of own shares by the company
25 June 2007	Purchase and sale of own shares by the company
28 August 2007	Purchase and sale of own shares by the company
3 September 2007	Purchase and sale of own shares by the company
1 October 2007	Purchase and sale of own shares by the company
15 October 2007	Purchase and sale of own shares by the company
26 November 2007	Purchase and sale of own shares by the company
26 December 2007	Purchase and sale of own shares by the company
2008	
14 January 2008	Purchase and sale of own shares by the company

2 • Information published in the French legal gazette (BALO) (www.journal-officiel.gouv.fr)

Publication date	Subject
2007	
26 January 2007	Admission to trading and listing of shares
14 February 2007	Sales for FY 2006
9 March 2007	Notice of meeting (Annual General Meeting)
21 March 2007	Amendment to the notice of meeting (Annual General Meeting)
30 March 2007	Full-year financial statements
6 April 2007	Notice of meeting (Annual General Meeting)
7 May 2007	Certificate of the statutory auditors
21 May 2007	First-quarter 2007 sales
13 August 2007	First-half 2007 sales
14 September 2007	First-half 2007 net profit
16 November 2007	Sales for the first nine months of 2007
2008	
30 January 2008	Admission to trading and listing of shares
15 February 2008	Sales for FY 2007
7 March 2008	Notice of meeting (Annual General Meeting)
14 March 2008	Amendment to the notice of meeting (Annual General Meeting)
21 March 2008	Full-year financial statements
26 March 2008	Amendment to the full-year financial statements

3 • Information published on the company's website (www.bouygues.com)

3.1 Press releases

Publication date	Subject
2007	
24 January 2007	Sustainable development: The Bouygues and Saur groups test Total Excellium fuel
12 February 2007	Sales for FY 2006
28 February 2007	2006 net profit
9 March 2007	Press release (Annual General Meeting)
14 March 2007	Denial
14 May 2007	Quarterly information – First-quarter 2007 sales
21 May 2007	Bouygues Partage is a huge success
22 May 2007	Appointment
6 June 2007	First-quarter 2007 net profit
9 August 2007	First-half 2007 sales
31 August 2007	First-half 2007 net profit
4 September 2007	Restoration of the Hôtel de la Marine
10 September 2007	BNP Paribas' stake in Bouygues Telecom
5 October 2007	Bouygues owns 30.7% of Alstom's capital at 5 October 2007
14 November 2007	Sales for the first nine months of 2007
5 December 2007	Net profit for the first nine months of 2007
2008	
13 February 2008	Sales for FY 2007
27 February 2008	2007 net profit

3.2 Regulated information

Registration Document

Publication date	Subject
11 April 2007	Registration Document
11 April 2007	Availability and access to Registration Document

Half-year review

Publication date	Subject
31 August 2007	Half-year review

Report on internal control and corporate governance

Publication date	Subject
11 April 2007	Report on internal control and corporate governance (published in the Registration Document)

Fees paid to the statutory auditors

Publication date	Subject
11 April 2007	Fees paid to the statutory auditors (published in the Registration Document)

Total number of shares and voting rights at the end of each calendar month

Publication date	Subject
2007	
2 February 2007	Number of shares and voting rights at 31 January 2007
1 March 2007	Number of shares and voting rights at 28 February 2007
1 April 2007	Number of shares and voting rights at 31 March 2007
2 May 2007	Number of shares and voting rights at 30 April 2007
1 June 2007	Number of shares and voting rights at 31 May 2007
2 July 2007	Number of shares and voting rights at 30 June 2007
1 August 2007	Number of shares and voting rights at 31 July 2007
3 September 2007	Number of shares and voting rights at 31 August 2007
1 October 2007	Number of shares and voting rights at 30 September 2007
5 November 2007	Number of shares and voting rights at 31 October 2007
3 December 2007	Number of shares and voting rights at 30 November 2007

2008	
2 January 2008	Number of shares and voting rights at 31 December 2007
1 February 2008	Number of shares and voting rights at 31 January 2008
3 March 2008	Number of shares and voting rights at 29 February 2008

Description of share buy-back programmes

Publication date	Subject
11 April 2007	Description of the buy-back programme submitted for approval by the Annual General Meeting of 26 April 2007 (published in the Registration Document)

Trading in the company's shares

Liquidity contract

Publication date	Subject
8 January 2007	Press release containing the half-yearly statement of the liquidity contract
4 July 2007	Press release containing the half-yearly statement of the liquidity contract
17 August 2007	Amendment to the AFEI liquidity contract signed by Rothschild & CIE Banque and Bouygues SA on 30 April 2004
3 January 2008	Press release containing the half-yearly statement of the liquidity contract

Disclosure of transactions

Monthly disclosures

Publication date	Subject
2007	
2 February 2007	Trading by Bouygues in its own shares – January 2007
1 March 2007	Trading by Bouygues in its own shares – February 2007
2 April 2007	Trading by Bouygues in its own shares – March 2007
2 May 2007	Trading by Bouygues in its own shares – April 2007
1 June 2007	Trading by Bouygues in its own shares – May 2007
2 July 2007	Trading by Bouygues in its own shares – June 2007
1 August 2007	Trading by Bouygues in its own shares – July 2007
3 September 2007	Trading by Bouygues in its own shares – August 2007
1 October 2007	Trading by Bouygues in its own shares – September 2007
5 November 2007	Trading by Bouygues in its own shares – October 2007
3 December 2007	Trading by Bouygues in its own shares – November 2007
2008	
2 January 2008	Trading by Bouygues in its own shares – December 2007

Weekly disclosures

Publication date	Subject
2007	
2 January 2007	Trading by Bouygues in its own shares between 27 December and 29 December 2006
8 January 2007	Trading by Bouygues in its own shares on 2 January 2007
31 January 2007	Trading by Bouygues in its own shares on 25 January 2007
5 February 2007	Trading by Bouygues in its own shares on 1 February 2007
5 March 2007	Trading by Bouygues in its own shares on 1 March 2007
10 April 2007	Trading by Bouygues in its own shares on 2 April 2007
7 May 2007	Trading by Bouygues in its own shares on 2 May 2007
14 May 2007	Trading by Bouygues in its own shares between 7 May and 11 May 2007
21 May 2007	Trading by Bouygues in its own shares between 14 May and 18 May 2007
29 May 2007	Trading by Bouygues in its own shares between 22 May and 25 May 2007
4 June 2007	Trading by Bouygues in its own shares between 28 May and 1 June 2007
11 June 2007	Trading by Bouygues in its own shares between 4 June and 8 June 2007
18 June 2007	Trading by Bouygues in its own shares between 11 June and 15 June 2007
25 June 2007	Trading by Bouygues in its own shares between 18 June and 22 June 2007
2 July 2007	Trading by Bouygues in its own shares between 25 July and 29 July 2007
9 July 2007	Trading by Bouygues in its own shares between 2 July and 6 July 2007
16 July 2007	Trading by Bouygues in its own shares between 9 July and 13 July 2007
23 July 2007	Trading by Bouygues in its own shares between 16 July and 20 July 2007
6 August 2007	Trading by Bouygues in its own shares between 31 July and 3 August 2007
13 August 2007	Trading by Bouygues in its own shares between 6 August and 9 August 2007
3 September 2007	Trading by Bouygues in its own shares on 31 August 2007
10 September 2007	Trading by Bouygues in its own shares between 3 September and 7 September 2007
17 September 2007	Trading by Bouygues in its own shares between 10 September and 14 September 2007
24 September 2007	Trading by Bouygues in its own shares between 17 September and 21 September 2007
1 October 2007	Trading by Bouygues in its own shares between 24 September and 28 September 2007
8 October 2007	Trading by Bouygues in its own shares between 1 October and 5 October 2007
5 November 2007	Trading by Bouygues in its own shares on 31 October and 1 November 2007
3 December 2007	Trading by Bouygues in its own shares on 30 November 2007
10 December 2007	Trading by Bouygues in its own shares on 3 December 2007
31 December 2007	Trading by Bouygues in its own shares between 24 December and 28 December 2007

2008	
7 January 2008	Trading by Bouygues in its own shares between 31 December and 4 January 2008
14 January 2008	Trading by Bouygues in its own shares between 7 January and 9 January 2008
4 February 2008	Trading by Bouygues in its own shares on 31 January and 1 February 2008
11 February 2008	Trading by Bouygues in its own shares on 8 February 2008
18 February 2008	Trading by Bouygues in its own shares on 11 February 2008
3 March 2008	Trading by Bouygues in its own shares on 29 February 2008
10 March 2008	Trading by Bouygues in its own shares between 3 March and 7 March 2008
17 March 2008	Trading by Bouygues in its own shares between 10 March and 11 March 2008
25 March 2008	Trading by Bouygues in its own shares on 17 March 2008

3.3 Annual General Meeting

Publication date	Subject
2007	
9 March 2007	Notice of meeting (Annual General Meeting)
9 March 2007	Press release announcing the formalities for obtaining or consulting the documents in preparation for the Annual General Meeting
21 March 2007	Amendment to the notice of meeting (Annual General Meeting)
6 April 2007	Notice of meeting (Annual General Meeting)
6 April 2007	Press release announcing the formalities for obtaining or consulting the documents in preparation for the Annual General Meeting
11 April 2007	The Annual General Meeting section of the 2006 Registration Document
26 April 2007	Slide presentation for the Annual General Meeting
27 April 2007	Voting results
15 June 2007	Q&A
2008	
7 March 2008	Notice of meeting (Annual General Meeting)
7 March 2008	Press release announcing the formalities for obtaining or consulting the documents in preparation for the Annual General Meeting
14 March 2008	Amendment to the notice of meeting (Annual General Meeting)

4 • Information published through a primary information provider accredited by the AMF (www.lesechos-comfi.fr)

Publication date	Subject
2007	
2 February 2007	Number of shares and voting rights at 31 January 2007
2 February 2007	Monthly press release summarising weekly disclosures of share buy-backs published in January 2007
12 February 2007	Sales for FY 2006
28 February 2007	2006 net profit
1 March 2007	Number of shares and voting rights at 28 February 2007
1 March 2007	Monthly press release summarising weekly disclosures of share buy-backs published in February 2007
9 March 2007	Notice of meeting (Annual General Meeting)
9 March 2007	Press release announcing the formalities for obtaining or consulting the documents in preparation for the Annual General Meeting
14 March 2007	Denial
2 April 2007	Number of shares and voting rights at 31 March 2007
2 April 2007	Monthly press release summarising weekly disclosures of share buy-backs published in March 2007
6 April 2007	Notice of meeting (Annual General Meeting)
6 April 2007	Press release announcing the formalities for obtaining or consulting the documents in preparation for the Annual General Meeting
11 April 2007	Press release announcing the formalities for obtaining or consulting the documents in preparation for the Annual General Meeting
2 May 2007	Monthly press release summarising weekly disclosures of share buy-backs published in April 2007
3 May 2007	Number of shares and voting rights at 30 April 2007
14 May 2007	Quarterly information – First-quarter 2007 sales
21 May 2007	Bouygues Partage is a huge success, with more than 53,000 employees subscribing for shares in France
1 June 2007	Number of shares and voting rights at 31 May 2007
1 June 2007	Monthly press release summarising weekly disclosures of share buy-backs published in May 2007
6 June 2007	First-quarter 2007 net profit
7 June 2007	A good first-quarter 2007 performance
2 July 2007	Number of shares and voting rights at 30 June 2007
2 July 2007	Monthly press release summarising weekly disclosures of share buy-backs published in June 2007

4 July 2007	Press release containing the half-yearly statement of the liquidity contract of Bouygues SA
1 August 2007	Number of shares and voting rights at 31 July 2007
1 August 2007	Monthly press release summarising weekly disclosures of share buy-backs published in July 2007
9 August 2007	First-half 2007 sales
17 August 2007	Amendment to the AFEI liquidity contract signed by Rothschild & CIE Banque and Bouygues SA on 30 April 2004
31 August 2007	First-half 2007 net profit
3 September 2007	Number of shares and voting rights at 31 August 2007
3 September 2007	Monthly press release summarising weekly disclosures of share buy-backs published in August 2007
10 September 2007	BNP Paribas' stake in Bouygues Telecom
1 October 2007	Number of shares and voting rights at 30 September 2007
1 October 2007	Monthly press release summarising weekly disclosures of share buy-backs published in September 2007
5 October 2007	Bouygues owns 30.07% of Alstom's capital at 5 October 2007
5 November 2007	Number of shares and voting rights at 31 October 2007
5 November 2007	Monthly press release summarising weekly disclosures of share buy-backs published in October 2007
14 November 2007	Sales for the first nine months of 2007
3 December 2007	Number of shares and voting rights at 30 November 2007
3 December 2007	Monthly press release summarising weekly disclosures of share buy-backs published in November 2007
5 December 2007	Net profit for the first nine months of 2007
2008	
2 January 2008	Number of shares and voting rights at 31 December 2007
2 January 2008	Monthly press release summarising weekly disclosures of share buy-backs published in December 2007
3 January 2008	Press release containing the half-yearly statement of the liquidity contract of Bouygues SA
1 February 2008	Monthly statement of shares and voting rights at 31 January 2008
13 February 2008	Sales for FY 2007
27 February 2008	2007 net profit
3 March 2008	Number of shares and voting rights at 29 February 2008
7 March 2008	Notice of meeting (Annual General Meeting)
7 March 2008	Press release announcing the formalities for obtaining or consulting the documents in preparation for the Annual General Meeting

5 • Information filed with the Office of the Clerk of the Paris Commercial Court (www.infogreffe.fr)

Publication date	Subject
2007	
18 January 2007	Decision to increase the share capital Amendment of by-laws Updated by-laws Resignations and appointments of directors
6 February 2007	Decision to increase the share capital Amendment of by-laws Updated by-laws
11 May 2007	Decision to increase the share capital
11 May 2007	Decision to reduce the share capital
11 May 2007	Amendments to by-laws and updated by-laws
15 May 2007	Filing of 2006 parent company financial statements
15 May 2007	Filing of 2006 consolidated financial statements
1 June 2007	Decision to increase the share capital
1 June 2007	Decision to increase the share capital Updated by-laws Decision to increase the share capital Updated by-laws
21 December 2007	Decision to increase and reduce the share capital Amendment of by-laws Updated by-laws
2008	
7 February 2008	Decision to increase the share capital Amendment of by-laws Updated by-laws

6 • Information published in a journal of legal announcements (Les Petites Affiches)

Publication date	Subject
2007	
15 January 2007	Change in share capital
14 May 2007	Change in share capital
7 December 2007	Change in share capital
2008	
10 January 2008	Change in share capital

7 • Financial announcements

Publication date	Subject	Publication
1 March 2007 9 March 2007 6 April 2007 7 June 2007 3 September 2007 6 December 2007 28 February 2008 7 March 2008	Full-year 2006 net profit Press release (Annual General Meeting) Press release (Annual General Meeting) First-quarter 2007 net profit First-half 2007 net profit Net profit for the first nine months of 2007 Full-year 2007 net profit Press release (Annual General Meeting)	Les Échos
3 March 2007 5 September 2007 29 February 2008	Full-year 2006 net profit First-half 2007 net profit Full-year 2007 net profit	Le Monde
3 March 2007 1 September 2007 1 March 2008	Full-year 2006 net profit First-half 2007 net profit Full-year 2007 net profit	Le Figaro
3 March 2007 8 September 2007 1 March 2008	Full-year 2006 net profit First-half 2007 net profit Full-year 2007 net profit	Investir
3 March 2007 8 March 2008	Full-year 2006 net profit Full-year 2007 net profit	Journal des Finances
5 March 2007 5 September 2007 3 March 2008	Full-year 2006 net profit First-half 2007 net profit Full-year 2007 net profit	La Tribune
5 March 2007 3 March 2008	Full-year 2006 net profit Full-year 2007 net profit	Option Finance
8 March 2007 6 September 2007 6 March 2008	Full-year 2006 net profit First-half 2007 net profit Full-year 2007 net profit	L'Agefi Hebdo
7 September 2007	First-half 2007 net profit	Le Revenu
9 March 2007 7 September 2007 7 March 2008	Full-year 2006 net profit First-half 2007 net profit Full-year 2007 net profit	La Vie Financière
9 March 2007 7 March 2008	Full-year 2006 net profit Full-year 2007 net profit	Valeurs actuelles
14 March 2007 6 September 2007 5 March 2008	Full-year 2006 net profit First-half 2007 net profit Full-year 2007 net profit	Financial Times Europe edition
14 March 2007 14 March 2008	Full-year 2006 net profit Full-year 2007 net profit	Wall Street US edition
8 March 2007 6 September 2007 14 March 2008	Full-year 2006 net profit First-half 2007 net profit Full-year 2007 net profit	Wall Street Europe edition
16 March 2007 17 March 2008	Full-year 2006 net profit Full-year 2007 net profit	Handelsblatt

Bouygues SA's headquarters has a business centre to host managers' meetings.

5. Financial statements

Consolidated financial statements

Consolidated balance sheet at 31 December 2007

Assets (in millions of euros)

	Note	31/12/2007 Net	31/12/2006[2] Net
Property, plant and equipment	3.2.1	5,564	5,039
Intangible assets	3.2.2	1,073	1,022
Goodwill	3.2.3	5,123	4,781
Investments in associates	3.2.4	4,393	2,940
Other non-current financial assets	3.2.4	1,223	1,087
Deferred tax assets and long-term tax receivable	7.1	225	216
NON-CURRENT ASSETS	**16**	**17,601**	**15,085**
Inventories/Programmes/Broadcasting rights	4.1	2,763	2,298
Advances and down-payments on orders	4.2	363	333
Trade receivables	4.3	6,911	6,252
Tax asset (receivable)	4.3	81	40
Other receivables and prepaid expenses	4.3	2,285	1,952
Cash and equivalents	4.5	3,386	3,776
Financial instruments[1]	17.3	9	11
Other current financial assets	17.3	29	18
CURRENT ASSETS		**15,827**	**14,680**
Assets held for sale and discontinued operations			
TOTAL ASSETS	**16**	**33,428**	**29,765**

Liabilities and shareholders' equity (in millions of euros)

	Note	31/12/2007	31/12/2006
Shareholders' equity			
- Share capital		348	335
- Share premium and reserves		5,317	3,911
- Translation reserve	5.3	(28)	8
- Treasury shares	5.5	(22)	(69)
- Consolidated net profit for the period		1,376	1,254
Shareholders' equity attributable to the Group		6,991	5,439
Minority interests		1,214	1,156
SHAREHOLDERS' EQUITY	**5**	**8,205**	**6,595**
Non-current debt	8.1	7,067	6,844
Non-current provisions	6.1	1,493	1,441
Deferred tax liabilities and non-current tax liabilities	7.2	84	75
NON-CURRENT LIABILITIES	**16**	**8,644**	**8,360**
Advances and down-payments received	10	1,419	958
Current debt	8.1	328	867
Current taxes payable	10	223	144
Trade payables	10	7,442	6,744
Current provisions	6.2	597	524
Other current liabilities	10	6,268	5,316
Overdrafts and short-term bank borrowings	10	276	247
Financial instruments[1]	17.3	12	5
Other current financial liabilities	17.3	14	5
CURRENT LIABILITIES	**10**	**16,579**	**14,810**
Liabilities on held-for-sale assets and discontinued operations			
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**16**	**33,428**	**29,765**
NET DEBT	**9.1**	**(4,288)**	**(4,176)**

(1) Hedging of financial liabilities at fair value
(2) Restated following retrospective application of the changes in accounting policy relating to defined-benefit post-employment benefits and the customer loyalty programme provision (see Note 2)

Consolidated income statement

(in millions of euros)

	Note	Year ended 31/12/2007	Year ended 31/12/2006[(1)(2)]
SALES[(3)]	11/16	29,613	26,408
Other revenues from operations	11.1	137	180
Purchases used in production		(13,230)	(11,748)
Personnel costs[(2)]		(5,968)	(5,278)
External charges		(7,084)	(6,449)
Taxes other than income tax		(600)	(585)
Net depreciation and amortisation expense		(1,245)	(1,190)
Net charges to provisions and impairment losses[(2)]		(419)	(372)
Changes in production and property development inventories		379	471
Other income and expenses from operations[(4)]		580	496
CURRENT OPERATING PROFIT	**12/16**	**2,163**	**1,933**
Other operating income and expenses	12/16	18	(44)
OPERATING PROFIT	**12/16**	**2,181**	**1,889**
Financial income		146	140
Financial expenses		(381)	(340)
COST OF NET DEBT	**13/16**	**(235)**	**(200)**
Other financial income and expenses		**23**	**(22)**
Income tax expense[(2)]	14.1/16	(633)	(559)
Share of profits and losses of associates	3.2.4/16	257	118
NET PROFIT FROM CONTINUING OPERATIONS	**15/16**	**1,593**	**1,226**
Net profit of discontinued and held-for-sale operations	16/23	0	364
Net profit	16	1,593	1,590
Net profit attributable to the Group	**16**	**1,376**	**1,254**
Net profit attributable to minority interests		217	336
BASIC EARNINGS PER SHARE (in euros)	**15**	**4.06**	**3.73**
DILUTED EARNINGS PER SHARE (in euros)	**15**	**3.94**	**3.62**

(1) Excluding expenses and income of discontinued and held-for-sale operations (2006: BTC and TPS), shown separately on the line "Net profit of discontinued and held-for-sale operations"
(2) Restated following retrospective application of the changes in accounting policy relating to defined-benefit post-employment benefits and the customer loyalty programme provision (see Note 2)

(3) Of which sales generated abroad	*8,803*	*7,825*
(4) Of which reversals of provisions and impairment no longer required	*226*	*216*

Consolidated cash flow statement (in millions of euros)

	Note	Year ended 31 Dec. 2007[1]	Year ended 31 Dec. 2006[1][2][3]
I - CASH FLOW FROM CONTINUING OPERATIONS			
A - NET CASH GENERATED BY OPERATING ACTIVITIES			
Cash flow			
Net profit from continuing operations	15/16	**1,593**	1,226
Share of profit or loss from associates[4]		(184)	(66)
Elimination of dividends from non-consolidated companies		(12)	(7)
Charges to/(write-backs of) depreciation, amortisation, impairment and non-current provisions		1,284	1,313
Gains and losses on asset disposals		(53)	(88)
Miscellaneous non-cash items		23	14
sub-total		**2,651**	2,392
Cost of net debt	13	235	200
Income tax expense for the period	14	633	559
Cash flow	16	3,519	3,151
Changes in working capital related to operating activities[5] (incl. current taxes)		74	(23)
NET CASH GENERATED BY OPERATING ACTIVITIES		**3,593**	**3,128**
B - NET CASH USED IN INVESTING ACTIVITIES			
Purchase price of property, plant and equipment and intangible assets	16	(1,787)	(1,700)
Proceeds from disposals of property, plant and equipment and intangible assets	16	108	96
Net liabilities related to property, plant and equipment and intangible assets		30	173
Purchase price of non-consolidated companies and other investments	16	(25)	(41)
Proceeds from disposals of non-consolidated companies and other investments	16	44	47
Net liabilities related to non-consolidated companies and other investments		5	2
Effects of changes in scope of consolidation			
Purchase price of investments in consolidated companies	16	(2,170)	(2,646)
Proceeds from disposals of investments in consolidated companies	16	56	193
Net liabilities related to investments in consolidated companies and other cash effects of changes in scope of consolidation		169	(137)
Other cash flows related to investing activities (changes in loans, dividends received from non-consolidated companies)		(49)	(115)
NET CASH USED IN INVESTING ACTIVITIES		**(3,619)**	**(4,128)**

	Note	Year ended 31 Dec. 2007[1]	Year ended 31 Dec. 2006[1][2][3]
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES			
Capital increases/reductions and acquisitions of treasury shares		465	(181)
Dividends paid during the period			
Dividends paid to shareholders of the parent company		(400)	(302)
Dividends paid to minority shareholders of consolidated companies		(168)	(135)
Change in debt[6]		22	2,328
Cost of net debt	13	(235)	(200)
Other cash flows related to financing activities		(28)	9
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES		**(344)**	**1,519**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS		**(49)**	**(27)**
CHANGE IN NET CASH (A + B + C + D)		**(419)**	**492**
Cash position at 1 January	**4.5**	**3,529**	**3,037**
Net cash flows during the period		(419)	492
Other non-monetary flows			
Cash position at 31 December	**4.5**	**3,110**	**3,529**
II - CASH FLOWS FROM DISCONTINUED AND HELD-FOR-SALE OPERATIONS			
Cash position at 1 January			(56)
Cash flows during the period			56
Cash position at 31 December			

(1) ***2006/2007:*** *change in presentation, with cash flows now shown in two separate sections:*
I - Cash flows from continuing operations and II - Cash flows from discontinued and held-for-sale operations
(2) ***2006:*** *excludes the operations of BTC and TPS, classified as discontinued/held-for-sale*
(3) ***2006:*** *Restated following retrospective application of the changes in accounting policy relating to defined-benefit post-employment benefits and the customer loyalty programme provision (see Note 2)*
(4) *Elimination of share of profits/losses and inclusion of dividends paid in respect of associates*
(5) ***Definition of change in working capital:*** *current assets minus current liabilities*
(6) ***Definition of debt:*** *non-current debt plus current debt*

Changes in consolidated shareholders' equity (in millions of euros)

ATTRIBUTABLE TO THE GROUP	Note	Share capital & share premium	Reserves related to capital/ Retained earnings	Consolidated reserves and profit for the period	Translation reserve	Treasury shares	Items recognised directly in equity	TOTAL
POSITION AT 1 JANUARY 2006		**2,234**	**1,086**	**1,283**	**44**	**0**	**(17)**	**4,630**
Changes in accounting policy	2.19			91**			(14)*	77
POSITION AT 1 JANUARY 2006		2,234	1,086	1,374	44	0	(31)	4,707
MOVEMENTS DURING 2006								
Capital and reserves transactions, net		(157)	(46)	46				(157)
Treasury shares						(69)	(1)	(70)
Dividend paid				(302)				(302)
Other transactions with shareholders				15				15
Net profit for the year (attributable to the Group)				1,254**				1,254
Income and expense recognised directly in equity					(36)		28	(8)[1]
POSITION AT 31 DECEMBER 2006		**2,077**	**1,040**	**2,387**	**8**	**(69)**	**(4)**	**5,439**
MOVEMENTS DURING 2007								
Capital and reserves transactions, net		411	203	(220)		272	17	683
Acquisitions of treasury shares	5.5					(225)	(22)	(247)
Dividend paid				(400)				(400)
Other transactions with shareholders[3]	5.4			68				68
Net profit for the year (attributable to the Group)				1,376				1,376
Income and expense recognised directly in equity				2	(36)		106	72[2]
POSITION AT 31 DECEMBER 2007	**5**	**2,488**	**1,243**	**3,213**	**(28)**	**(22)**	**97**	**6,991**

(*) Retrospective application of change in accounting policy for defined-benefit post-employment plans (option under the amendment to IAS 19)
(**) Early adoption of IFRIC 13: Bouygues Telecom retail customer loyalty programme provision
See the statement of recognised income and expense:

	2006[1]	2007[2]
Attributable to the Group	(8)	72
Attributable to minority interests	(4)	(3)
	(12)	69

(3) Employee share ownership plans and stock option plans

Changes in consolidated shareholders' equity (in millions of euros) - Continued

MINORITY INTERESTS	Note	Share capital & share premium	Reserves related to capital/ Retained earnings	Consolidated reserves and profit for the period	Translation reserve	Treasury shares	Items recognised directly in equity	TOTAL
POSITION AT 1 JANUARY 2006				**926**			**5**	**931**
Changes in accounting policy	2.19			10*				10
POSITION AT 1 JANUARY 2006				936			5	941
MOVEMENTS DURING 2006								
Capital and reserves transactions, net				45				45
Dividend paid				(134)				(134)
Other transactions with shareholders				3				3
Net profit for the year (attributable to the Group)				336				336
Translation adjustments							(2)	(2)[1]
Changes in scope of consolidation				(31)				(31)
Income and expense recognised directly in equity							(2)	(2)[1]
POSITION AT 31 DECEMBER 2006		**0**	**0**	**1,155**	**0**	**0**	**1**	**1,156**
MOVEMENTS DURING 2007								
Capital and reserves transactions, net				7				7
Dividend paid				(168)				(168)
Other transactions with shareholders				3				3
Net profit for the year (attributable to minority interests)				217				217
Translation adjustments							(2)	(2)[2]
Changes in scope of consolidation				2				2
Income and expense recognised directly in equity							(1)	(1)[2]
POSITION AT 31 DECEMBER 2007	**5**	**0**	**0**	**1,216**	**0**	**0**	**(2)**	**1,214**
TOTAL SHAREHOLDERS' EQUITY	**5**	**2,488**	**1,243**	**4,429**	**(28)**	**(22)**	**95**	**8,205**

(*) Early adoption of IFRIC 13: Bouygues Telecom retail customer loyalty programme provision
See the statement of recognised income and expense:

	2006[1]	2007[2]
Attributable to the Group	*(8)*	*72*
Attributable to minority interests	*(4)*	*(3)*
	(12)	*69*

Statement of recognised income and expense (in millions of euros)

	Note	Year ended 31 Dec. 2007	2006
Net profit for the period as originally reported		1,593	1,582
Impact of changes in accounting policy[(1)]			8
Net profit for the period	**16**	**1,593**	**1,590**
Change in cumulative translation adjustment		(38)	(38)
Changes in fair value of financial instruments designated as hedges and other financial assets[(2)]		28	54
Actuarial gains/(losses) on employee benefits (amendment to IAS 19)		66[(3)]	11
Taxes on transactions recognised directly in equity		11	(23)
Other movements, net		2	(16)
Income and expense recognised directly in equity	**5.3**	**69**	**(12)**
Total recognised income and expense		**1,662**	**1,578**
Attributable to the Group		1,448	1,246
Attributable to minority interests		214	332

Changes in accounting policy effective 1 January 2006:

- **Bouygues Telecom:** customer loyalty programme provision reversed and credited to equity (IFRIC 13).
- **Amendment to IAS 19:** net actuarial gains/losses recognised in equity (discontinuation of corridor method).

(1) 2006: impact of the net charge to the customer loyalty programme provision, eliminated from 2006 net profit
(2) Other financial assets: comprises available-for-sale securities
(3) 2007: mainly relates to 2007 operations of the Alstom group, after change in accounting policy for actuarial gains and losses under the amendment to IAS 19 (portion attributable to the Bouygues group)

Notes to the consolidated financial statements

Contents

The consolidated financial statements of the Bouygues group for the year ended 31 December 2007 have been prepared using the principles and methods defined in international standards (IFRS) as adopted by the European Union (European Council Regulation 1606/2002 of 19 July 2002).

The Bouygues group has elected to early adopt IFRIC 13 (mandatorily applicable from 1 July 2008) effective 31 December 2007. The term "IFRS" collectively refers to:
- international financial reporting standards (IFRSs);
- international accounting standards (IASs);
- interpretations of these standards, issued by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements are presented in millions of euros and comprise:
- the balance sheet and income statement;
- the statements of changes in shareholders' equity;
- the statement of recognised income and expense;
- the cash flow statement;
- the notes to the financial statements.

The comparatives consist of the consolidated financial statements for the year ended 31 December 2006 (also prepared under IFRS), adjusted for the changes in accounting policy that occurred in 2007.

NB : The consolidated financial statements for the year ended 31 December 2007, and the notes thereto, do not include information for the year ended 31 December 2005. Comparative information for the oldest prior period is incorporated by reference to the registration document for that period (in accordance with guidance from the Committee of European Securities Regulators (CESR) on changes in accounting policy during an accounting period).

Note 1 • Significant events of the year

1.1 Scope of consolidation at 31 December 2007

Main changes in the scope of consolidation:

At 31 December 2007, 1,211 entities were consolidated, compared with 1,083 at 31 December 2006. The net increase of 128 in the number of consolidated entities mainly relates to new acquisitions by Colas (Colas Rail, various quarries, construction project companies, etc), by Bouygues Construction (Mibag in Switzerland, Karmar in Poland, etc), by TF1 (AB Group), and by Bouygues Immobilier (Blanc group, etc).

Alstom – Acquisition of an additional 4.91% interest during 2007:

Bouygues acquired a further 4.91% interest in the capital of Alstom for €961 million during 2007, raising its total interest to 29.98% as at 31 December 2007.

The investment in Alstom is accounted for by the equity method, and is carried at net acquisition cost plus Bouygues' share of Alstom's net profit for 2007. Net profit for the final quarter of 2007 was estimated on the basis of Alstom's published consolidated financial statements for the six months ended 30 September 2007.

The provisional allocation of the purchase price of the interest held since 2006 to identifiable assets and liabilities and to goodwill became definitive on expiry of the twelve-month purchase price allocation period. In accordance with IAS 28, the interest in Alstom is included in the balance sheet under "Investments in associates" at a carrying amount of €3,573 million.

An independent valuer has performed a fair value assessment of the additional interest acquired in 2007, based on the following principles:

- Identification and measurement of the fair value of acquired assets, liabilities and contingent liabilities (estimated on the basis of Alstom's published consolidated financial statements for the six months ended 30 September 2007).
- The assets remeasured in 2007 were the same as those identified at the end of 2006:
  - Brand name;
  - Acquired technology;
  - Backlog;
  - Deferred taxes.

  The assets and liabilities identified at the end of 2006 (based on a 25.07% interest) were not specifically remeasured at fair value as of 30 September 2007.
- Amortisation of fair value remeasurements of intangible assets and other items had a net negative impact on consolidated net profit of €8 million (share attributable to the Bouygues group based on a 29.98% interest).

Colas Rail (Spie Rail):

On 31 May 2007, the Bouygues group acquired 100% of Spie Rail (renamed Colas Rail) for €267 million. After remeasurement of the identifiable assets, liabilities and contingent liabilities at fair value, goodwill arising on the acquisition amounted to €180 million. The Colas Rail balance sheet, including profits for the second half of 2007 estimated on the basis of revenues for the period, has been consolidated as of 31 December 2007.

Acquisition by TF1 of a 33.5% interest in the capital of AB Group

Following a ruling by the French audiovisual regulator (the CSA), on 2 April 2007 TF1 and the Berda family completed the acquisition by TF1 of a 33.5% interest in the capital of AB Groupe, formed out of the AB SAS and WB Télévision SA groups. The purchase price was €230 million.

AB Group owns a catalogue of French-language television rights representing over 1,300 titles, and produces free-to-air TV channels in France and pay-TV channels available via satellite, cable, DTT or ADSL.

The investment in AB Group is accounted for by the equity method (in "Investments in associates") with effect from April 2007, after remeasurement of the acquired identifiable assets and liabilities at fair value.

1.2 Consolidated sales for the year ended 31 December 2007

Consolidated sales for the year ended 31 December 2007 were €29,613 million, 12% higher than for the year ended 31 December 2006.

1.3 Acquisition of an additional 6.5% interest in Bouygues Telecom

In July 2007, BNP Paribas exercised its put option over shares representing 6.5% of the capital of Bouygues Telecom. Following the completion of this transaction in September 2007, Bouygues holds an interest of 89.5% in Bouygues Telecom.

In accordance with IFRS, this 6.5% interest had already been consolidated in the financial statements of the Bouygues group since June 2005. Consequently, the exercise of the put option had no impact on the 2007 consolidated financial statements (goodwill, net debt or minority interests). The €441 million cash outflow on exercise of the put option is included under "Investing activities" in the cash flow statement.

1.4 Employee share ownership plans

Bouygues Partage plan:

In May 2007, 53,185 employees – mainly in France – subscribed to the plan, resulting in the issuance of 6,371,520 shares and a net increase of €231.2 million in shareholders' equity.

Based on the final level of subscriptions, the total pre-tax expense recognised in 2007 for the fair value of the employee benefit (20% discount) was €12 million.

Bouygues Confiance 4 plan:

A total of 37,550 employees subscribed to Bouygues Confiance 4, the second employee share ownership plan implemented during the year. This resulted in the issuance of 6,947,662 shares and a net increase of €299.7 million in shareholders' equity.

The total pre-tax expense recognised in 2007 for the fair value of the employee benefit (20% discount) was €27 million.

Additional information on the employee share ownership plans:

Dedicated leveraged mutual funds were created as investment vehicles under these plans, with the sponsor bank making a top-up contribution.

	Bouygues Partage	Bouygues Confiance 4
Number of employees subscribing	53,185	37,550
Subscription price per share	€36.44	€43.18
Plan announcement date	21 December 2006	5 October 2007
Nominal discount per share offered to employees (against spot price on the grant date)	€9.11	€10.79
Fair value of employee benefit under IFRS, per share (20% discount)	€4.19	€3.89
Method used to value lock-up clause	CNC recommendation*	CNC recommendation*
Share price on the grant date (average price for the 20 preceding trading days)	€45.55	€53.97

** CNC: Conseil National de la Comptabilité (French national accounting standard-setter)*

The tax saving arising from these two plans under the law of 30 December 2006 has been recognised in the consolidated financial statements.

1.5 Changes in accounting policy

The Bouygues group made two changes in accounting policy during 2007, the effects of which have been applied retrospectively with effect from 1 January 2006. The changes, which are described in detail in note 2.3 to the consolidated financial statements, were as follows:

- adoption of the option allowed under the amendment to IAS 19, "Employee Benefits", to recognise actuarial gains and losses directly in equity (change also made by the Alstom group in 2007);
- early adoption of IFRIC 13 ("Customer Loyalty Programmes", mandatorily applicable from 1 July 2008), as a result of which the provision for retail customer loyalty programmes (Bouygues Telecom) has been reversed and credited to equity.

1.6 Financial crisis

The cash position of the Bouygues group has not been affected by the financial crisis, given the Group's consistent policy of not using sensitive investment vehicles.

1.7 Significant events and changes in the scope of consolidation since 31 December 2007

Subsequent to 31 December 2007, there have been no material changes in the scope of consolidation and no transaction liable to have a material effect on the results, consolidated shareholders' equity or activities of the Bouygues group.

Note 2 • Accounting policies

2.1 Business activities

The Bouygues group is a diversified industrial group. Its operations are split into two sectors:

- Construction :
  - Bouygues Construction (Building & Civil Works, Electrical Contracting);
  - Bouygues Immobilier (Property);
  - Colas (Roads).
- Telecoms/Media:
  - TF1 (Television);
  - Bouygues Telecom (Mobile Telephony).
- As at 31 December 2007, Bouygues also held a 29.98% interest in Alstom (Power and Transport).

The Bouygues group has operations in nearly 80 countries. In 2007, it generated €29,613 million of sales, an increase of 12% on the previous year (of which €8,803 million was generated outside France).

2.2 Declaration of compliance

The consolidated financial statements of the Bouygues group for the year ended 31 December 2007 have been prepared in accordance with the standards issued by the International Accounting Standards Board (IASB) adopted by the European Union and applicable as of that date. These standards, collectively referred to as International Financial Reporting Standards (IFRS), also include International Accounting Standards (IAS) and interpretations issued by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The Bouygues group has elected to early adopt IFRIC 13, "Customer Loyalty Programmes", which is mandatorily applicable from 1 July 2008.

The Bouygues group consolidated financial statements include the financial statements of Bouygues and its subsidiaries, and investments in associates. They are presented in millions of euros, the currency in which the majority of the Group's transactions are denominated.

The consolidated financial statements were adopted by the Board of Directors on 26 February 2008.

2.3 Basis of preparation

The consolidated financial statements have been prepared using the historical cost convention, with the exception of certain financial assets and liabilities measured at fair value. Comparatives for the year ended 31 December 2006 are presented in the financial statements. As permitted, comparatives for the year ended 31 December 2005 are incorporated by reference to the published financial statements as of that date.

Principal new standards and interpretations mandatorily applicable in 2007:

- IFRS 7, "Financial Instruments: Disclosures",
- Amendment to IAS 1, "Presentation of Financial Statements": Capital Disclosures,
- IFRIC 8 to IFRIC 10: relating primarily to disclosures.

Other standards and interpretations issued by the IASB (whether or not adopted by the European Union) but applicable to periods after 2007:

- IFRS 8, "Operating Segments" and amended version of IAS 23, "Borrowing Costs": Applicable from January 2009, and not early adopted by Bouygues in the 2007 consolidated financial statements.
- IFRIC 11, "Group and Treasury Share Transactions".

  Applicable to periods beginning on or after 1 March 2007 (disclosure in the Segment Reporting note).
- IFRIC 12, "Service Concession Arrangements": The Bouygues group applies this interpretation to the Portsmouth PFI contract (Colas), which is accounted for as a receivable (financial asset) since this treatment most closely reflects the underlying financial and economic reality of the contract. Colas has not entered into any other contracts of this type.

  Bouygues Construction: PFI contracts are entered into with governmental authorities by companies in which the Bouygues group holds an interest of less than 20%. These entities are not consolidated, given the effective limitations on the Bouygues group's role in them. Most concession companies are accounted for as associates (equity method).
- IFRIC 13, "Customer Loyalty Programmes": mandatorily applicable from 1 July 2008, and early adopted by the Bouygues group effective 31 December 2007 (see Note 2.2). Bouygues Telecom has measured the fair value of the loyalty points awarded under its retail customer loyalty programme, and has not deferred any revenues as a result. The provision previously recorded in respect of this programme has been reversed. This change in accounting policy had a positive after-tax impact of €109 million on consolidated shareholders' equity at 31 December 2006, of which €8 million was recognised in the income statement for the year then ended.

Elective accounting treatments and estimates used in the valuation of certain assets, liabilities, income and expenses:

Preparing financial statements to comply with IFRS standards and interpretations requires the use of estimates and assumptions which may have affected the amounts reported for assets, liabilities and contingent liabilities at the balance sheet date, and the amounts of income and expenses reported for the financial year.

These estimates and assumptions have been applied consistently on the basis of past experience and of various other factors regarded as reasonable forming the basis of assessments of the valuations of assets and liabilities for accounting purposes. Actual results may differ materially from these estimates if different assumptions or conditions apply.

The main items involved are goodwill impairment, share-based payment (stock options), employee benefits (lump-sum retirement benefits, etc), fair value of unlisted financial instruments, deferred tax assets, provisions, etc.

Where no standard or interpretation applies to a specific transaction, Group management has exercised its judgement to define and apply accounting policies that will provide relevant and reliable financial information, such that the financial statements:

- represent faithfully the financial position, financial performance and cash flows of the Group;
- reflect the economic substance of the underlying transactions;
- are neutral, prudent, and complete in all material respects.

Changes in accounting policy

Bouygues made two retrospective changes in accounting policy in 2007:

a) Bouygues has elected to adopt, with retrospective effect from 1 January 2006, the amendment allowed under IAS 19, "Employee Benefits" to recognise all actuarial gains and losses on defined-benefit post-employment plans directly in consolidated shareholders' equity.
Previously, Bouygues applied the "corridor" method, under which actuarial gains and losses greater than 10% of the future obligation were recognised in profit or loss over the average remaining working lives of the employees.

b) Provision for customer loyalty programmes (Bouygues Telecom): see the comments earlier in Notes 1, 2.2. and 2.3.

- The impact of deferred taxes on temporary differences generated by these changes in accounting policy has been recognised in consolidated shareholders' equity.
- The principal effects of these changes in accounting policy on the 2006 and 2007 consolidated balance sheets and income statements are described in Note 2.19 to the consolidated financial statements.

2.4 Consolidation methods

Full consolidation:

- Companies over which Bouygues exercises control are consolidated using the full consolidation method.
- Assessment of exclusive control over TF1:

  Bouygues holds 43.06% of the capital and voting rights of TF1. Exclusive control by Bouygues over TF1 is demonstrated by the following:

  Bouygues has consistently and regularly held a majority of the voting rights exercised at TF1 shareholders' meetings, and no other shareholder directly or indirectly controls a higher share of voting rights than Bouygues.

  Bouygues has clearly had exclusive power to determine decisions at TF1 shareholders' meetings during at least two consecutive financial years.

Other factors indicating the existence of exclusive control include:

- the large number of seats on the TF1 Board of Directors allocated to Bouygues;
- the role of Bouygues in appointing key executives of TF1.

All these factors clearly establish that Bouygues exercises exclusive control over TF1.

Proportionate consolidation: investments in joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. Bouygues consolidates the assets, liabilities, income and expenses of such entities using the proportionate consolidation method based on the percentage of control exercised. This definition applies to Bouygues Construction and Colas construction project companies.

Investments in associates:

An associate is a company over which Bouygues exercises significant influence without exercising control. Significant influence is presumed to exist where Bouygues directly or indirectly holds at least 20% of the entity's voting rights.

The net profit or loss and assets and liabilities of such entities are accounted for by the equity method.

Alstom: Bouygues exercises significant influence over Alstom, as demonstrated by (i) its 29.98% interest in the capital and (ii) its control of two seats on the Board of Directors. The carrying amount of this investment (including goodwill) is reported under "Investments in associates" in the balance sheet.

In accordance with IAS 39, equity investments in non-consolidated entities are recognised at fair value and are subject to impairment testing.

Changes in scope of consolidation:

	2007	2006
Fully consolidated	917	825
Proportionately consolidated	258	226
Equity method (associates)	36	32
	1,211	**1,083**

The main changes during 2007 are described in "Significant events".

2.5 Business combinations

The acquisition cost of a business combination (including transaction costs) is allocated to the identifiable assets and liabilities of the acquiree, measured at fair value at the acquisition date. These identifiable assets and liabilities are presented in the balance sheet using the full fair value method in accordance with IFRS 3. This method involves remeasuring the assets and liabilities acquired at fair value in full (including minority interests), rather than remeasuring just the percentage interest acquired.

Goodwill recognised prior to 1 January 2004 continues to be measured using the partial fair value method. This method involves restricting the fair value remeasurement of identifiable items to the percentage interest acquired. Subsequent to this date, minority interests in these items have been measured under IFRS at the carrying amount of consolidated assets and liabilities as shown in the balance sheet of the acquired entity.

Fair value is the amount for which an asset or cash generating unit could be sold between knowledgeable, willing parties in an arm's length transaction. Goodwill represents the excess of acquisition cost over the acquirer's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities that can be reliably measured at the acquisition date; it is allocated to the cash generating unit (which within the Bouygues group equates to the business segment) benefiting from the business combination.

The main initial allocations of acquisition cost to identifiable assets and liabilities may be adjusted within the twelve months following the acquisition date, after which they may no longer be adjusted.

Negative goodwill is taken to the income statement in the period in which the acquisition is made.

Subsequently, goodwill is carried at cost net of any impairment losses identified using the methods described under "Subsequent remeasurement of non-current assets" below, in accordance with IAS 36. Impairment losses are charged to the income statement as an operating item.

2.5.1 Alstom: measurement of the fair value of identifiable assets, liabilities and contingent liabilities, and goodwill arising on the additional 4.91% interest acquired in 2007

The purchase cost of the interest acquired in 2007 was €961 million.

The additional fair value estimates were prepared by an independent expert on the basis of Alstom's published financial statements for the six months ended 30 September 2007 and with reference to:

- The consensus of brokers' reports published up to and including 30 September 2007.

  A business plan by business segment (power systems/power services/transport) for the period from 2008 to 2010.

  These business plans formed the basis of a discounted cash flow (DCF) analysis used to value each segment.

  Aggregating the three sectors gave an overall DCF valuation, which could then be compared with the purchase price paid by Bouygues.

- Segment information reported by Alstom as of 31 March, 30 June and 30 September 2007.

  Assessment of remeasurements applied on the basis of the consolidated financial statements for the six months ended 30 September 2007:

  The consolidated net assets of the Alstom group at 30 September 2007 were €1,782 million, including profits for the six months then ended, and the effect of the change in accounting policy arising from application of the IAS 19 option on accounting for actuarial gains and losses. On this basis, the excess of purchase price over the share of net assets acquired by Bouygues amounted to €873 million.

  Based on an independent valuation, the allocation of this amount between (i) the separable assets and liabilities of the Alstom group, remeasured at fair value and (ii) goodwill was as follows:

Identifiable assets and liabilities	Fair value At 30 Sept. 2007 (100%)	Additional 4.91% interest acquired by Bouygues in 2007
a) Intangible assets (brand name and technology)		
- An intangible asset may be recognised if it meets the definition of an intangible asset (IAS 38) and its fair value can be measured reliably (IFRS 3).		
- **Brand name:** The valuation of the Alstom brand name is based on discounting the future royalties that a third party would pay to use the Alstom brand name.	1,896	93
- **Technology:** Alstom owns or has been granted licences to use various patents and other intellectual property rights (remaining useful life of 13.5 years).	1,211	59
Alstom has a strong focus on research and development. The valuation is based on discounting the future royalties that a third party would pay to use Alstom technology.		
b) Backlog	520	26
The backlog represents all services not yet executed under contracts already signed, valued sector by sector based on publicly-available information. The backlog identified as of 30 June 2006 was not remeasured. A new backlog was valued as of 30 September 2007 in respect of the additional 4.91% interest acquired in 2007. The portion of the backlog valued in 2006 and still held at the end of that year continues to work through.		
The backlog was valued on the basis of the profit generated after paying a return on the support assets required to produce the services included in the backlog (EVA method).		
c) Other assets and liabilities, net	(1,136)	(56)
These mainly comprise deferred taxes on asset remeasurements:		
Total fair value remeasurements	**2,491**	**122**
d) Goodwill recognised by Bouygues	**-**	**751**
Total purchase price allocation (Bouygues portion)		**873**

Net amortisation expense of €8 million on fair value remeasurements was recognised in the income statement for the year ended 31 December 2007 (based on the Bouygues group's 29.98% interest).

2.6 Foreign currency translation

2.6.1 Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into euros at the average exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the closing exchange rate. Translation differences are recognised as income or expenses in the income statement. Non-monetary assets and liabilities denominated in foreign currencies and accounted for at historical cost are translated using the exchange rate on the date of the transaction.

2.6.2 Financial statements of foreign entities

All assets and liabilities of consolidated entities with a functional currency other than the euro are translated at the closing exchange rate. Income and expenses are translated at the average exchange rate for the period. Translation differences arising from this treatment, and arising from the retranslation of a subsidiary's opening shareholders' equity at the closing exchange rate, are taken to the translation reserve (which is a component of consolidated shareholders' equity). Translation differences arising on the net investment in foreign subsidiaries and associates are recognised in shareholders' equity.

2.7 Deferred taxation

Deferred taxation is recognised on differences between the carrying amount and tax base of assets or liabilities, and arises as a result of:

- Temporary differences between the carrying amount and tax base of assets or liabilities, which may be:
  - items generating a tax liability in the future (deferred tax liabilities), arising mainly from income that is liable to tax in future periods; or
  - items deductible from taxable profits in the future (deferred tax assets), mainly provisions that are temporarily non-deductible for tax purposes.
- Tax losses available for carry-forward (deferred tax assets), provided that there is a genuine probability of recovery in future periods.

Deferred taxes are measured using known applicable tax rates at the balance sheet date.

Deferred taxes are not discounted.

Deferred tax assets are included in non-current assets.

2.8 Non-current assets

2.8.1 Property, plant and equipment

Property, plant and equipment is measured at acquisition cost net of accumulated depreciation and impairment. Depreciation is recognised on a straight line basis over the estimated useful life of the asset.

Useful lives by main asset category and business segment:

	Construction	Media	Telecoms	
Mineral deposits (quarries)	(1)			
Non-operating buildings	10 to 40 years	25 to 50 years	-	
Industrial buildings	10 to 20 years	-	20 years	
Plant, equipment and tooling	3 to 15 years	3 to 7 years	5 to 10 years	(2)
Other property, plant and equipment (vehicles and office equipment)	3 to 10 years	2 to 10 years		(2)

In accordance with IAS 16, when an item of property, plant and equipment consists of components with different useful lives, each component is accounted for and depreciated as a separate item of property, plant and equipment.

Gains and losses on disposal represent the difference between the sale proceeds and the carrying amount, and are recognised in the income statement under "Other operating income and expenses".

(1) Depreciated on the basis of the rate of depletion, up to a maximum of 40 years (Colas)

(2) Depending on the type of asset

Depreciation periods are reviewed annually, and may be adjusted if expectations differ from previous estimates.

Leases:

Items of property, plant and equipment held under leases (or agreements containing leases in the sense of IFRIC 4) whereby the Bouygues group retains substantially all the risks and rewards of ownership are recognised as assets in the balance sheet. Leases are classified as finance leases or operating leases in accordance with the criteria specified in IAS 17.

Assets held under finance leases are recognised in the balance sheet in "Property, plant and equipment" at the lower of fair value or the present value of the minimum lease payments, less accumulated depreciation and impairment losses. They are depreciated over their estimated useful lives. The lease obligation is recognised as a liability under "Debt" in the balance sheet.

Obligations under operating leases are disclosed in off balance sheet commitments.

Grants received:

Investment grants received from national, regional or local governments are netted off the value of the assets concerned in the balance sheet, and depreciated at the same rate as those assets once receipt of the grant becomes unconditional.

2.8.2 Intangible assets

IAS 38 defines an intangible asset as an identifiable non-monetary asset without physical substance, which may be:

- separable, i.e. capable of being independently sold, transferred, licensed, rented or exchanged; or
- derived from contractual or other legal rights, whether separable or not.

Intangible assets with finite useful lives are depreciable. Intangible assets with indefinite useful lives are not depreciable, but are subject to an impairment test at each balance sheet date.

Intangible assets include:

Development expenses:

- In accordance with IFRS, incorporation and research expenses are expensed as incurred.
- Development expenses are capitalised if the IAS 38 criteria are met, i.e. if they are expected to generate future economic benefits and their cost can be reliably measured.

Concessions, patents and similar rights:

These include the following assets held by Bouygues Telecom:

Type of asset	Amortisation method	Period
GSM frequency costs	straight line	12 years
UMTS licence	straight line	17.5 years(1)
IT system software and developments, office applications	straight line	3/5/8 years

*(1) **UMTS licence:** Bouygues Telecom has been amortising its UMTS licence since the high-speed network opened on 26 May 2005.*

The fee for the UMTS licence, awarded for a 20-year period, comprises:

- a fixed component of €619.2 million, recognised as an intangible asset on the date the licence was awarded (12 December 2002).
- a variable component, calculated at 1% of sales generated by the operation of the third generation mobile network, which is recognised in the income statement for the period.

2.8.3 Other intangible assets

Other intangible assets recognised by the Group include leasehold rights and broadcasting rights (TF1).

TF1 broadcasting rights:

This item includes shares in films and programmes produced or co-produced by TF1 Films Production, TF1-Video, Glem and Téléma; distribution and trading rights owned by TF1 International, TCM DA, TF1 Entreprises and CIBY DA; and music rights owned by Une Musique and Baxter.

Broadcasting rights are recognised as assets, at historical cost. Dates of initial recognition and amortisation methods are as follows:

Initial recognition	Amortisation method		
	Co-production shares	Broadcasting rights Distribution / Trading	Music rights
At end of shooting	in line with revenues (minimum 3 years straight line)		
On receipt of censors' certificate	3 years straight line		
On signature of contract		Distribution: 3 years straight line minimum, or in line with revenues Trading: 5 years	2 years 75% in year 1 25% in year 2

- For films co-produced by TF1 Films Production and Téléma, the Group adopts industry practice and amortises in line with revenues, based on a minimum straight-line charge over 3 years.
- An impairment loss is recognised against audiovisual rights on a line by line basis where estimated future revenues do not cover the carrying amount of the asset.

2.8.4 Subsequent remeasurement of non-current assets

The carrying amount of non-current assets is reviewed in accordance with Group accounting policies on an annual basis, or more frequently if internal or external events or circumstances indicate that an asset may be impaired. In particular, the carrying amount of intangible assets (other than broadcasting rights, which are measured using the policies described above) and goodwill is compared with their recoverable amount.

In determining value in use, intangible assets to which independent cash flows cannot be directly allocated are grouped within the cash-generating units (CGU) to which they belong, or within the appropriate group of CGUs representing the lowest level at which management monitors return on investment (business segment level in the case of the Bouygues group). The value in use of CGUs is measured using the discounted cash flow (DCF) method, applying the following principles:

- the pre-tax cash flows used are those derived from the medium-term business plan prepared by the management of the business segment as part of the Group's management cycle;
- the discount rate is determined by adjusting the segment's weighted average cost of capital to arrive at a pre-tax rate;
- the terminal value is calculated by aggregating the discounted cash flows to infinity, based on normative cash flows and a perpetual growth rate that is consistent with the growth potential of the markets in which the business segment operates and with its competitive position in those markets.

The recoverable amount of the CGU as determined above is then compared with the carrying amount in the consolidated balance sheet of the non-current assets (including goodwill) attributed to the CGU. If this carrying amount is greater than the recoverable amount of the CGU, an impairment loss is recognised, this loss being allocated in the first instance to any goodwill recognised in the balance sheet.

• Information on impairment tests performed:

Subsidiaries for which goodwill is shown as a separate asset in the balance sheet:

Bouygues Telecom

The recoverable amount of the Bouygues Telecom CGU was determined by calculating its value in use using the DCF method, based on three-year cash flow projections as per the business plan approved by management.

An after-tax discount rate of 6.50% was used. Cash flows beyond the projection period were extrapolated using a reasonable, sector-specific perpetual growth rate (based on 3-year cash flow projections, and on normative cash flow thereafter).

An analysis of the sensitivity of the calculation to the valuation of the key parameters showed no probable scenario in which the recoverable amount of the CGU would become less than its carrying amount.

Colas

The recoverable amount of the Colas CGU was determined by calculating its value in use using the DCF method, based on three-year cash flow projections as per the business plan approved by management.

An after-tax discount rate of 6.48% was used. Cash flows beyond the projection period were extrapolated using a reasonable, sector-specific perpetual growth rate (based on 3-year cash flow projections, and on normative cash flow thereafter).

An analysis of the sensitivity of the calculation to the valuation of the key parameters showed no probable scenario in which the recoverable amount of the CGU would become less than its carrying amount.

TF1

Two approaches have been used in determining the recoverable amount of the TF1 CGU:

- By reference to the closing stock market price on 31 December 2007 (€18.30). This value is greater than the carrying amount of the investment.
- Calculation of value in use using the DCF method, based on three-year cash flow projections as per the TF1 business plan approved by management (discount rate: 6.72%).

Cash flows beyond the projection period were extrapolated using a reasonable, sector-specific perpetual growth rate (based on 3-year cash flow projections, and on normative cash flow thereafter).

An analysis of the sensitivity of the calculation to the valuation of the key parameters showed no probable scenario in which the recoverable amount of the CGU would become less than its carrying amount.

Impairment testing of goodwill on associates:

Because goodwill included in the carrying amount of investments in associates is not shown separately, it is not tested separately for impairment under IAS 36. The total carrying amount of the investment is tested for impairment by comparing its recoverable amount (higher of value in use or fair value less costs to sell) with its carrying amount, where there is evidence of impairment.

The estimated fair value of Alstom as at 31 December 2007, based on the quoted share price as of that date, is very substantially greater than its carrying amount.

Other non-current assets:

For other non-current assets, in particular non-depreciable assets, an impairment loss is recognised as soon as there is evidence that the asset is impaired.

2.8.5 Non-current financial assets

In addition to deferred tax assets (treated as non-current), other non-current financial assets include loans and receivables (including amounts due from non-consolidated companies), deposits and caution money, and investments in non-consolidated companies over which the Bouygues group exercises neither control nor significant influence.

Investments in non-consolidated companies are measured at fair value, with changes in fair value taken to shareholders' equity.

Fair value is the market price for listed investments, and value in use for unlisted investments. Value in use is determined using the most appropriate criteria for each individual investment.

If there is objective evidence that an investment is impaired, the accumulated losses taken to shareholders' equity are recognised in the income statement.

Advances to non-consolidated companies, and other loans and receivables, are accounted for at amortised cost, determined using the effective interest method.

In the case of variable-rate loans and receivables, cash flows are periodically re-estimated to reflect changes in market interest rates, resulting in an adjustment to the effective interest rate and hence to the valuation of the loan or receivable.

Loans and receivables are reviewed for objective evidence of impairment. An impairment loss is recognised if the carrying amount of a financial asset is greater than the estimated recoverable amount as determined by impairment testing. Impairment losses are recognised in the income statement.

2.9 Current assets

2.9.1 Inventories

Inventories are stated at the lower of cost (first in first out or weighted average cost, depending on the nature of the business) or market price.

Where the realisable value of inventory is lower than cost, the necessary provision for impairment is recognised.

2.9.2 Programmes and broadcasting rights (TF1)

In order to secure broadcasting schedules for future years, the TF1 Group enters into binding contracts, sometimes for a period of several years, under which the Group acquires (and the other party agrees to deliver) programmes and sports transmission rights.

These contracts are valued as follows:

Programmes and broadcasting rights:

Rights acquisition contracts not yet recognised in inventory at the balance sheet date are priced at the contractual amount or the estimated future cash outflow, less any advance payments made under the contract. Advance payments are recognised in the balance sheet as a supplier prepayment.

Sports transmission rights:

Acquisitions of sports transmission rights under irrevocable orders placed before the balance sheet date are priced at the contractual amount less any sums already paid at that date.

A programme is treated as ready for broadcast and recognised in inventory under "Programmes and broadcasting rights" when the following two conditions are met: technical acceptance (for in-house and external productions), and opening of rights (for external productions). Any programme acquisition advance payments made before these conditions are met are treated as supplier prepayments.

The line "Programmes and broadcasting rights" in the balance sheet comprises:

- in-house productions, comprising programmes made by TF1 Group companies for the TF1 channel;
- external productions, comprising broadcasting rights acquired by TF1 Group channels and co-production shares of broadcasts made for TF1 Group channels.

External productions that have not been broadcast, and the rights to which have expired, are expensed as a component of current operating profit.

The value of programmes and broadcasting rights is measured as follows:

- in-house production: at overall production cost (direct costs plus a portion of indirect production costs);
- broadcasting rights and co-productions: at purchase cost, less consumption for the year calculated at each balance sheet date.

TF1 SA programmes (which account for most of the Group's programme inventory) are deemed to have been consumed as transmitted. If they are acquired for a single transmission, they are regarded as having been consumed in full at the time of transmission. If they are acquired for two or more transmissions, consumption is calculated as follows, according to the type of programme:

	Type of programme		
	Dramas with a running time of at least 52 minutes	Films, TV movies, series, cartoons	Other programmes and broadcasting rights
1st transmission	80%	50%	100%
2nd transmission	20%	50%	-

"Other programmes and broadcasting rights" in the table above refers to children's programmes other than cartoons, entertainment shows, plays, factual and documentary programmes, news, sport, and dramas with a running time of less than 52 minutes.

A provision for impairment is recorded once it becomes probable that a programme will not be transmitted.

2.9.3 Trade receivables

Trade receivables are carried at face value, net of impairment recorded to reflect the probability of recovery. These receivables are usually short-term and non interest-bearing. They are measured at the original invoice amount, unless application of an implied interest rate would have a material effect.

In line with the percentage of completion method of accounting for long-term contracts, trade receivables include:

- statements issued as works are executed or services provided, and accepted by the project owner;
- unbilled receivables, arising where works are entitled to acceptance but billing or acceptance by the project owner has been delayed.

2.9.4 Other current receivables and prepaid expenses

Other receivables are carried at face value, net of impairment recorded to reflect the probability of recovery.

2.10 Financial instruments

Some group entities use hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates. The Group's policy on the use of financial instruments is described below.

2.10.1 Risks to which the Group is exposed

Currency risk

In general, the Bouygues group has little exposure to currency risk in routine commercial transactions. Wherever possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most projects executed outside France, on which local-currency expenses (subcontracting and supplies) represent a much higher proportion than euro-denominated expenses. In addition, the Group pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

Interest rate risk

The Group's financial income and expenses have low sensitivity to interest rate risk. The bulk of debt is in the form of fixed-rate bond issues, and a range of hedging instruments is used to convert variable-rate debt into fixed-rate debt.

On average over the year, the amount of variable-rate debt in the balance sheet is less than the amount of surplus cash invested at variable rates.

The consolidated income statement would be only marginally affected by fluctuations in euro interest rates, or by a divergence in interest rate trends between the euro and other major currencies.

2.10.2 Principles applied to all hedging instruments

The only instruments used for hedging purposes are forward currency purchases and sales, currency swaps and purchases of currency options for currency risk hedging purposes; and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes.

These instruments:

- are used solely for hedging purposes;
- are contracted solely with high-quality French and foreign banks;
- carry no liquidity risk in the event of a downturn.

Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of hedging instruments, the selection of counterparties with whom they are contracted, and more generally the management of exposure to currency risk and interest rate risk.

2.10.3 Hedging rules

Currency risk

Group policy is to hedge systematically all residual currency exposure relating to commercial transactions. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the awarding of the contract has been confirmed.

In general, equity investments in foreign companies are hedged by a debt of a similar amount in the same currency, recorded in the books of the company that owns the investment.

In the interests of efficiency, the currency positions of some Group entities may be managed centrally, which in some cases may result in the offset of matching positions.

Interest rate risk

Group policy is for each sub-group to hedge some or all of its financial assets and liabilities, where these are foreseeable and recurring.

The aim is to control future interest expense by fixing the cost of debt using swaps and future rate agreements, or by limiting it through the use of caps, over a period equivalent to that of the financial liabilities to be hedged.

As with currency risk, the interest rate positions of some Group entities may, in the interests of efficiency, be managed centrally and partially offset.

2.10.4 Accounting methods

In general, the financial instruments used by the Group qualify for hedge accounting, which means that the hedging relationship is documented in accordance with the requirements of IAS 39. Two types of accounting treatment are used:

- Fair value hedges: changes in the fair value of the hedging instrument and changes in the fair value of the hedged item are recognised symmetrically in the income statement.
- Cash flow hedges: changes in the fair value of the hedging instrument are recognised in the income statement for the ineffective portion of the hedging relationship, and in shareholders' equity (until the hedge is closed out) for the effective portion.

2.11 Consolidated shareholders' equity

Treasury shares are deducted from consolidated shareholders' equity. No gains or losses arising on the cancellation of treasury shares are recognised in the income statement.

If a Group subsidiary holds its own shares, an additional percentage interest in that subsidiary is recognised at Group level.

Translation reserve

The translation reserve represents translation differences arising since 1 January 2004, when the reserve was deemed to be zero and the balance transferred to "Retained earnings".

Information about the management of capital (amendment to IAS 21):

The objective of Bouygues management in managing capital is to maintain consolidated shareholders' equity at a level consistent with:

- maintaining a reasonable gearing ratio (net debt to shareholders' equity);
- distributing regular dividends to shareholders.

However, the level of equity may vary over short periods, especially if a strategically important investment opportunity arises.

The business plan is a key management tool, used by the parent company to assess the financial position of each business segment and of the Group as a whole, and the effects on consolidated shareholders' equity.

Within these overall principles, Group management allows the subsidiaries responsible for segments and the parent company a degree of autonomy to manage their equity in line with their specific objectives and needs, given that equity capital requirements vary from business to business and segment to segment.

Bouygues defines net debt as all financial liabilities (including financial instrument liabilities associated with debt and short-term investments), less cash and cash equivalents and associated financial instruments.

2.12 Non-current liabilities

2.12.1 Non-current debt (portion due after more than one year)

With the exception of derivative instruments accounted for as financial liabilities measured at fair value, all other borrowings and financial liabilities are recognised initially at fair value and subsequently at amortised cost, measured using the effective interest method.

Transaction costs directly attributable to the acquisition or issuance of a financial liability are offset against that liability, and amortised over the life of the liability using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments to maturity (or to the next market rate repricing date) to the net carrying amount of the liability. The calculation takes account of all fees and points paid or received by the parties to the contract.

The portion of long-term debt due within less than one year is included in current liabilities.

2.12.2 Non-current provisions

Under IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", a provision is recorded where the Group has an obligation to a third party at the balance sheet date resulting from a past event, the settlement of which is expected to result in an outflow from the group of resources embodying economic benefits.

The amount recognised as a provision represents the Group's estimate of the outflow of resources that will be needed to settle the obligation.

Non-current provisions are not usually associated with the normal business cycle of each segment (compare the definition of current provisions below).

Non-current provisions mainly comprise:

- Provisions established to cover the uninsured portion of risks under 2-year and 10-year construction contract guarantees. These provisions are recognised in line with recognition of contract revenues, based on statistical data reflecting actual experience over the long term.
- Provisions related to notified tax reassessments and fines levied by the competition authorities.
- Provisions for litigation, claims and foreseeable risks relating to the Group's operations, especially foreign operations, including permanent withdrawal from projects and sundry risks and liabilities.
- Provisions for site rehabilitation costs.
- Employee benefits:
  - Provisions for long-service awards.
  - Provisions for obligations to employees in respect of lump-sum benefits payable on retirement.

    This provision is calculated using the projected unit credit method based on final salary, and on the basis of the collective agreement for each business segment. The calculation takes account of:

    - status, age and length of service for each employee category;
    - employee turnover, calculated on the basis of the average number of leavers by business segment, age bracket and employee category;

- average salary and wages including bonuses and benefits in kind, uplifted by a coefficient to reflect the applicable percentage of employer's social security charges;
- a final salary inflation rate;
- a discount rate applied to the obligation over the projected period to the retirement date;
- estimated life expectancy, based on mortality tables.

- Provisions for pension obligations (depending on the country and terms of the pension plan).

  To cover their pension obligations, Group companies make regular payments to external bodies including public and private pension funds and insurance companies (defined-contribution plans). There are however some remaining defined-benefit plans still in existence, mainly in the Colas group (United Kingdom, Ireland, Canada); only a limited number of employees are involved, as it was decided some years ago to close these plans to new entrants.

- The actuarial assumptions used to measure the present value of the pension obligation and the service cost for the period in respect of defined-benefit plans represent the best estimate of the variables that will determine the final cost of the benefits. These assumptions are internally consistent. The discount rate was determined by reference to the expected market rate at the balance sheet date, taking into account the estimated timing of benefit payments.

  From 2007 onwards, the Group has recognised in consolidated shareholders' equity the effect of changes in actuarial assumptions on the pension obligation (see Note 2.3).

2.13 Current liabilities

2.13.1 Advances and down-payments on orders

This item comprises advances and down-payments received from customers on start of works contracts.

2.13.2 Current provisions

- Provisions relating to the normal business cycle of each segment. These mainly comprise:
  - Provisions for construction contract risks, joint ventures, etc.
  - Provisions for restructuring.
- Provisions for losses to completion on construction contracts: these relate to construction contracts in progress, and take account of claims accepted by the client. They are measured on a contract by contract basis, with no netting between them.
- Provisions for decommissioning and site rehabilitation costs (Bouygues Telecom):
  Decommissioning and site rehabilitation costs incurred as a result of the company's contractual obligation to remedy immediate environmental damage are covered by a provision.
  This provision is calculated on a statistical basis taking into account the number of sites involved, a standard decommissioning cost appropriate to the type of site, and the probable decommissioning timetable. It is discounted at a rate of 4.5%.
  When a site is decommissioned, the corresponding provision is reversed.

2.13.3 Trade payables and other current liabilities

Because of the short-term nature of these liabilities, they are shown in the consolidated financial statements at a reasonable estimate of market value.

2.14 Income statement

As allowed under IAS 1, "Presentation of Financial Statements", the Bouygues group presents an income statement that classifies expenses by nature, in the format specified in recommendation 2004-R-02 issued by the French national accounting standard-setter, the Conseil National de la Comptabilité (CNC), on 27 October 2004. An income statement classifying expenses by function is shown in Note 16 to the financial statements.

2.14.1 Definition of operating revenues

Revenues from the Group's operations are recognised when:

- it is probable that the future economic benefits of the transaction will flow to the Group;
- the amount of revenue can be reliably measured;
- at the transaction date, it is probable that the amount of the sale will be recovered.

Bouygues Telecom

Bouygues Telecom generates revenue from services and handset sales.

Services

Price plans and commercial services are invoiced one month in advance, and the corresponding revenue is recognised on a straight-line basis over the service period.

Revenues from call charges other than price plans, roaming fees and interconnection fees are recognised as the service is used.

Revenues from prepaid cards are recorded when the card is sold to the distributor or retailer, but recognition is deferred until the card is activated and then adjusted for unused call time.

Services carried out on behalf of content providers in relation to SMS+ services, special numbers and i-mode services are not included in income and expenses for the period. Only the margin charged as consideration for the service is recognised in sales.

Handset sales

Handset sales are recognised on the sale of the handset to the distributor or retailer, but the margin on the sale is eliminated until the line is activated by the customer.

Distributor/retailer commission

All commission payable to distributors and retailers is recognised as an expense.

2.14.2 Accounting for long-term contracts

Construction activities

All activities related to construction contracts are accounted for using the percentage of completion method.

Under this method, the revenue recognised equals the latest estimate of the total selling price of the contract multiplied by the actual stage of completion determined by reference to the physical state of progress of the project. The latest estimate of the total selling price takes account of claims accepted by the client.

If it is regarded as probable that a contract will generate a loss on completion, a provision for losses to completion is recognised as a current provision in the balance sheet. The loss is provided for in full as soon as it is can be reliably measured, irrespective of the stage of completion.

Property development

The accounting treatment applied to property development activities is as follows:

Property development revenues are recognised using the percentage of completion method once the following conditions have been met:

- building permit with no appeal;
- signature of notarised deed of sale or development contract;
- construction contract signed (order given to start works).

The percentage of completion represents costs incurred to date as a proportion of the total estimated costs to completion.

Property development project finishing costs are recognised on a percentage of completion basis.

All interest charges associated with ongoing or completed property development projects are expensed as incurred.

2.14.3 Profits/losses from joint operations

These profits and losses are included in "Other operating income and expenses", and represent the Group's share of profits or losses from non-consolidated companies involved in the operation of production sites for road-building and asphalt products; they are included in current operating profit.

2.14.4 Share-based payment

In accordance with IFRS 2, stock subscription options granted to corporate officers or employees of the Group are accounted for in the financial statements as follows: the fair value of the options granted (corresponding to the fair value of the services rendered by the employees as consideration for the options) is recognised as an employee benefit under "Personnel costs" in the income statement, with the matching entry credited to shareholders' equity.

The amount of the employee benefit is measured at the grant date of the option using the Black & Scholes model, and is charged to the income statement over the vesting period of the rights. In accordance with IFRS 2, this treatment applies only to plans awarded after 7 November 2002.

2.15 Cash flow statement

The cash flow statement is presented in accordance with IAS 7 and CNC recommendation 2004-R-02.

This statement explains changes in the Group's net cash position, which is defined as the net total of the following balance sheet items:

- cash and equivalents;
- overdrafts and short-term bank borrowings.

2.16 Off balance sheet commitments

A summary of contractual obligations and commercial commitments is provided in Note 18.

2.17 Financial indicators

Definitions of key financial indicators:

2.17.1 EBITDA

Current operating profit excluding net depreciation and amortisation expense and changes in provisions, and impairment losses (after reversals of utilised and non-utilised provisions and of impairment losses).

2.17.2 Free cash flow

Cash flow (from operations, before changes in working capital) less net capital expenditure for the period.

2.17.3 Net debt

This represents the aggregate of:

- cash and equivalents;
- overdrafts and short-term bank borrowings;
- non-current and current debt;
- financial instruments (used to hedge financial liabilities measured at fair value).

2.18 Statement of recognised income and expense

Following its adoption of the option allowed under IAS 19 to recognise actuarial gains and losses directly in equity, the Bouygues group has for the first time presented a comparative statement of recognised income and expense.

2.19 Other information

Comparability of the IFRS financial statements:

- The accounting policies applied under IFRS as at 31 December 2007 are the same as those applied as at 31 December 2006, except for the significant changes in accounting policy disclosed in Note 2.2.
- The comparative financial statements presented for the year ended 31 December 2006 take account of these changes in accounting policy, and in particular the effect on shareholders' equity and profit or loss.

The schedules below show the main effects of the retrospective changes in accounting policy:

A) Balance sheet – 2006 and 2007

Assets	Movement in 2007		2006	Changes in accounting policy 2006		2006
	Actuarial gains/ losses	Customer loyalty provision	Before changes in policy	Actuarial gains/ losses	Retail customer loyalty provision	After changes in policy
Non-current assets						
- Investments in associates	46		/	/	/	/
- Deferred tax asset and long-term tax receivable	(4)		271	2	(57)	216
Total assets	**42**	**0**	**/**	**2**	**(57)**	**/**

Liabilities & equity	Movement in 2007		2006	Changes in accounting policy 2006		2006
	Actuarial gains/ losses	Customer loyalty provision	Before changes in policy	Actuarial gains/ losses	Retail customer loyalty provision	After changes in policy
Shareholders' equity						
• Reserves attributable to the Group						
- Changes in accounting policy as at 1 January 2006			5,347	(7) (14)	91	5,439
- Movements during the year	58			7		
• Net profit attributable to the Group				0	8	
Minority interests			1,146		10	1,156
					Sub-total 109	
Non-current provisions			1,432			1,441
						of which:
• Provisions for long-term employee benefits	(16)		397	9		406
Current provisions			690			524
						of which:
• Customer loyalty provisions (Bouygues Telecom)			177		(166)	11
Total liabilities and equity	**42**	**0**	/	**2**	**(57)**	/

B) Income statement for the year ended 31 December 2006

- Change in accounting policy – Bouygues Telecom customer loyalty provisions: impact on net profit for the year: +€8 million.
- Change in accounting policy: accounting treatment of defined-benefit post-employment benefit plans (amendment to IAS 19): no impact on the income statement.

	2006		
	2006 income statement as originally published	Change in accounting policy: retail customer loyalty provision	2006 income statement as restated
Sales	26,408		26,408
Net charges to provisions and impairment losses	(384)	12	(372)
Current operating profit	1,921	12	1,933
Operating profit	1,877	12	1,889
Cost of net debt	(200)		(200)
Income tax expense	(555)	(4)	(559)
Net profit	1,582	8	1,590
Net profit attributable to the Group	1,246	8	1,254

Note 3 • Non-current assets 17,601

An analysis of non-current assets by business segment is provided in Note 16.

3.1 Acquisitions of non-current assets during the year, net of disposals

	2007	2006
Acquisitions of property, plant and equipment	1,570	1,529
Acquisitions of intangible assets	217	171
Capital expenditure	**1,787**	**1,700**
Acquisitions of non-current financial assets (investments in consolidated and non-consolidated companies, other long-term investments)	2,195	2,687
Acquisitions of non-current assets	**3,982**	**4,387**
Disposals of non-current assets	(208)	(336)
Acquisitions of non-current assets, net of disposals	**3,774**	**4,051**

3.2 Movements during the period

3.2.1 Property, plant and equipment 5,564

Gross value	Land and buildings	Industrial plant and equipment	Other property, plant and equipment	PP&E under construction and advance payments	Total
1 January 2006	1,413	7,450	1,701	152	**10,716**
Translation adjustments	(18)	(61)	(23)	(3)	**(105)**
Transfers between items & other	26	88	7	(123)	**(2)**
Changes in scope of consolidation	(22)	35	9	7	**29**
Acquisitions and other increases	226	796	270	237	**1,529**
Disposals and other reductions	(16)	(312)	(121)	(1)	**(450)**
31 December 2006	**1,609**	**7,996**	**1,843**	**269**	**11,717**
of which finance leases	22	84	123		**229**
Movements during 2007					
Translation adjustments	(14)	(53)	(16)	(2)	**(85)**
Transfers between items & other	61	107	28	(178)	**18**
Changes in scope of consolidation	51	160	33	(7)	**237**
Acquisitions and other increases(1)	89	915	301	265	**1,570**
Disposals and other reductions	(20)	(368)	(140)		**(528)**
31 December 2007	**1,776**	**8,757**	**2,049**	**347**	**12,929**
of which finance leases	29	94	105		**228**
Depreciation and impairment					
1 January 2006	(464)	(4,475)	(1,162)		**(6,101)**
Translation adjustments	4	39	15		**58**
Transfers between items & other	(1)	(5)	5		**(1)**
Changes in scope of consolidation	10	(13)	(8)		**(11)**
Disposals and other reductions	6	286	113		**405**
Net depreciation expense	(51)	(761)	(216)		**(1,028)**
Impairment losses recognised					
Impairment losses reversed					
31 December 2006	**(496)**	**(4,929)**	**(1,253)**		**(6,678)**
of which finance leases	(6)	(45)	(98)		**(149)**
Movements during 2007					
Translation adjustments	4	31	9		**44**
Transfers between items & other	(3)		5		**2**
Changes in scope of consolidation	(14)	(80)	(21)		**(115)**
Disposals and other reductions	6	312	133		**451**
Net depreciation expense	(61)	(782)	(226)		**(1,069)**
Impairment losses recognised					
Impairment losses reversed					
31 December 2007	**(564)**	**(5,448)**	**(1,353)**		**(7,365)**
of which finance leases	(8)	(59)	(88)		**(155)**
Net					
31 December 2006	**1,113**	**3,067**	**590**	**269**	**5,039**
of which finance leases	16	39	25		**80**
31 December 2007	**1,212**	**3,309**	**696**	**347**	**5,564(2)**
of which finance leases	21	35	17		**73**

(1) Including Bouygues Telecom: network investments of €467 million
(2) Including investment grants netted off property, plant and equipment: impact -€119 million

Analyses of the carrying amount and net acquisitions of intangible assets and property, plant and equipment, by business segment and geographical area are provided in Note 16, "Segment Information".

3.2.2 Intangible assets 1,073

Gross value	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
1 January 2006	**0**	**1,110**	**1,047**	**2,157**
Translation adjustments	0	0	(1)	**(1)**
Transfers between items & other	149	(145)	(4)	**0**
Changes in scope of consolidation	0	(22)	6	**(16)**
Acquisitions and other increases	24	53	82	**159**
Disposals and other reductions	0	(6)	(9)	**(15)**
31 December 2006	**173**	**990**	**1,121**	**2,284**
Movements during 2007				
Translation adjustments	0	0	(3)	**(3)**
Transfers between items & other	(9)	9	(10)	**(10)**
Changes in scope of consolidation	0	12	80	**92**
Acquisitions and other increases	21	37	159	**217**
Disposals and other reductions	0	(18)	(9)	**(27)**
31 December 2007	**185**	**1,030**(1)	**1,338**	**2,553**
Depreciation and impairment				
1 January 2006	**0**	**(303)**	**(798)**	**(1,101)**
Translation adjustments	0	0	1	**1**
Transfers between items & other	(75)	73	0	**(2)**
Changes in scope of consolidation	0	13	(4)	**9**
Disposals and other reductions	0	6	5	**11**
Net depreciation expense	(28)	(69)	(83)	**(180)**
Impairment losses recognised	0	0	0	**0**
Impairment losses reversed	0	0	0	**0**
31 December 2006	**(103)**	**(280)**	**(879)**	**(1,262)**
Movements during 2007				
Translation adjustments	0	0	1	**1**
Transfers between items & other	10	(13)	7	**4**
Changes in scope of consolidation	0	(3)	(56)	**(59)**
Disposals and other reductions	0	16	4	**20**
Net depreciation expense	(29)	(71)	(84)	**(184)**
Impairment losses recognised	0	0	0	**0**
Impairment losses reversed	0	0	0	**0**
31 December 2007	**(122)**	**(351)**	**(1,007)**	**(1,480)**
Net				
31 December 2006	**70**	**710**	**242**	**1,022**
31 December 2007	**63**	**679**	**331**	**1,073**

(1) Includes Bouygues Telecom UTMS licence: €619 million => see Note 2 for description of amortisation method

3.2.3 Goodwill 5,123

Movement in carrying amount of goodwill during 2007: +€342 million (fully consolidated entities only, excluding associates)

	Gross value	Impairment	Carrying amount
1 January 2006	**4,641**	**(23)**	**4,618**
Changes in scope of consolidation	171		171
Impairment losses		(16)	(16)
Other movements	8		8
31 December 2006	**4,820**	**(39)**	**4,781**
Movements in 2007			
Changes in scope of consolidation	351[1]		351
Impairment losses		(2)	(2)
Other movements	(11)	4	(7)
31 December 2007	**5,160**	**(37)**	**5,123**

(1) Principal acquisitions of 2007:

Colas:	*Spie Rail (Colas Rail)*	*180*
Bouygues Construction:	*Groupe Mibag (ETDE)*	*46*
	Karmar (Bouygues Bâtiment International)	*34*
	Warings Group (Bouygues Entreprises France-Europe)	*25*

Split of goodwill by cash generating unit (CGU):

Métiers	31 December 2007		31 December 2006	
	Total	% of parent	Total	% of parent
Bouygues Construction[1]	326	99.97	224	99.97
Colas[2]	1,052	96.44	827	96.49
TF1[2]	1,094	43.06	1,085	42.92
Bouygues Telecom[2]	2,651	89.55	2,645	89.55
Other activities				
Total Bouygues	**5,123**		**4,781**	

(1) Only includes goodwill on subsidiaries acquired by the CGU
(2) Includes goodwill on subsidiaries acquired by the CGU and on acquisitions made by the parent company (Bouygues SA)

Consolidated purchase price of listed shares:

	Consolidated purchase price per share	Quoted closing share price at 31 December 2007
TF1	12.40	18.30
Colas	76.56	309.50
Alstom	83.26	147.00

Impairment tests were carried out as described in Note 2, and showed no evidence of impairment of intangible assets or goodwill attached to the Group's CGUs (business segments).

3.2.4 Non-current financial assets 5,841

These assets include:
- Investments in associates (companies accounted for by the equity method)
- Other non-current financial assets

	Gross value				Amortisation and impairment	Carrying amount	Non-current deferred tax assets
	Associates[1]	Other non-current assets		Total gross value			
		Investments in non-consolidated companies	Other non-current assets				
1 January 2006	**499**	**211**	**206**	**916**	**(136)**	**780**	**375**
Changes in accounting policy							(52)
1 January 2006*	**499**	**211**	**206**	**916**	**(136)**	**780**	**323**
Translation adjustment	(1)			(1)		(1)	(1)
Transfers between items & other	7	13	(11)	9	(8)	1	
Income and expenses recognised directly in equity*							(3)
Changes in scope of consolidation	2,356	15	608	2,979	(34)	2,945	2
Acquisitions and other increases	150	39	268	457		457	7
Disposals and other reductions	(51)	(43)	(43)	(137)		(137)	(4)
Net impairment reversals/(losses)					(18)	(18)	(108)
31 December 2006	**2,960**	**235**	**1,028**	**4,223**	**(196)**	**4,027**	**216**
Movements in 2007							
Translation adjustment	(1)	(4)	(8)	(13)	1	(12)	(2)
Transfers between items & other	20		2	22	(7)	15	(7)
Income and expenses recognised directly in equity*							(8)
Changes in scope of consolidation	1,229	32	(6)	1,255	(1)	1,254	13
Acquisitions and other increases	290	20	148	458		458	13
Disposals and other reductions	(85)	(11)	(38)	(134)	24	(110)	
Net impairment reversals/(losses)					(16)	(16)	
31 December 2007	**4,413**	**272**	**1,126**	**5,811**	**(195)**	**5,616**	**225**
Amortisation and impairment	**(20)**	**(121)**	**(54)**	**(195)**			
Carrying amount	**4,393**	**151**	**1,072**	**5,616**			**225**

(1) Includes goodwill relating to associates: €2,714 million

(*) Retrospective restatements at 1 January 2006: adoption of option under amended IAS 19 and early adoption of IFRIC 13 (loyalty programme provision) (See Note 2 for details of the impact of changes in accounting policy)

3.2.4.1 Investments in associates **4,393**

Components of carrying amount at 31 December 2007	Share of net assets held	Share of 2007 net profit/(loss)	Goodwill on associates	Carrying amount
1 January 2006	**361**		**136**	**497**
Translation adjustment	(1)			**(1)**
Transfers between items & other	15			**15**
Acquisitions and share issues	747		1,616	**2,363**
Net profit/(loss) for the period		136		**136**
Disposals and other reductions	(51)		(1)	**(52)**
Net impairment losses		(18)		**(18)**
31 December 2006	**1,071**	**118**	**1,751**	**2,940**
Movements in 2007				
Translation adjustment	(1)			**(1)**
Transfers between items & other	20			**20**
Appropriation of prior-year profit	118	(118)		
Acquisitions and share issues	324		963[2]	**1,287**
Net profit/(loss) for the period		265		**265**
Disposals and other reductions	(110)			**(110)**
Net impairment losses		(8)		**(8)**
31 December 2007	**1,422**	**257**	**2,714**	**4,393[1]**

(1) includes: - Alstom = €3,573 million
- Cofiroute (Colas) = €419 million (see below)

(2) includes: Alstom = €751 million (purchase of an additional 4.91% interest by Bouygues in 2007); total goodwill arising in 2006 and 2007 = €2,367 million

The Bouygues group owns a number of interests in associates, which are listed in Note 25 (Detailed list of consolidated companies at 31 December 2007).

Principal associates:

	31 December 2006	Net movement in 2007	31 December 2007	Of which: share of net profit/(loss)
Alstom	2,413	1,160	3,573	179[1]
Construction				
Public works concession companies	60	18	78	12
Other associates	6	(1)	5	(5)
Roads				
Cofiroute	393	26	419	58
Other associates	28	27	55	5
Media	40	213	253	8
Results of other associates		10	10	
Total	**2,940**	**1,453**	**4,393**	**257**

(1) Contribution net of amortisation charged against fair value remeasurements in 2007 (based on a 29.98% interest)

Summary information about the assets, liabilities, income and expenses of the Bouygues group's principal associates is provided below.

Amounts shown are for 100% of the associate	31 December 2007	
	Alstom[1]	Cofiroute
Non-current assets	8,057	5,352
Current assets	12,646	678
Assets held for sale		
Total assets	**20,703**	**6,030**
Shareholders' equity	1,831	1,728
Non-current liabilities	3,323	3,672
Current liabilities	15,549	630
Liabilities on held-for-sale assets		
Total liabilities and equity	**20,703**	**6,030**
Sales	8,004	1,039
Current operating profit	573	559
Net profit/(loss) of discontinued and held-for-sale operations		
Net profit	**392**	**349**
Net profit attributable to the Group	**388**	**349**

Amounts shown are for 100% of the associate	31 December 2006	
	Alstom[2]	Cofiroute
Non-current assets	8,224	4,915
Current assets	11,112	699
Assets held for sale		
Total assets	**19,336**	**5,614**
Shareholders' equity	1,375	1,570
Non-current liabilities	4,295	3,472
Current liabilities	13,666	572
Liabilities on held-for-sale assets		
Total liabilities and equity	**19,336**	**5,614**
Sales	14,208	966
Current operating profit	957	510
Net profit/(loss) of discontinued and held-for-sale operations		
Net profit	**538**	**301**
Net profit attributable to the Group	**547**	**301**

(1) Published interim financial statements of Alstom for the six months ended 30 September 2007 (Alstom's financial year-end is 31 March)
(2) Financial statements for the year ended 31 March 2007

3.2.4.2 Other non-current financial assets **1,223**

Investments in non-consolidated companies: 151

Other non-current financial assets: 1,072

Carrying amount of principal investments in non-consolidated companies at 31 December 2007

Investment	31/12/2007 Gross value	Impairment	Carrying amount	% interest	Total assets	Total current & non-current liabilities	Total sales	Net profit/(loss)	31/12/2006 Carrying amount
French companies									
Foncière du Point du jour	10	7	**3**	100.0	3	-	-	1	**3**
Périphérique de Lyon	9	7	**2**	39.0	4	-	-	-	**1**
Sylver	4		**4**	49.0					**4**
CATC	2		**2**	99.8	-	-	-	-	**2**
Asphalt and binder companies (Colas)(1)	13	2	**11**		-	-	-	-	**12**
Other investments in French companies	61	30	**31**		-	-	-	-	**43**
Sub-total	**99**	**46**	**53**						**65**
Foreign companies									
IEC Investments (Hong Kong)	43		**43**	13.0	218	11	26	(8)	
Socoprim (Ivory Coast)	13		**13**	64.0	22	-	-	-	13
A1- International (Netherlands)	13		**13**	50.0	-	-	-	-	13
Ma Chang (South Korea)	10		**10**	27.0	168	139		(1)	9
CCIB (Romania)	6	6	**0**	22.0	-	-	-	-	0
VSL Corporation (USA)	22	22	**0**	100.0		1			
Asphalt and binder companies (Colas)(1)	2	1	**1**		-	-	-	-	1
Other investments in foreign companies	64	46	**18**		-	-	-	-	13
Sub-total	**173**	**75**	**98**						**49**
Total	**272**	**121**	**151**						**114**

(1) The information provided for Colas asphalt & binder companies and other investments in French and foreign companies relates to a number of companies, for which individual information is not disclosed on grounds of immateriality.

Other non-current financial assets *1,072*

The main items included in this heading are:

• Canal+ France financial asset (transfer of TPS)		666[(1)]
• Advances to non-consolidated companies		196[(2)]
• Non-current loans and receivables		56
• Other long-term investments:		154
comprising:		
- Deposits and caution money	136	
- Other long-term investment securities	18[(3)]	

(1) The Canal+ France financial asset received in exchange for the transfer of TPS shares was designated by TF1 as a financial asset at fair value through profit or loss on initial recognition in 2006. This asset represents 9.9% of the capital of Canal+ France plus a put option exercisable in February 2010.
The fair value of this asset increased by €37 million during 2007, taking the carrying amount to €666 million. This change in fair value was recognised in "Other financial income and expenses".

(2) Mainly the non-current receivable (financial asset) relating to Alstom Hydro Holding:
In October 2006, Bouygues acquired 50% of Alstom Hydro Holding (Alstom's hydro-power division) from Alstom for €150 million. Under the agreements with Alstom signed on 29 September 2006 and 31 October 2006:
- Alstom has specific rights, in particular in the event of disagreement between the shareholders.
- Bouygues has an option to sell its shares back to Alstom in November 2009, or earlier in the event of disagreement with Alstom:
. for €175 milllion;
. in exchange for 2.2 million Alstom shares, or the equivalent value in euros.
This interest was recognised as a non-current financial asset at 31 December 2007, at a carrying amount of €160 million. The same treatment was applied as at 31 December 2006. Because of the long-term industrial strategy underpinning relations between Bouygues and Alstom, the Bouygues group does not account for the call option entitling it to exchange this asset for Alstom shares in October 2009 as a financial instrument. If this item had been accounted for as a financial instrument, the resulting volatility would have had an estimated favourable impact of €57 million on the financial statements for 2007 (cumulative favourable impact to date since initial recognition: €107 million), corresponding to the intrinsic after-tax value of the put option as at 31 December 2007.

(3) Main components of "Other long-term investment securities":

- Mutual funds	*10*
- Other investments individually less than €2 million	*8*
	18

Analysis of investments in non-consolidated companies and other non-current financial assets (excluding associates) by type *1,223*

	Available-for-sale financial assets[(1)]	Loans and receivables[(3)]	Financial assets at fair value through profit or loss[(2)]	Held-to-maturity financial assets[(3)]	Total
31 December 2006	96	231	631	129	**1,087**
Movements during 2007	43	32	44	17	**136**
31 December 2007	139	263	675	146	**1,223**
Due within less than 1 year		27	2	2	**31**
Due within 1-5 years	28	32	666	4	**730**
Due after more than 5 years	111	204	7	140	**462**

(1) Impact of remeasurement recognised in equity
(2) Impact of remeasurement recognised in profit or loss
(3) Measured at amortised cost

Investments in joint ventures

The Bouygues group holds a number of interests in joint ventures, which are listed in Note 25 (Detailed list of consolidated companies at 31 December 2007).
Aggregate amounts of assets/liabilities and key income statement indicators are shown below:

Bouygues share	31 December 2007	31 December 2006
Non-current assets	164	147
Current assets	1,135	1,067
Total assets	**1,299**	**1,214**
Shareholders' equity	196	83
Non-current liabilities	440	100
Current liabilities	663	1,031
Total liabilities & equity	**1,299**	**1,214**
Sales	**1,450**	**1,287**
Operating profit	**98**	**70**
Net profit	**104**	**68**

3.2.5 Non-current tax assets 225

See Note 7 for details.

Note 4 • Current assets 15,827

4.1 Inventories 2,763

Stocks	31 December 2007 Gross value	Impairment(1)	Carrying amount	31 December 2006 Gross value	Impairment(1)	Carrying amount
Inventories: raw materials, supplies, finished goods and property development inventories	2,356	(93)	**2,263**	1,826	(79)	1,747
Programmes and broadcasting rights (TF1)	664	(164)	**500**	693	(142)	551
Total	**3,020**	**(257)**	**2,763**	**2,519**	**(221)**	**2,298**

(1) includes: Losses charged during the period (123) (77)
Losses reversed during the period 89[a] 85

(a) Includes reversals of impairment losses on property development inventories (Bouygues Immobilier): €12 million

Programming schedules for future years not yet recognised

The maturities of broadcasting and sports transmission rights contracts (see Note 2 for details) are as follows:

	Maturity within less than 1 year	within 1-5 years	after more than 5 years	Total 2007	Total 2006
• Programmes and broadcasting rights[a]	463	754	120	**1,337**	1,290
• Sports transmission rights	222	499	91	**812**	951
Total	**685**	**1,253**	**211**	**2,149**	**2,241**

(a) Some of these contracts are denominated in foreign currencies: €7.8 million in CHF, €36.9 million in GBP and €405.7 million in USD.

4.2 Advances and down-payments on orders 363

	31 December 2007 Gross value	Impairment	Carrying amount	31 December 2006 Gross value	Impairment	Carrying amount
Advances and down-payments on orders	367	(4)	**363**	337	(4)	**333**

4.3 Trade receivables, tax assets and other receivables 9,277

	31 December 2006 Gross value	Impairment	Carrying amount	31 December 2006 Gross value	Impairment	Carrying amount
Trade receivables (including unbilled receivables)	7,250	(339)	**6,911**	6,586	**(334)**	**6,252**
Current tax assets (tax receivable)	84	(3)	**81**	42	**(2)**	**40**
Other receivables and prepaid expenses:						
• Other operating receivables (employees, social security, government & other)	1,519	(35)	**1,484**	1,377	(23)	**1,354**
• Sundry receivables	694	(85)	**609**	528	(96)	**432**
• Prepaid expenses	192		**192**	166		**166**
Sub-total	2,405	(120)	**2,285**	2,071	(119)	**1,952**
Total	**9,739**	**(462)**	**9,277**	**8,699**	**(455)**	**8,244**

As required under IFRS 7, applicable from 2007 onwards, the table below shows the age of trade receivables.

Split of trade receivables between non-past due and past due balances as of 31 December 2007

	Non-past due balances	Balances past due by: 0-6 months	6-12 months	> 12 months	Total
Trade receivables	5,056	1,592	244	358	7,250
Impairment of trade receivables	(8)	(66)	(51)	(214)	(339)
Carrying amount of trade receivables	**5,048**	**1,526**	**193**	**144**	**6,911**

An analysis of unimpaired trade receivables more than 12 months past due revealed no additional credit risk (recoverable VAT, offset with trade creditors, etc.).

4.4 Financial instruments (assets) 38

See Note 17, Financial instruments.

4.5 Cash and equivalents 3,386

Cash and equivalents	31 December 2007			31 December 2006		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Cash	905		**905**	669		669
Short-term investment securities	2,487	(6)	**2,481** [1]	3,110	(3)	3,107
Total	**3,392**	**(6)**	**3,386**	**3,779**	**(3)**	**3,776**

- Bouygues SA holds €2,268 million of these short-term investment securities.
- Investments are placed by the Group with high-quality French and foreign banks.
- Cash equivalents are readily convertible into cash.

(1) Short-term investment securities are mainly classified as available-for-sale.

Net cash and equivalents as shown in the cash flow statement comprise the following items:

	31/12/2007	31/12/2006
Assets		
Cash	905	669
Short-term investment securities	2,481	3,107
Sub-total	3,386	3,776
Liabilities		
Overdrafts and short-term bank borrowings	(276)	(247)
Sub-total	(276)	(247)
Total	**3,110**	**3,529**

Split of cash and equivalents by currency at 31 December 2007	Euro	Pound sterling	Swiss franc	Other European currencies	US dollar	Other	Total
Cash	478	45	32	84	41	225	**905**
Short-term investment securities	2,470			2		9	**2,481**
Financial instruments							
Overdrafts and short-term bank borrowings	(233)			(9)		(34)	**(276)**
Total 2007	**2,715**	**45**	**32**	**77**	**41**	**200**	**3,110**
Total 2006	**3,281**	**33**	**48**	**(1)**	**24**	**144**	**3,529**

Note 5 • Consolidated shareholders' equity

5.1 Share capital of Bouygues SA (in euros) €347,502,578

As at 31 December 2007, the share capital of Bouygues SA consisted of 347,702,578 shares. Movements in the year ended 31 December 2007 were as follows:

		Movements during 2007		
	1 January 2007	Reductions	Increases	31 December 2007
Shares	334,777,583	(5,019,768)	17,744,763	347,502,578
Investment certificates				
Number of shares/certificates	**334,777,583**	**(5,019,768)**	**17,744,763**	**347,502,578**
Par value	€1			€1
Share capital (in euros)	**334,777,583**	**(5,019,768)**	**17,744,763**	**347,502,578**

5.2 Shareholders' equity as at 31 December 2007 attributable to the Group and to minority interests

	Share capital	Share premium	Reserves related to capital	Retained earnings	Consolidated reserves & profit for year	Treasury shares	Items recognised directly in equity	Total 31/12/2007
Attributable to the Group	348	2,140	805	438	3,213	(22)	69	**6,991**
Minority interests					1,216		(2)	**1,214**
Total shareholders' equity	**348**	**2,140**	**805**	**438**	**4,429**	**(22)**	**67**	**8,205**

5.3 Analysis of income and expense recognised directly in equity (change in the period)

	Ref.	Year ended 31/12/2007	Year ended 31/12/2006
Translation differences	1	**(36)**	**(36)**
Fair value remeasurements (financial instruments)	2	**29**	**56**
Actuarial gains/(losses)	3	**66**	**10**
Taxes on items recognised directly in equity		**11**	**(22)**
Other movements during the period		**2**	**(16)**
		72	**(8)**
		minority interests	minority interests
Other income and expenses		**(3)**	**(4)**
Total		**69**	**(12)**

These items are reported in the statement of recognised income and expense.

5.3.1 Translation differences

Principal translation differences in the year ended 31 December 2007 arising on foreign companies reporting in:

	31/12/2006	Movement in 2007	31/12/2007
US dollars	(11)	(29)	(40)
Canadian dollars	2	8	10
Other currencies	17	(15)	2
Total	**8**	**(36)**	**(28)**

5.3.2 Fair value remeasurements (portion attributable to the Group)

Amounts recognised directly in equity on the remeasurement of financial instruments and available-for-sale financial assets at fair value

	31/12/2006	Movement in 2007	31/12/2007
Gross movement during the year	86	29[(1)]	115

(1) Mainly financial instruments contracted by concession companies and currency hedging instruments

5.3.3 Actuarial gains and losses on employee benefits (IAS 19) (portion attributable to the Group)

(*)	31/12/2006	Movement in 2007	31/12/2007
1 January 2006			
Change in accounting policy	(8)		
1 January 2006, restated	(8)		
Gross movement during the year	**(8)**	66	**58**

(*) Restated following retrospective application of the change in accounting policy for defined-benefit post-employment plans (see Note 2)

5.4 Analysis of "Other transactions with shareholders"

Share-based payment (IFRS2): impact on consolidated shareholders' equity

	2006	2007	(charged to "Personnel costs")
TF1 and Bouygues SA stock options			
• Transfer to reserves			
- TF1	2	2	Portion attributable to the Bouygues group
- Bouygues SA	9	16	Based on plans granted since November 2002
Consolidated expense	**11**	**18**	
2007 employee share ownership plans			
• Bouygues Partage	4	23	(a)
• Bouygues Confiance 4		27	(a)
Total	**15**	**68**	

(a) Fair value of the employee benefit

5.5 Analysis of acquisitions of treasury shares

Treasury shares held	31/12/2006	Acquisitions	Cancellations (capital reduction)	31/12/2007
By Bouygues SA	(69)	(225)	272	(22)
Under a liquidity agreement	(6)	(22)		(28)
Total	**(75)**	**(247)**	**272**	**(50)**

Note 6 • Non-current and current provisions

6.1 Non-current provisions = 1,493

	Long-term employee benefits[1]	Litigation and claims[2]	Guarantees given[3]	Other non-current provisions[4]	Total
1 January 2006	**368**	**309**	**232**	**356**	**1,265**
Changes in accounting policy	20			15	**35**
1 January 2006*	**388**	**309**	**232**	**371**	**1,300**
Movements in 2006					
Translation adjustments			(1)	(1)	**(2)**
Transfers between items	1	(5)	1	11	**8**
Changes in scope of consolidation	(1)		4	4	**7**
Actuarial gains and losses	(11)				**(11)**
Charges to provisions	45	126	90	132	**393**
Provisions utilised	(14)	(28)	(42)	(50)	**(134)**
Provisions no longer required	(2)	(69)	(16)	(33)	**(120)**
31 December 2006	**406**	**333**	**268**	**434**	**1,441**
Movements in 2007					
Translation adjustments	(2)		(2)		**(4)**
Transfers between items	5			(7)	**(2)**
Changes in scope of consolidation	13	6	2	8	**29**
Actuarial gains and losses	(16)				**(16)**
Charges to provisions	55	96	98	110	**359**
Provisions utilised	(28)	(87)	(47)	(47)	**(209)**
Provisions no longer required	(8)	(53)	(23)	(21)	**(105)**
31 December 2007	**425**	**295**	**296**	**477**	**1,493**

(*) Restatement of €20 million following retrospective application of the change in accounting policy for defined-benefit post-employment plans (see Note 2)

				Principal segments involved:	
(1)	***Long-term employee benefits***		***425***	*- Bouygues Construction*	*103*
	Lump-sum retirement benefits	*294*		*- Colas*	*225*
	Long-service awards	*98*		*- TF1*	*34*
	Other long-term employee benefits	*33*			
(2)	***Litigation and claims***		***295***	*- Bouygues Construction*	*132*
	Provisions for customer disputes	*154*		*- Bouygues Immobilier*	*41*
	Subcontractor claims	*33*		*- Colas*	*110*
	Employee-related litigation and claims	*19*			
	Other litigation and claims	*89*			
(3)	***Guarantees given***		***296***	*- Bouygues Construction*	*190*
	Provisions for guarantees given	*205*		*- Bouygues Immobilier*	*17*
	Additional building, civil engineering/ civil works guarantees	*91*		*- Colas*	*89*
(4)	***Other non-current provisions***		***477***	*- Bouygues Construction*	*141*
	Risks related to official inspections	*151*		*- Colas*	*166*
	Provisions for miscellaneous foreign risks	*23*		*- Bouygues Telecom*	*62*
	Provisions for subsidiaries and affiliates	*24*			
	Provisions for contractual obligations	*8*			
	Provisions for site rehabilitation costs	*95*			
	Other non-current provisions	*176*			

6.2 Current provisions = 597

Provisions relating to the operating cycle (see Note 2)

	Provisions for customer warranties	Provisions for project risks and project completion	Provisions for losses to completion	Provisions for business customer loyalty programmes (Bouygues Telecom)	Other current provisions	Total
1 January 2006	**31**	**153**	**132**	**174**	**186**	**676**
Changes in accounting policy				(159)		(159)
1 January 2006	**31**	**153**	**132**	**(*) 15**	**186**	**517**
Movements in 2006						
Translation adjustments		(3)	(1)			(4)
Transfers between items	(1)	(1)	(10)		(18)	(30)
Changes in scope of consolidation	(1)	(6)	3		(3)	(7)
Charges to provisions	24	69	74	(*) 154	100	421
Provisions utilised	(14)	(28)	(72)	(157)	(55)	(326)
Provisions no longer required	(3)	(19)	(14)	(1)	(10)	(47)
31 December 2006	**36**	**165**	**112**	**11**	**200**	**524**
Movements in 2007						
Translation adjustments	(1)	(3)	(2)			(6)
Transfers between items		1	1		4	6
Changes in scope of consolidation	1	2	13		8	24
Charges to provisions	36	76	80	2	100	294
Provisions utilised	(17)	(41)	(61)		(73)	(192)
Provisions no longer required	(5)	(19)	(12)		(17)	(53)
31 December 2007	**50**	**181**(1)	**131**(3)	**13**	**222**(2)	**597**

		Principal segments involved:	
(1) Including:			
- provisions for risks on completed projects:	*85*	*- Bouygues Construction*	*129*
- provisions for final settlement on projects:	*96*	*- Colas*	*52*
(2) Including:			
- reinsurance costs:	*22*	*- Challenger Réassurance*	*21*
- other current provisions:	*129*	*- Bouygues Construction*	*45*
- site rehabilitation (current portion)	*16*	*- Bouygues Immobilier*	*36*
- rental guarantees (Bouygues Immobilier)	*12*	*- Colas*	*44*
- film co-financing (TF1)	*11*	*- TF1*	*49*
- current customer litigation/vendor's liability guarantee (TF1)	*32*		

(3) Relates to the Construction segment: Bouygues Construction €67 million, Bouygues Immobilier €11 million and Colas €53 million (Individual project provisions are not disclosed for confidentiality reasons)

(*) Restatement of -€159 million as at 1 January 2006 following retrospective application of the change in accounting policy for the retail customer loyalty programme (IFRIC 13) => see Note 2

Note 7 • Non-current tax assets/liabilities 225/84

7.1 Non-current tax assets

	31/12/2006	Movement	31/12/2007
Deferred tax assets	**250**		
Change in accounting policy	(55)(2)		
Deferred tax assets	**195**(1)	**30**	**225**
• Bouygues Telecom(3)	6	**2**	8
• Other segments	189	**28**	217(4)
Non-current tax receivable	**21**	**(21)**	**0**
Total non-current tax assets	**216**	**9**	**225**

(1) Restatement at 1 January 2006 following change in accounting policy: -€55 million (Bouygues Telecom: -€58 million); see Note 2
(2) of which Bouygues Telecom -€58 million
(3) Bouygues Telecom: the balance consists of deferred tax assets on temporary differences
(4) of which Colas €86 million, Bouygues Construction €78 million

7.2 Non-current tax liabilities

	31/12/2006	Movement	31/12/2007
Deferred tax liabilities	75	9	84
Other non-current tax liabilities	0	0	0
Total non-current tax liabilities	**75**	**9**	**84**

7.3 Deferred tax assets and liabilities by business segment

Type of deferred taxation by business segment	Net deferred tax asset/liability at 31/12/2006	Changes in scope of consolidation	Translation adjustment	Movements during 2007		Other items	Net deferred tax asset/liability at 31/12/2007[2]
				Gain	Expense		
A - Tax losses available for carry-forward							
Bouygues Construction	6	1			(2)		**5**
Bouygues Immobilier	0						**0**
Colas	9				(1)		**8**
TF1	9						**9**
Bouygues Telecom	0						**0**
Bouygues SA and other activities	0						**0**
Sub-total	**24**	**1**	**0**	**0**	**(3)**	**0**	**22**
B - Temporary differences							
Bouygues Construction	57	2		12			**71**
Bouygues Immobilier	27	(3)		8		(1)	**31**
Colas	0	(2)		14	(8)		**4**
TF1	9	(2)		8	(3)		**12**
Bouygues Telecom	6			2		0	**8**
Bouygues SA and other activities	(3)			3	(16)	9	**(7)**
Sub-total	**96[1]**	**(5)**	**0**	**47**	**(27)**	**8**	**119**
Total	**120**	**(4)**	**0**	**47**	**(30)**	**8**	**141[3]**

(1) Restatement at 1 January 2006 following change in accounting policy: -€55 million; see Note 7.1

(2) Main sources of deferred taxation:

	2007	**2006**
- Deferred tax assets on employee benefits (mainly lump-sum retirement benefits)	*122*	*113*
- Deferred tax on temporarily non-deductible provisions	*163*	*50*
- Restricted provisions booked solely for tax purposes	*(209)*	*(119)*
- Other	*65*	*76*
	141	*120*

(3) Net deferred tax assets:
- Deferred tax assets : €225 million
- Deferred tax liabilities : €84 million

7.4 Period to recovery of deferred tax assets

31 December 2007	Less than 2 years	2 to 5 years	Over 5 years	Total
Period to recovery of deferred tax assets	126	66	33	**225**

7.5 Unrecognised deferred tax assets

Amount of deferred tax assets not recognised due to low probability of recovery at end 2007 (mainly tax loss carry-forwards):

	31/12/2006	Movements during 2007	31/12/2007
Bouygues Construction	56	(7)	49
Bouygues Immobilier	17	4	21
Colas	20	3	23
TF1	41	(7)	34
Bouygues Telecom		0	
Other	18	(10)	8
Total unrecognised deferred tax assets	**152**	**(17)**	**135**

Note 8 • Non-current and current debt 7,395

Non-current debt	**7,067**
Current debt	**328**

8.1 Interest-bearing debt by maturity

	Current debt 2008	Non-current debt						Total non-current debt 31/12/2007	Total 31/12/2006
		1 to 2 years 2009	2 to 3 years 2010	3 to 4 years 2011	4 to 5 years 2012	5 to 6 years 2013	6 or more years 2014 & later		
Bond issues	142	1,004	495	747		1,148	3,166	**6,560**	**6,564**
Bank borrowings	145	235	53	14	14	5	59	**380**	**177**
Finance lease obligations	22	18	15	10	4	2	5	**54**	**56**
Other debt	19	36	7	20	4	1	5	**73**	**47**
Total interest-bearing debt	**328**	**1,293**	**570**	**791**	**22**	**1,156**	**3,235**	**7,067**	**6,844**
Comparative at 31/12/2006	**867**	**60**	**1,105**	**536**	**771**	**13**	**4,359**		**6,844**

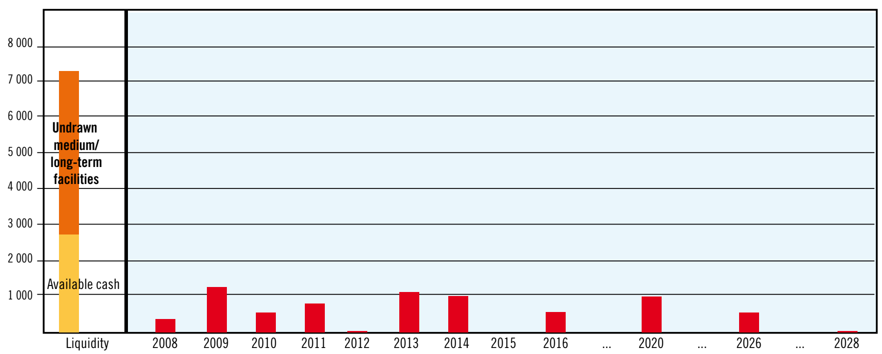
Finance lease obligations by business segment	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
Non-current, 31 December 2007	2		34	2	16		**54**
Current, 31 December 2007	1		18	1	2		**22**
Non-current, 31 December 2006			**35**	**2**	**19**		**56**
Current, 31 December 2006			**20**	**1**	**3**		**24**

8.2 Confirmed credit facilities and drawdowns

Description	Confirmed facilities - Maturity				Drawdowns - Maturity			
	Less than 1 year	1 to 5 years	Over 5 years	Total	Less than 1 year	1 to 5 years	Over 5 years	Total
Bond issues (primarily Bouygues SA)	142	2 246	4,314	**6,702**	142	2,246	4,314	**6,702**
Bank borrowings	581	4,121	83	**4,785**	145	316	64	**525**
Other borrowings	41	114	13	**168**	41	114	13	**168**
Total credit facilities	**764**	**6,481**	**4,410**	**11,655**	**328**	**2,676**	**4,391**	**7,395**

8.3 Liquidity at 31 December 2007

As at 31 December 2007, available cash stood at €3,106 million (including -€3 million of financial instruments contracted to hedge net debt). The Group also had €4,260 million of undrawn confirmed medium-term credit facilities as at the same date.



Consequently, the Group has no exposure to liquidity risk.
The credit facilities contracted by Bouygues contain no financial covenants or trigger events, and nor do those used by Bouygues subsidiaries.
The 10-year bond issue maturing May 2016, the 7-year bond issue maturing May 2013 and the 20-year sterling bond issue maturing 2026 all contain a change of control clause relating to Bouygues SA.

8.4 Split of current and non-current debt by interest rate type

Split of current and non-current debt, including the effect of all open interest rate hedging contracts at the balance sheet date:

	31/12/2007	31/12/2006
• Fixed rate[1]	89%	87%
• Variable rate	11%	13%

(1) Rates fixed for more than one year

8.5 Interest rate risk

The split of financial assets and financial liabilities by interest rate type at 31 December 2007 was as follows:

	Variable rate	Fixed rate	Total
Financial liabilities	695	**6,699**	**7,394**
Financial assets*	3,106		**3,106**
Net position before hedging	(2,411)	**6,699**	**4,288**
Interest rate hedges	(114)	**114**	
Net position after hedging	**(2,525)**	**6,813**	**4,288**
Adjustment for seasonal nature of certain activities	250		
Net position after hedging and adjustment	**(2,275)**		

(*) Includes -€3 million for the fair value of financial instruments contracted to hedge net debt

An immediate 1% rise in short-term interest rates would reduce net interest expense by €22.75 million over a full year.

8.6 Split of current and non-current debt by currency

	Europe						
	Euro	Pound Sterling	Other currencies	US dollar	CFA franc	Other currencies	Total
Non-current, 31/12/07	6,258	663	86	1	28	31	**7,067**
Current, 31/12/07	293	7	21		3	4	**328**
Non-current, 31/12/06	6,105	650	19	13	31	26	**6,844**
Current, 31/12/06	833	2	16	1	5	10	**867**

An analysis of net debt by business segment is provided in Note 16.

Note 9 • Main components of change in net debt (4,288)

9.1 Change in net debt

	31/12/2006	Movements during 2007	31/12/2007
Cash and equivalents	3,776	(390)	**3,386**
Overdrafts and short-term bank borrowings	(247)	(29)	**(276)**
Net cash and equivalents	**3,529**	**(419)[1]**	**3,110**
Non-current debt	(6,844)	(223)	**(7,067)**
Current debt	(867)	539	**(328)**
Financial instruments, net	6	(9)	**(3)**
Gross debt	**(7,705)**	**307**	**(7,398)**
Net debt	**(4,176)**	**(112)**	**(4,288)**

(1) Net cash and equivalents as analysed in the 2007 cash flow statement (net cash flows + non-monetary movements)

9.2 Principal transactions in the year ended 31 December 2007

Net debt at 31 December 2006	**(4,176)**
Acquisition of additional 4.91% interest in Alstom	(961)
Other acquisitions of investments (Colas Rail, Mibag, AB Group, etc), net of disposals	(693)
Bouygues SA share issues (including Bouygues Partage and Bouygues Confiance 4 share ownership plans)	406
Dividends paid (Bouygues SA, minorities, etc)	(568)
Purchase of treasury shares, net of exercise of stock options	(90)
Other changes in scope of consolidation and miscellaneous financial transactions	78
Operating and other items	1,716
Net debt at 31 December 2007	**(4,288)**

Sign convention: cash and equivalents positive, debt negative

Note 10 • Current liabilities 16,579

Breakdown of current liabilities

	31/12/2007	31/12/2006
Advances and down-payments received	1,419	958
Debt (amount due within one year)[1]	328	867
Current taxes payable	223	144
Trade payables	7,442	6,744
Current provisions[2]	597	524
Other current liabilities, deferred income and similar		
Other operating liabilities (employees, Social Security, government)	2,592	2,298
Deferred income	1,600	1,217
Other non-financial liabilities	2,076	1,801
Overdrafts and short-term bank borrowings	276	247
Other current financial liabilities	26	10
Total	**16,579**	**14,810**

(1) See analysis in Note 8
(2) See analysis in Note 6.2

Note 11 • Analysis of sales and other revenues from operations

11.1 Analysis by accounting classification

	2007	2006
Sales of goods	2,660	2,496
Sales of services	11,409	10,104
Construction contracts	15,544	13,808
Sales	**29,613**	**26,408**
Royalties		2
Other revenues from operations	137	178
Other revenues from operations	**137**	**180**
Total	**29,750**	**26,588**

There were no material exchanges of goods or services in the year ended 31 December 2007.

Information about construction contracts

	Bouygues Construction	Colas	Total
Unbilled works	295	360	655
Warranty retentions	63	51	114
Works billed in advance	(1,157)	(307)	(1,464)
Advance payments received	(601)	(85)	(686)

11.2 Analysis by business segment

Sales reported by fully-consolidated companies include accounting revenues from works contracts and sales of goods and services.

Segment	2007 sales				2006 sales			
	France	International	Total	%	France	International	Total	%
Construction	4,743	3,345	8,088	27	4,063	2,617	6,680	25
Property	1,940	134	2,074	7	1,390	218	1,608	6
Roads	6,898	4,742	11,640	40	6,239	4,443	10,682	41
Media	2,445	302	2,747	9	2,361	278	2,639	10
Telecoms	4,780		4,780	16	4,525		4,525	17
Bouygues SA & other activities	4	280	284	1	5	269	274	1
Consolidated sales	**20,810**	**8,803**	**29,613**	**100**	**18,583**	**7,825**	**26,408**	**100**
% change vs. 2006	**12%**	**12%**	**12%**					

11.3 Analysis by geographical area

	2007 sales		2006 sales	
	Total	%	Total	%
France	20,810	70	18,583	70
European Union (27 members)	3,506	12	2,960*	11
Rest of Europe	840	3	860	3
Africa	1,304	4	1,034	4
Middle East	140	1	77	0
United States and Canada	2,102	7	2,067	8
Central and South America	211	1	154	1
Asia-Pacific	700	2	673	3
Total	**29,613**	**100**	**26,408**	**100**

(*) Including Romania and Bulgaria

11.4 Split by type of contract, France/International (%)

	2007			2006		
	France	International	Overall	France	International	Overall
Public-sector contracts[1]	30	49	35	31	48	36
Private-sector contracts	70	51	65	69	52	64

(1) Sales billed directly to government departments or local authorities (mainly works and maintenance contracts) in France and abroad

Note 12 • Operating profit 2,181

	2007		2006	
Current operating profit				
Sales		29,613		26,408
Other revenues from operations		137		180
Purchases used in production and external charges		(20,314)		(18,197)
Taxes other than income tax		(600)		(585)
Personnel costs		(5,968)		(5,278)
Net depreciation, amortisation, provisions and impairment				
Depreciation and amortisation		(1,245)		(1,190)
Net charge to provisions and impairment losses		(419)		(372)*
Changes in production & property development inventories		379		471
Other operating income and expenses		580		496
Reversals of provisions no longer required[1]	226		216	
Net gain on disposals of non-current assets	69		98	
Other income and expenses	*285*		*182*	
Current operating profit		**2,163**		**1,933***
Non-current operating income and expenses		18		(44)
Operating profit		**2,181**		**1,889***

See Note 16 for an analysis by business segment.

(*) Includes restatement of +€12 million following retrospective application of the change in accounting policy relating to the provision for the retail customer loyalty programme

(1) Reversals of provisions no longer required relate mainly to claims and disputes settled with an outcome favourable to the Bouygues group

Note 13 • Cost of net debt (235)

Components of cost of net debt

	2007	2006
Net debt	(238)	(198)
Finance leases	(2)	(4)
Financial instruments	5	2
Total	**(235)**	**(200)**

Note 14 • Income tax expense (633)

14.1 Analysis of income tax expense

	2007			2006		
	France	Other countries	Total	France	Other countries	Total
Tax payable to the tax authorities	(491)	(160)	(651)	(327)	(133)	(460)
Change in deferred tax liabilities	(3)	(4)	(7)	14	(1)	13
Change in deferred tax assets	14	11	25	(110)(1)*	(2)	(112)*
Total	**(480)**	**(153)**	**(633)**	**(423)**	**(136)**	**(559)***

(1) Includes Bouygues Telecom deferred tax assets written back

(*) Includes restatement of -€4 million following retrospective application of the change in accounting policy relating to the provision for the retail customer loyalty programme

See Note 16 for an analysis by business segment.

14.2 Tax proof (reconciliation between standard tax rate and effective tax rate)

Differences between the standard corporate income tax rate applicable in France and the effective tax rate based on the consolidated financial statements are as follows:

	2007	2006
• **Net profit (100%)**	1,593	1,590
Eliminations:		
Income tax expense	633	559
Net profit of discontinued and held-for-sale operations	0	(364)
Share of profits and losses of associates	(257)	(118)
• **Net profit from continuing operations before tax**	**1,969**	**1,667**
Standard tax rate in France	34.43%	34.43%
Recognition and utilisation of tax loss carry-forwards	(0.73%)	0.49%
Effect of permanent differences	(0.70%)	(0.32%)
Flat-rate taxes, dividend taxes and tax credits	0.62%	0.65%
Taxes at rates not linked to profits: differences in tax rates, long-term capital gains, foreign taxes	(1.45%)	(1.75%)
• **Effective tax rate**	**32.17%**	**33.50%**

Note 15 • Net profit from continuing operations and diluted earnings per share

15.1 Net profit from continuing operations

Net profit from continuing operations for the period was €1,593 million, with the portion attributable to the Bouygues group rising by 32%. This figure excludes the 2006 gains on the divestment of TPS and BTC (discontinued or held-for-sale operations), and breaks down as follows:

	2007	2006	Change
Net profit from continuing operations (100%)	1,593	1,226	30%
Minority interest in net profit from continuing operations	(217)	(180)	21%
Net profit from continuing operations attributable to the Group	**1,376**	**1,046**	**32%**

15.2 Basic and diluted earnings per share

Earnings per share before dilution (basic earnings per share) is obtained by dividing net profit attributable to the Group by the weighted average number of shares outstanding during the year, excluding the average number of ordinary shares bought and held as treasury shares.

	2007	2006
Net profit attributable to the Group (€m)	1,376	1,254*
Weighted average number of shares outstanding	338,921,348	335,953,459
Basic earnings per share (in euros)	**4.06**	**3.73**

(*) Includes restatement of +€8 million following retrospective application of the change in accounting policy relating to the provision for the retail customer loyalty programme

Diluted earnings per share is calculated by reference to the weighted average number of shares outstanding, adjusted for the conversion of all potentially dilutive shares (i.e. stock subscription options legally and effectively exercisable at the balance sheet date).

	2007	2006
Net profit used to calculate diluted earnings per share	1,376	1,254
Weighted average number of shares outstanding	338,921,348	335,953,459
Adjustment for potentially dilutive effect of stock options	10,433,177	10,353,752
Diluted earnings per share (in euros)	**3.94**	**3.62**

Note 16 • Segment information

Segment information is provided in two forms: **1- By business segment:** Construction (Bouygues Construction); Property (Bouygues Immobilier); Roads (Colas); Media (TF1); Telecoms (Bouygues Telecom); Bouygues SA and other activities **2- By geographical area:** France, Europe (Rest of Europe), Africa, Asia-Pacific, Americas, Middle East (sales are allocated by the location where the sales are generated, and property, plant and equipment by location of the asset). Inter-segment sales are generally conducted on an arm's length basis.

16.1 Analysis by business segment - year ended 31 December 2007

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total 2007
INCOME STATEMENT							
Total sales	8,340	2,075	11,673	2,764	4,796	462	**30,110**
Inter-segment sales	(252)	(1)	(33)	(17)	(16)	(178)	**(497)**
Third-party sales	**8,088**	**2,074**	**11,640**	**2,747**	**4,780**	**284**	**29,613**
Net depreciation and amortisation expense	(127)	(5)	(413)	(88)	(579)	(33)	**(1,245)**
Net charges to provisions	(142)	(38)	(151)	(40)	(34)	(14)	**(419)**
Current operating profit	**293**	**210**	**637**	**305**	**746**	**(28)**	**2,163**
Non-current operating income and expenses	21		(3)				**18**
Operating profit	**314**	**210**	**634**	**305**	**746**	**(28)**	**2,181**
Cost of net debt	79	(10)	(10)	(21)	3	(276)	**(235)**
Income tax expense	(122)	(60)	(209)	(93)	(256)	107	**(633)**
Share of profits and losses of associates	7		62	8		180	**257**
Net profit from continuing operations	**289**	**128**	**481**	**228**	**492**	**(25)**	**1,593**
Net profit of discontinued and held-for-sale operations							
Net profit	**289**	**128**	**481**	**228**	**492**	**(25)**	**1,593**
Net profit attributable to the Group	**287**	**124**	**457**	**98**	**440**	**(30)**	**1,376**
BALANCE SHEET							
Property, plant and equipment	496	12	2,184	158	2,332	382	**5,564**
Intangible assets	58	3	71	208	727	6	**1,073**
Goodwill	326		1,052	1,094	2,651		**5,123**
Deferred tax assets and non-current tax receivables	78	33	86	22	8	(2)	**225**
Investments in associates	83		474	253		3,583	**4,393**
Other non-current assets	154	18	162	692	4	193	**1,223**
Cash and equivalents	473	162	372	39	16	2,324	**3,386**
Unallocated assets							**12,441**
Total assets							**33,428**
Non-current liabilities	356	116	149	618	17	5,811	**7,067**
Non-current provisions	566	86	590	48	96	107	**1,493**
Deferred tax liabilities and non-current tax liabilities	2	3	74	1		4	**84**
Current financial liabilities	6	117	45	10	5	145	**328**
Overdrafts and short-term bank borrowings	(2,339)	(68)	(172)	5	(194)	3,044	**276**
Unallocated liabilities							**24,180**
Total liabilities							**33,428**
Net debt[1]	2,450	(2)	347	(597)	188	(6,674)	**(4,288)**
CASH FLOW STATEMENT							
Operating cash flow before changes in working capital	410	205	1,098	394	1,330	82	**3,519**
Net acquisitions of property, plant and equipment and intangible assets	(299)	(7)	(624)	(129)	(596)	(24)	**(1,679)**
Net acquisitions of investments in consolidated companies and other investments	(70)	(32)	(338)	(231)	(9)	(1,415)	**(2,095)**
OTHER INDICATORS							
EBITDA	463	227	1,143	426	1,332	10	**3,601**
Free cash flow	68	128	254	151	480	(109)	**972**

(1) Contribution at business segment level, including Bouygues Relais and Uniservice current accounts (these inter-segment accounts are eliminated in the "Bouygues SA & other activities" column)
Sign convention: cash and equivalents positive, debt negative

16.2 Analysis by business segment - Year ended 31 December 2006

	Construction	Property	Roads	Media	Telecoms(2)	Bouygues SA & other activities	Total 2006(2)
INCOME STATEMENT							
Total sales	6,923	1,608	10,716	2,654	4,539	542	**26,982**
Inter-segment sales	(243)		(34)	(15)	(14)	(268)	**(574)**
Third-party sales	**6,680**	**1,608**	**10,682**	**2,639**	**4,525**	**274**	**26,408**
Net depreciation and amortisation expense	(103)	(2)	(369)	(86)	(595)	(35)	**(1,190)**
Net charges to provisions	(117)	(4)	(134)	(30)	(66)	(21)	**(372)**
Current operating profit	**305**	**176**	**524**	**301**	**593**	**34**	**1,933**
Non-current operating income and expenses	(43)		4			(5)	**(44)**
Operating profit	**262**	**176**	**528**	**301**	**593**	**29**	**1,889**
Cost of net debt	51	(1)	(15)	(12)	(9)	(214)	**(200)**
Income tax expense	(119)	(56)	(168)	(99)	(195)	78	**(559)**
Share of profits and losses of associates	8		54	13		43	**118**
Net profit from continuing operations	**211**	**109**	**402**	**198**	**389**	**(83)**	**1,226**
Net profit of discontinued and held-for-sale operations				254	110		**364**
Net profit	**211**	**109**	**402**	**452**	**499**	**(83)**	**1,590**
Net profit attributable to the Group	**210**	**107**	**382**	**194**	**448**	**(87)**	**1,254**
BALANCE SHEET							
Property, plant and equipment	372	9	1,835	152	2,273	398	**5,039**
Intangible assets	20	3	61	157	771	10	**1,022**
Goodwill	224		827	1,085	2,645		**4,781**
Deferred tax assets and non-current tax receivables(3)	65	30	72	22	7	20	**216**
Investments in associates	66		422	40		2,412	**2,940**
Other non-current assets	87	16	144	657	3	180	**1,087**
Cash and equivalents	344	96	272	275	9	2,780	**3,776**
Unallocated assets							**10,904**
Total assets							**29,765**
Non-current liabilities	230	38	137	506	18	5,915	**6,844**
Non-current provisions(3)	584	86	523	46	99	103	**1,441**
Deferred tax liabilities and non-current tax liabilities	3	2	63	5		2	**75**
Current financial liabilities	4	79	32	145	6	601	**867**
Overdrafts and short-term bank borrowings	(1,949)	(46)	(306)	3	(82)	2,627	**247**
Unallocated liabilities							**20,291**
Total liabilities							**29,765**
Net debt(1)	2,059	26	410	(379)	67	(6,359)	**(4,176)**
CASH FLOW STATEMENT							
Operating cash flow before changes in working capital	437	163	942	380	1,210	19	**3,151**
Net acquisitions of property, plant and equipment and intangible assets	(206)	(4)	(527)	(78)	(611)	(178)	**(1,604)**
Net acquisitions of investments in consolidated companies and other investments	(169)	11	(54)	(42)	121	(2,314)	**(2,447)**
OTHER INDICATORS							
EBITDA	430	161	976	412	1,229	71	**3,279**
Free cash flow	163	102	232	191	394	(294)	**788**

(1) Contribution at business segment level, including Bouygues Relais and Uniservice current accounts (these inter-segment accounts are eliminated in the "Bouygues SA & other activities" column). Sign convention: cash and equivalents positive, debt negative
(2) Restated following retrospective application of change in accounting policy relating to the provision for the retail customer loyalty programme. Impact on net profit: +€8 million
(3) Restated following retrospective change in accounting policy relating to defined-benefit post-employment benefits

16.3 Analysis by geographical area

Year ended 31 December 2007	France[2]	European Union (27 members)	Rest of Europe	Africa	Asia-Pacific	Americas	Middle East	Total
Income statement								
Third-party sales	20,810	3,506	840	1,304	700	2,313	140	**29,613**
Balance sheet								
Property, plant and equipment[1]	4,289	408	74	276	56	458	3	**5,564**
Intangible assets	1,021	35	2	7		8		**1,073**
Unallocated assets								**26,791**
Total assets								**33,428**
Cash flow statement								
Purchase price of property, plant and equipment and intangibles	(1,351)	(128)	(15)	(138)	(25)	(129)	(1)	**(1,787)**

(1) Includes assets held under finance leases. (2) Includes French overseas departments.

Year ended 31 December 2006	France[2]	European Union (27 members)	Rest of Europe	Africa	Asia-Pacific	Americas	Middle East	Total
Income statement								
Third-party sales	18,583	2,960	860	1,034	673	2,221	77	**26,408**
Balance sheet								
Property, plant and equipment[1]	3,880	345	118	203	56	434	3	**5,039**
Intangible assets	967	28	8	10	1	8		**1,022**
Unallocated assets								**23,704**
Total assets								**29,765**
Cash flow statement								
Purchase price of property, plant and equipment and intangibles	(1,312)	(110)	(31)	(65)	(29)	(150)	(3)	**(1,700)**

(1) Includes assets held under finance leases. (2) Includes French overseas departments.

16.4 Income statement by function

Year ended 31 December 2007	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
Consolidated sales	**8,088**	**2,074**	**11,640**	**2,747**	**4,780**	**284**	**29,613**
Cost of sales	(6,881)	(1,674)	(10,009)	(2,022)	(3,365)	(256)	**(24,207)**
Gross profit	**1,207**	**400**	**1,631**	**725**	**1,415**	**28**	**5,406**[(1)]
Research and development expenses	(10)	(2)	(67)	(16)	(24)	(1)	**(120)**
Selling expenses	(371)	(130)		(151)	(191)		**(843)**
Administrative expenses	(538)	(58)	(925)	(253)	(454)	(43)	**(2,271)**
Goodwill impairment			(2)				**(2)**
Other current operating income & expenses	5					(12)	**(7)**
Current operating profit	**293**	**210**	**637**	**305**	**746**	**(28)**	**2,163**

(1) Gross margin rate = 18.3%

2006	Construction	Property	Roads	Media	Telecoms[(3)]	Bouygues SA & other activities	Total[(3)]
Consolidated sales	**6,680**	**1,608**	**10,682**	**2,639**	**4,525**	**274**	**26,408**
Cost of sales	(5,609)	(1,277)	(9,244)	(1,973)	(3,314)	(226)	**(21,643)**
Gross profit	**1,071**	**331**	**1,438**	**666**	**1,211**	**48**	**4,765**[(2)]
Research and development expenses	(8)	(2)	(61)	(8)	(22)	(1)	**(102)**
Selling expenses	(333)	(100)		(141)	(155)		**(729)**
Administrative expenses	(438)	(53)	(848)	(216)	(441)	(45)	**(2,041)**
Goodwill impairment			(9)	(4)		(6)	**(19)**
Other current operating income & expenses	13		4	4		38	**59**
Current operating profit	**305**	**176**	**524**	**301**	**593**	**34**	**1,933**

(2) Gross margin rate = 18.0%
(3) Includes impact of +€12 million on operating profit following retrospective application of change in accounting policy relating to the provision for the retail customer loyalty programme

Note 17 • Financial instruments

The tables presented below show the aggregate notional amounts at 31 December 2007 for each type of financial instrument used, split by residual maturity for interest rate hedges and by currency for currency hedges.

17.1 Interest rate hedges

Analysis by maturity

Maturity	Notional amounts at 31/12/2007				Notional amounts
	2008	2009 to 2012	After 2012	Total	31/12/2006
Interest rate swaps					
- on financial assets	650	28	-	**678[1]**	**983**
- on financial liabilities	285	1,182	164	**1,631[2]**	**1,154**
Future rate agreements					
- on financial assets	-	-	-	**-**	**-**
- on financial liabilities	-	-	-	**-**	**-**
Caps/floors					
- on financial assets	-	-	-	**-**	**-**
- on financial liabilities	150	65	-	**215**	**204**

(1) Of which swaps paying fixed rate: 678 (2) Of which swaps paying fixed rate: 1,131

Analysis by business segment

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total 31/12/2007	Total 31/12/2006
Interest rate swaps								
- on financial assets	-	-	-	-	-	678	**678**	**983**
- on financial liabilities	7	-	164	300	960[1]	200	**1,631**	**1,154**
Future rate agreements								
- on financial assets	-	-	-	-	-	-	**-**	**-**
- on financial liabilities	-	-	-	-	-	-	**-**	**-**
Caps/floors								
- on financial assets	-	-	-	-	-	-	**-**	**-**
- on financial liabilities	51	14	-	150	-	-	**215**	**204**

(1) Forward interest rate swaps used for hedging purposes

In the case of renewable interest rate hedges, the amounts shown in the columns relate to the longest maturity.

17.2 Currency hedges

Analysis by original currency

Currency	At 31 December 2007 (equivalent value, in millions of euros)						
	US dollar	Pound sterling	Swiss franc	Hong Kong dollar	Other	Total 31/12/2007	Total 31/12/2006
Forward purchases/sales							
- forward purchases	134	1	2	-	397	**534**	**363**
- forward sales	175	111	5	-	79	**370**	**210**
Currency swaps	46	220	77	18	82	**443**	**255**
Currency options							
- forward purchases	37	3	4	-	11	**55**	**67**
- forward sales	-	-	-	-	20	**20**	**-**

Analysis by business segment

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total 31/12/2007	Total 31/12/2006
Forward purchases/sales								
- forward purchases	100	-	337	93	4	-	**534**	**363**
- forward sales	357	-	2	11	-	-	**370**	**210**
Currency swaps	5	-	-	-	-	438	**443**	**255**
Currency options								
- forward purchases	3	-	7	25	20	-	**55**	**67**
- forward sales	-	-	20	-	-	-	**20**	**-**

17.3 Market value of hedging instruments

At 31 December 2007, the market value (net present value) of the hedging instruments portfolio was + €2.6 million. This amount mainly comprises the net present value of interest rate swaps contracted to hedge the Group's debt (fair value hedges and cash flow hedges), and the net present value of forwards and futures contracted to hedge currency risk arising on commercial transactions.

The split of this market value by type of hedge is as follows:

- fair value hedges of components of net debt: -€3.0 million
- cash flow hedges: +€5.6 million

In the event of a +1.00% movement of in the yield curve, the hedging instruments portfolio would have a market value of + €10.8 million; in the event of a -1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of - €5.8 million.

In the event of a uniform 1% depreciation in the euro against all other currencies, the hedging instruments portfolio would have a market value of - €4.4 million.

These calculations were prepared by the Bouygues group, or obtained from the banks with whom the instruments were contracted.

Note 18 • Off balance sheet commitments

18.1 Reciprocal commitments

Commitments given/received	Total 31/12/2007	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity under 1 year	Maturity 1 to 5 years	Maturity over 5 years	Maturity Total	Total 31/12/2006
Commitments given	**2,389**	**36**	**524**	**171**	**371**	**1,287**		**656**	**1,060**	**673**	**2,389**	**1,940**
Image transmission	*240*				*240*			*81*	*159*		*240*	*280*
Operating leases[1]	*1,533*	32	57	109	131	1,204[2]		208	657	668	1,533	1,151
Irrevocable purchase obligations	*616*	4	467[3]	62		83		367	244	5	616	509
Commitments received	**2,331**	**36**	**524**	**171**	**371**	**1,229**		**633**	**1,025**	**673**	**2,331**	**1,953**
Image transmission	*240*				*240*			*81*	*159*		*240*	*280*
Operating leases[1]	1,533	32	57	109	131	1,204		208	657	668	1,533	1,151
Irrevocable purchase obligations	558	4	467	62		25		344	209	5	558	522
Balance[4]	**58**					**58**		**23**	**35**		**58**	**(13)**

(1) Minimum future lease payments due until the normal renewal date of the lease (or earliest potential termination date) under operating leases relating to current operations (land, buildings, plant & equipment, etc)
(2) Bouygues Telecom: commitments given in connection with operating activities, primarily commercial leases of property and sites housing technical installations for the network: includes site rentals of €699 million and property rentals of €468 million (including the new corporate HQ and the Technopole site)
(3) Bouygues Immobilier: irrevocable commitments, subject to conditions, relating to the purchase of land banks
(4) Bouygues Telecom: effect of the specific terms of certain equipment supply contracts

18.2 Sundry commitments

	Total 31/12/2007	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity under 1 year	Maturity 1 to 5 years	Maturity over 5 years	Maturity Total	Total 31/12/2006
Commitments given	**996**	**141**	**48**	**95**	**149**	**517**	**46**	**594**	**301**	**101**	**996**	**698**
Other contractual obligations and commercial commitments given (guarantees, endorsements, etc)[1]	**996**	141	48	95	149	517	46	594	301	101	**996**	698*
Commitments received	**203**				**62**	**93**	**48**	**114**	**87**	**2**	**203**	**68**
Other contractual obligations and commercial commitments received (guarantees, endorsements, etc)	**203**				62	93	48	114	87	2	**203**	68
Balance	**793**	**141**	**48**	**95**	**87**	**424**	**(2)**	**480**	**214**	**99**	**793**	**630**

(*) Restated following retrospective application of change in accounting policy relating to defined-benefit post-employment benefits
(1) In the course of its ordinary activities, the Group provides ten-year guarantees or performance bonds for which no quantified estimate or disclosure is made unless it becomes apparent that the guarantee or bond will require the Group to make payments, in which case a provision would be recognised

Sundry commitments: comments

Commitments given by Bouygues Telecom:	
GSM licence	Bouygues Telecom has a GSM licence which requires compliance with a number of obligations. This licence is due for renewal in 2009.
UMTS licence	On 12 June 2007, the French telecommunications regulator (ARCEP) requested that Bouygues Telecom comply with its obligation under the terms of its licence to make 3G services (including voice and data services) commercially available in a zone representing 20% of the population by 30 November 2007. Bouygues Telecom has complied with this request.
Blind spots	In 2002, Bouygues Telecom and the two other French mobile operators committed to providing coverage in a number of blind spots. This commitment was set out in an agreement signed in 2003 and amended in 2004. During 2007, the programme to provide coverage in blind spots continued. By 31 December 2007, the scheduled date for completion, nearly 90% of the 3,000 communities involved had coverage.
Strategic road network	Under a national agreement signed in February 2007, Bouygues Telecom (along with Orange and SFR) agreed to provide coverage over 57,000 km of France's strategic road network. Under the terms of the specifications relating to the renewal of its licence in December 2009, Bouygues Telecom must have provided this coverage by the end of 2010.

Commitment given by Bouygues SA:

Commitment to retain the Alstom shares acquired from the French State for at least 3 years (until 31 October 2009).

Commitment received by Bouygues SA:

Put option on Alstom Hydro-Holding shares granted by Alstom to Bouygues SA, exercisable 31 October 2009; see Note 3.2.4.3.

TF1 commitments:

Under the agreements between Vivendi, TF1 and M6, the commitments and guarantees provided by TF1 and M6 in respect of the obligations of TPS were covered by a counter-guarantee issued by Vivendi taking effect from 4 January 2007.
Consequently, the commitments entered into by TF1 and M6 are disclosed neither in "Commitments given" nor in "Commitments received" as at 31 December 2006.

18.3 Summary of commitments (18.1 + 18.2)

	Total 31/12/2007	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity under 1 year	Maturity 1 to 5 years	Maturity over 5 years	Maturity Total	Total 31/12/2006
Total commitments given	3,385	177	572	266	520	1,804	46	1,250	1,361	774	3,385	2,638*
Total commitments received	2,534	36	524	171	433	1,322	48	747	1,112	675	2,534	2,021

No material off balance sheet commitments have been omitted from this disclosure, in accordance with applicable accounting standards.

(*) Restated following retrospective application of the change in accounting policy relating to defined-benefit post-employment benefits

18.4 Collateral given

	Total 31/12/2007	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity under 1 year	Maturity 1 to 5 years	Maturity over 5 years	Maturity Total	Total 31/12/2006
Mortgages secured on land and buildings, pledges of plant and equipment	14	3	4	7				5	7	2	14	10
Pledges of securities and subordinated loans	16	16						6		10	16	8
Total	30	19	4	7				11	7	12	30	18

18.5 Contingent assets and liabilities

Contingent assets: Litigation	The French Competition Commission ruling of 30 November 2005, which ordered Bouygues Telecom to pay a fine of €58 million for alleged collusion, was upheld by the Paris Appeal Court on 12 December 2006. Bouygues Telecom has appealed against the Appeal Court's decision. In a ruling dated 29 June 2007, the French Supreme Court *(Cour de Cassation)* upheld the fine for alleged collusion imposed on the three mobile operators for acting as a cartel, but overturned the ruling on the sharing of information between 1997 and 2003 (fine imposed on Bouygues Telecom: €16 million). The *Cour de Cassation* referred the case back to the Paris Appeal Court, which will hear the case again on this issue in light of the ruling from the *Cour de Cassation*. The Appeal Court ruling is expected during 2008.
Claims	In 2006 and earlier, Bouygues Construction filed claims relating to ongoing and completed projects. These claims will not be recognised as assets until accepted by the client.
Contingent liabilities: Litigation	The French Competition Commission is investigating a complaint about the SMS tariffs charged by Bouygues Telecom, SFR and Orange France.

18.6 Obligations under finance leases and operating leases

18.6.1 Obligations under finance leases

Summary of future minimum lease payments	under 1 year	1 to 5 years	Total
Finance leases at 31 December 2007	22	51	73
Comparative at 31 December 2006	26	57	83

Present value of minimum lease payments	under 1 year	1 to 5 years	Total
Minimum lease payments	22	51	73
Finance charges	2	4	6
Present value of minimum lease payments	**20**	**47**	**67**
Comparative at 31 December 2006	22	50	72

The amount of contingent rent under finance leases at 31 December 2007 is: nil

18.6.2 Obligations under operating leases

Minimum payments for the year	Total lease payments for the year
Minimum payments for the year ended 31 December 2007	181

Summary of future minimum lease payments	under 1 year	1 to 5 years	over 5 years	Total
Operating leases at 31 December 2007	209	656	668	1,533
Comparative at 31 December 2006	225	539	387	1,151

Note 19 • Headcount, employee benefit obligations and employee share ownership

19.1 Average headcount

	2007	2006
Managerial	**19,826**	18,511
Supervisory, technical and clerical	**20,038**	18,650
Site workers	**30,830**	28,758
Sub-total: France	**70,694**	**65,919**
Expatriates and local contract staff	**63,387**	57,599
Total average headcount	**134,081**	**123,518**

19.2 Employee benefit obligations and retirement benefit obligations (post-employment benefits)

The tables below disclose information about the Bouygues group's retirement benefit obligations.

19.2.1 Defined-contribution plans

	2007	2006
Amounts recognised as expenses	(1,548)	(1,404)

The above defined-contribution expenses comprise contributions to:
- health insurance and mutual insurance funds
- pension funds (compulsory and top-up schemes)
- unemployment insurance funds

For related-party information, see Note 20.

19.2.2 Defined-benefit plans

Net expense recognised in the income statement (as an operating item)

	Lump-sum retirement benefits		Pensions	
	2007	2006*	2007	2006*
Current service cost	5	11	(5)	
Interest expense on obligation	10	11	5	5
Expected return on plan assets			(5)	(4)
Past service cost[1]	5	5	(1)	(1)
Net expense recognised in the income statement	**20**	**27**	**(6)**	**0**

(1) Primarily amortisation under master agreements

Amounts recognised in the balance sheet

	Lump-sum retirement benefits		Pensions		Total 2007	Total 2006*
	31/12/2007	31/12/2006*	31/12/2007	31/12/2006*		
Present value of obligation[1]	361	343	287	118	648	461
Fair value of plan assets (dedicated funds)	(4)	(2)[2]	(259)[2]	(88)	(263)	(90)
Unrecognised past service cost[3]	(63)	(67)	5	4	(58)	(63)
Ratio of dedicated funds to present value of obligation			90%	75%		
Net obligation recognised	**294**	**274**	**33**	**34**	**327**	**308**

(1) Total present value of obligation relating to lump-sum retirement benefits and pensions
(2) Residual TF1 fund covering a portion of the obligation, reducing the present value of the TF1 obligation
(3) Primarily on master agreements
(*) Restated following retrospective application of change in accounting policy relating to defined-benefit post-employment benefits (see Note 2)

Movement in balance sheet items

	Lump-sum retirement benefits		Pensions	
	31/12/2007	31/12/2006*	31/12/2007	31/12/2006*
Position at 1 January	274	259	34	33
Expense recognised	22	27	(4)	
Changes in scope of consolidation	9		6	
Translation adjustment			(1)	
Transfers between items and other movements	2		1	
Actuarial gains/losses recognised in equity	(13)	(12)	(3)	1
Position at 31 December	**294**	**274**	**33**	**34**

(*) Restated following retrospective application of change in accounting policy relating to defined-benefit post-employment benefits (see Note 2)

Main actuarial assumptions used to measure lump-sum retirement benefit obligations

	31/12/2007	31/12/2006
Discount rate (OAT TEC 10)	3.83%-4.35%	3.38%-3.83%
Mortality table	INSEE	INSEE
Retirement age		
- Managerial	60/65 years	60/63 years
- Technical, supervisory, clerical & site workers	60/65 years	60 years
Salary inflation rate(1)	2%-5.5%	2%-4.6%

(1) Including general inflation

Analysis by business segment for the year ended 31 December 2007

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
Net lump-sum retirement benefit expense	8	1	9	(3)	2	3	20
Non-current provisions (balance sheet)							
- Lump-sum retirement benefits	79	8	135	27	18	27	294
- Pensions			33				33

Analysis by geographical area for the year ended 31 December 2007

	France(2)	European Union	Africa	Asia-Pacific	Americas	Total
Net lump-sum retirement benefit expense(1)	19		1			20
Non-current provisions (balance sheet)						
- Lump-sum retirement benefits	280	1	13			294
- Pensions		33				33

(1) Pension expense for the year ended 31 December 2007 is immaterial. (2) Including French overseas departments

19.3 Employee share ownership

19.3.1 Stock options

Securities giving potential access to the share capital

Share price at 31 December 2007: €57.00

Plan	Options outstanding at 31 December 2007	Date of grant	Earliest normal exercise date	Earliest company savings scheme exercise date	Exercise price (€)
2001.03	637,701	27/03/2001	27/03/2005	-	**33.47**
2001.07	738,447	03/07/2001	03/07/2005	-	**32.81**
2001.09	150,000	18/09/2001	18/09/2005	-	**28.67**
2002.06	1,375,615	25/06/2002*	25/06/2006	25/06/2003	**23.41**
2002.12	588,447	17/12/2002	17/12/2006	17/12/2003	**23.00**
2003.06	1,968,220	17/06/2003	17/06/2007	17/06/2004	**19.37**
2004.03	3,496,113	15/03/2004	15/03/2008	15/03/2005	**25.15**
2005.06	2,897,080	21/06/2005	21/06/2009	21/06/2006	**31.34**
2006.09	3,616,489	05/09/2006	05/09/2010	05/09/2007	**40.00**
2007.06	4,335,000	05/06/2007	05/06/2011	05/06/2008	**63.44**

(*) Employee share ownership plan rules apply from the June 2002 plan onwards, as indicated below

The total number of potentially exercisable options (10,433,177) comprises:

1) *Options legally exercisable at 31 December 2007, either by normal exercise or by partial exercise ahead of the normal exercise date under the terms of the company savings scheme: for plans awarded since June 2002, options are exercisable in annual 25% tranches.*

2) *Options effectively exercisable at 31 December 2007, i.e. options that are in the money (exercise price below the average share price for the year ended 31 December 2007: €58.51).*

Note 20 • Disclosures on related parties and remuneration of directors/senior executives

20.1 Related-party disclosures

	Expenses		Income		Receivables		Liabilities	
	2007	2006	2007	2006	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Parties with an ownership interest (SCDM)	6	6	0		0		0	
Joint ventures	91	73	244	214	111	97	103	93
Associates	7	2	587	314	47	69	161	192
Other related parties	13	11	36	25	33	26	40	38
Total	**117**	**92**	**867**	**553**	**191**	**192**	**304**	**323**
Maturity								
less than 1 year					165	177	289	136
1 to 5 years					9	9	15	187
more than 5 years					17	6	0	
includes: impairment of doubtful receivables (primarily non-consolidated companies)					**60**	**68**		

20.2 Remuneration and benefits paid to directors and senior executives

These disclosures cover members of the Group's Executive Committee who were in post on 31 December 2007.

Direct remuneration: €23,441,811, comprising basic remuneration of €9,383,416, exceptional variable remuneration of €13,464,000 paid in 2008 on the basis of 2007 performance, and €594,395 of directors' fees. Directors' fees paid to non-executive directors and non-voting supervisors amounted to €414,845. **Short-term benefits:** none. **Post-employment benefits:** Members of the Executive Committee belong to a top-up retirement benefit plan based on 0.92% of their reference salary for each year's membership of the plan. This plan is contracted out to an insurance company. Contributions paid into the fund managed by the insurance company amounted to €3,720,000 in 2007. **Termination benefits:** none. **Termination benefits:** These comprise lump-sum retirement benefits of €3,150,104. **Share-based payment:** 1,210,000 stock options were granted on 5 June 2007 at an exercise price of €63.44. The earliest exercise date is 5 June 2011, and the expense recognised in the year ended 31 December 2007 was €1,483,218.

Note 21 • Additional cash flow statement information

21.1 Cash flows of acquired and divested subsidiaries

Breakdown by business segment of net cash flows resulting from acquisitions and divestments of subsidiaries:

Acquired/divested subsidiaries	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total 31/12/2007
Cash and equivalents		(9)	(118)	11	(6)	2	**(120)**
Inventories	(3)	(35)	(23)	(2)	(2)		**(65)**
Trade receivables	(87)	(16)	(338)	(6)	(10)	1	**(456)**
Non-current assets	1	(6)	(167)	(222)	(1)	(1,402)	**(1,797)**
Goodwill	(105)		(231)	(8)	(7)		**(351)**
Trade payables	74	30	445	1	11	(5)	**556**
Non-current debt	49	3	40	(4)			**88**
Non-current provisions		1	30				**31**
Net acquisition/divestment cost	**(71)**	**(32)**	**(362)**	**(230)**	**(15)**	**(1,404)**	**(2,114)**
Cash acquired or divested		9	118	(11)	6	(2)	**120**
Net debt on long-term investments			29			20	**49**
Net cash flow resulting from acquisitions and divestments of subsidiaries	**(71)**	**(23)**	**(215)**	**(241)**	**(9)**	**(1,386)**	**(1,945)[1]**

(1) Includes:

Acquisition of shares in Alstom (29.98% interest at 31 December 2007)	*€961 million*
Exercise of Bouygues Telecom option (6.50% interest/BNP)	*€441 million*
Acquisition of shares in AB Group (33.50% interest/TF1)	*€232 million*
Acquisition of shares in Colas Rail (Colas)	*€267 million*

Note 22 • Auditors' fees

The table below shows fees paid to the auditors (and member firms of their networks) responsible for the audit of the consolidated financial statements of Bouygues and consolidated companies, as expensed through the income statement in 2007.

Engagement in thousands of euros	Mazars & Guérard network			Ernst & Young network			Other firms(1)			Total expense	
	2007	**%**	**2006**	**2007**	**%**	**2006**	**2007**	**%**	**2006**	**2007**	**2006**
A - Audit											
Audit of consolidated and individual company financial statements[a]	4,816	94	4,336	3,097	86	2,775	7,999	82	7,225	15,912	14,336
- Bouygues SA	*208*		*189*	*208*		*189*			*0*	*416*	*378*
- Consolidated companies	*4,608*		*4,147*	*2,889*		*2,586*	*7,999*		*7,225*	*15,496*	*13,958*
Related engagements[b]	175	4	109	426	12	255	930	10	748	1,531	1,112
- Bouygues SA	*95*		*45*	*130*		*36*			*0*	*225*	81
- Consolidated companies	*80*		*64*	*296*		*219*	*930*		*748*	*1,306*	*1,031*
Sub-total 1	**4,991**	**98**	**4,445**	**3,523**	**98**	**3,030**	**8,929**	**92**	**7,973**	**17,443**	**15,448**
B - Other services[c]											
Company law, tax, employment law	88	2		45	1	31	435	5	499	568	530
Other			(24)	25	1	(42)	318	3	96	343	30
Sub-total 2	**88**	**2**	**(24)**	**70**	**2**	**(11)**	**753**	**8**	**595**	**911**	**560**
Total fee expense	**5,079**	**100**	**4,421**	**3,593**	**100**	**3,019**	**9,682**	**100**	**8,568**	**18,354**	**16,008**

(1) In the interests of comprehensiveness, this table includes fees paid to other firms.
(a) Includes services provided by independent experts and member firms to the auditors in connection with their audit engagement.
(b) Includes procedures and directly related services provided to the issuer or its subsidiaries:
- by the auditors, in compliance with article 10 of the Code of Ethics;
- by a member firm of the auditor's network, in compliance with articles 23 and 24 of the Code of Ethics.
(c) Non-audit services provided, in compliance with article 24 of the Code of Ethics, by member firms to subsidiaries of the issuer on whose financial statements an audit opinion is issued.

Note 23 • Changes in scope of consolidation: discontinued/held-for-sale operations

There were no discontinued or held-for-sale operations in 2007.

Impacts on:

1. Balance sheet: Assets and liabilities of discontinued and held-for-sale operations on the 2006 balance sheet -> TPS:

	31/12/2007	31/12/2006 TPS
Non-current assets		
Property, plant and equipment and intangible assets		
Goodwill		
Other non-current assets		
	None	
Current assets		
Cash and equivalents		
Other current assets		
Total: Held-for-sale assets		**0**
Non-current liabilities		
Non-current debt		
Other non-current liabilities		
	None	
Current liabilities		
Non-current debt		
Other non-current liabilities		
Total: Liabilities on held-for-sale assets		**0**
Net assets divested		**0**

2. Cash flow statement: In the cash flow statement for the year ended 31 December 2007, the contribution of TPS cash flows to the change in the Group's net cash position is included in the line "Impact from changes in scope of consolidation".

3. Income statement: Income and expenses generated by discontinued and held-for-sale operations are as follows:

	2007	2006			
		Total	TPS (8 months)	BTC (4 months)	Total
Sales		0	235	32	267
Operating profit		0	45	(2)	43
Cost of net debt		0	(1)	0	(1)
Other financial income and expenses		0	(1)	0	(1)
Income tax expense		0	(1)	0	(1)
Net profit before gains on divestment	**0**	**0**	**42**	**(2)**	**40**
Gains on divestment, net of taxes		**0**	**212**	**112**	**324**
Net profit of discontinued or held-for-sale operations	**0**	**0**	**254**	**110**	**364**

Note 24 • Principal exchange rates

Convention: 1 local currency unit = x euros

Country	Currency unit	Closing rate 31/12/2007	Closing rate 31/12/2006	Annual average rate 2007	Annual average rate 2006
EUROPE					
Denmark	Danish krone	0.134079	0.134120	0.134205	0.134066
United Kingdom	Pound sterling	1.363605	1.489203	1.455005	1.466482
Hungary	Hungarian forint	0.003941	0.003972	0.003978	0.003786
Poland	Polish zloty	0.278280	0.261028	0.264907	0.256439
Czech Republic	Czech koruna	0.037554	0.036383	0.036059	0.035379
Romania	Romanian leu	0.277185	0.295552	0.299315	0.284694
Switzerland	Swiss franc	0.604339	0.622316	0.607576	0.634213
NORTH AMERICA					
United States	US dollar	0.679302	0.759301	0.727786	0.791771
Canada	Canadian dollar	0.692089	0.654407	0.682012	0.700939
REST OF THE WORLD					
Morocco	Moroccan dirham	0.088090	0.089759	0.089048	0.090474
Thailand	Thai baht	0.022831	0.021381	0.022643	0.021037
Hong Kong	Hong Kong dollar	0.087108	0.097648	0.092928	0.101914
African Financial Community	CFA franc	0.001524	0.001524	0.001524	0.001524
South Africa	South African rand	0.099703	0.108549	0.103267	0.115831

Note 25 • Detailed list of consolidated companies at 31 December 2007

Company	City/Country	% interest 2007	% interest 2006	% direct and indirect control[1] 2007	% direct and indirect control[1] 2006
A - TELECOMS/MEDIAS					
I - TELECOMS - BOUYGUES TELECOM Group					
Full consolidation					
Bouygues Telecom SA and its subsidiaries	Boulogne-Billancourt, France	89.55	89.55		
2. COMMUNICATION - TF1 Group					
Full consolidation					
Télévision Francaise 1 SA	Boulogne-Billancourt, France	43.06	42.92		
Ciby Droits Audiovisuels	Boulogne-Billancourt, France	43.06	42.92	100.00	100.00
La Chaîne Info	Boulogne-Billancourt, France	43.06	42.92	100.00	100.00
Télé Shopping	Boulogne-Billancourt, France	43.06	42.92	100.00	100.00
TF1 International	Boulogne-Billancourt, France	43.06	42.92	100.00	100.00
TF1 Publicité	Boulogne-Billancourt, France	43.06	42.92	100.00	100.00
TF1 Vidéo	Boulogne-Billancourt, France	43.06	42.92	100.00	100.00
Une Musique	Boulogne-Billancourt, France	43.06	42.92	100.00	100.00
E-TF1	Boulogne-Billancourt, France	43.06	42.92	100.00	100.00
Eurosport SA and its subsidiaries	Issy-les-Moulineaux, France	43.06	42.92	100.00	100.00
Dujardin and its subsidiaries	La Teste de Buch, France	43.06	-	100.00	-
Associates (equity method)					
Métro France Publications	Paris, France	14.77	14.72	34.30	34.30
AB Group (including WB TV)	La Plaine Saint-Denis, France	14.43	-	33.50	-
B - CONSTRUCTION					
1. CONSTRUCTION - BOUYGUES CONSTRUCTION Group					
Full consolidation					
Bouygues Construction SA	Saint-Quentin-en-Yvelines, France	99.97	99.97		
Bouygues Bâtiment IDF					
Bouygues Bâtiment Ile-de-France SA	Saint-Quentin-en-Yvelines, France	99.97	99.97		
Bâtiment France subsidiaries					
Bati Renov SA	Orly, France	99.32	99.88		
Brézillon SA	Noyon, France	99.32	99.33		
Sodéarif SA	Saint-Quentin-en-Yvelines, France	99.96	99.96		
Bouygues Bâtiment International					
Bouygues Bâtiment International SA	Saint-Quentin-en-Yvelines, France	99.97	99.97		

(1) Where percentage control differs from percentage interest

Company	City/Country	% interest 2007	% interest 2006	% direct and indirect control[1] 2007	% direct and indirect control[1] 2006
Bâtiment International subsidiaries					
Bouygues Thaï Ltd	Bangkok, Thailand	48.98	48.98		
Bymaro	Casablanca, Morocco	99.95	99.95		
DTP Singapour Pte Ltd	Singapore	99.97	99.97		
VCES Holding SRO and its subsidiaries	Pardubice, Czech Republic	50.98	50.98		
Karmar SA	Warsaw, Poland	94.58	-		
Kohler Investment SA	Luxembourg	89.87	-		
Entreprises France-Europe subsidiaries					
DV Construction SA	Mérignac, France	99.97	99.97		
GTB Bouyer Duchemin SA	Nantes, France	99.97	99.97		
GFC Construction SA	Caluire et Cuire, France	99.97	99.97		
Norpac SA	Villeneuve d'Ascq, France	99.97	99.97		
Pertuy Construction SA	Maxeville, France	99.97	99.97		
Quille SA	Rouen, France	99.97	99.97		
Acieroid SA	Barcelona, Spain	99.97	99.97		
Bouygues UK Ltd	London, United Kingdom	99.97	99.97		
Losinger Construction AG	Berne, Switzerland	99.97	99.97		
Marazzi Holding AG and its subsidiaries	Berne, Switzerland	99.97	99.97		
Warings Construction Group Holding Ltd and its subsidiaries	Portsmouth, United Kingdom	99.97	-		
Bouygues Travaux Publics					
Bouygues TP SA	Saint-Quentin-en-Yvelines, France	99.97	99.97		
Prader Losinger SA	Sion, Switzerland	99.64	99.64		
Prader AG Tunnelbau	Zurich, Switzerland	99.90	99.90		
Other Bouygues Construction subsidiaries					
DTP Terrassement SA	Saint-Quentin-en-Yvelines, France	99.97	99.97		
Dragages et TP (Hong-Kong) Ltd	Hong Kong, China	99.97	99.97		
VSL International Ltd	Berne, Switzerland	99.82	99.88		
Entreprise Transport & Distribution d'Électricité Group (ETDE)					
ETDE SA	Saint-Quentin-en-Yvelines, France	99.97	99.97		
Axione and its subsidiaries	Malakoff, France	99.97	99.97		
ETDE Réseaux et Communication SA	Villebon sur Yvette, France	99.97	99.97		
Exprimm SA	Saint-Quentin-en-Yvelines, France	99.97	99.97		
Gallet Delage SA	Saint-Quentin-en-Yvelines, France	99.97	99.97		
Mainguy SAS	Vertou, France	99.97	99.97		
Serma SAS	Champforgueil, France	99.97	99.97		
Stefal SAS and its subsidiaries	Montrouge, France	99.97	99.97		
Transel SAS	Saint-Quentin-en-Yvelines, France	99.97	99.97		
David Webster Lighting and its subsidiaries	Hertfordshire, United Kingdom	99.97	99.97		
Ecovert FM	London, United Kingdom	99.97	99.97		
Icel Maidstone Ltd and its subsidiaries	Sittingbourne, United Kingdom	99.97	99.97		
Société gabonaise d'électrification et de canalisation (Sogec)	Libreville, Gabon	84.39	84.39		

Company	City/Country	% interest		% direct and indirect control[1]	
		2007	2006	2007	2006
Szigma Coop	Gyor, Hungary	99.97	99.97		
Thermal Transfer Ltd	East Kilbride, Scotland	99.97	99.97		
Proportionate consolidation					
Bouygues TP					
Bombela Civils Jv Ltd	Johannesburg, South Africa	44.99	44.99		
Associates (equity method)					
Bouygues Construction					
Consortium Stade de France SA	Saint-Denis, France	33.32	33.32		
Bouygues Bâtiment International					
Hermes Airports Ltd	Nicosia, Cyprus	21.99	21.99		
Bouygues TP					
Adelac SAS	Archamps, France	39.19	39.19		
Autoroute de liaison Seine-Sarthe SA	Versailles, France	33.16	33.16		
Bombela Concession Company Ltd	Johannesburg, South Africa	24.99	24.99		
Aka	Budapest, Hungary	25.11	25.11		
Bina Fincom	Zagreb, Croatia	50.98	50.98		
2. ROADS - COLAS Group					
Full consolidation					
Colas SA and its regional subsidiaries (Colas. Screg and Sacer)	Boulogne-Billancourt, France	96.44	96.49		
Grands Travaux Océan Indien (GTOI) SA	Le Port (La Réunion), France	96.43	96.48	99.99	99.99
Spac and its subsidiaries	Clichy, France	96.43	96.48	100.00	100.00
Seco-rail	Chatou, France	96.43	96.48	100.00	100.00
Somaro	Chatou, France	96.43	96.48	100.00	100.00
Colas Guadeloupe	Baie-Mahault (Guadeloupe), France	96.43	96.48	100.00	100.00
Colas Martinique	Le Lamentin (Martinique), France	96.43	96.48	100.00	100.00
Smac and its subsidiaries	Boulogne-Billancourt, France	96.43	96.48	100.00	100.00
Colas Rail	Cergy-Pontoise, France	96.43	-	100.00	-
Colas Hungaria and its subsidiaries	Budapest, Hungary	96.44	96.49	100.00	100.00
Colas Danmark A/S	Virum, Denmark	96.44	96.49	100.00	100.00
Colas SA and its subsidiaries	Lausanne, Switzerland	95.69	95.74	99.22	99.22
Colas Inc. and its subsidiaries	Morristown New Jersey, USA	96.44	96.49	100.00	100.00
Colas du Maroc and its subsidiaries	Casablanca, Morocco	96.43	96.48	100.00	100.00
Colas Ltd and its subsidiaries	Rowfant, United Kingdom	96.44	96.49	100.00	100.00
Colas Polska	Sroda-Wielkopol, Poland	96.44	96.49	100.00	100.00
Routière Colas du Gabon	Libreville, Gabon	86.76	86.74	89.90	89.90
Colas Belgium and its subsidiaries	Brussels, Belgium	96.44	96.49	100.00	100.00
Colas Cz	Prague, Czech Republic	96.44	96.49	100.00	100.00

Company	City/Country	% interest		% direct and indirect control[1]	
		2007	2006	2007	2006
Proportionate consolidation					
Carrières Roy	St-Varent, France	48.20	48.23	49.98	49.98
Associates (equity method)					
Cofiroute	Sèvres, France	16.08	16.08	16.67	16.67
3. PROPERTY - BOUYGUES IMMOBILIER Group					
Full consolidation					
Bouygues Immobilier	Boulogne-Billancourt, France	100.00	100.00		
SNC Bouygues Immobilier Entreprises Île-de-France	Boulogne-Billancourt, France	100.00	100.00		
SNC Bouygues Immobilier Paris	Boulogne-Billancourt, France	100.00	100.00		
SNC Bouygues Immobilier Est	Strasbourg, France	100.00	100.00		
SLC and its subsidiaries	Lyon, France	100.00	100.00		
Blanc & Cie	Grenoble, France	100.00	-		
Parque Empresarial Cristalia SL	Madrid, Spain	100.00	100.00		
SA Bouygues Inmobiliaria	Madrid, Spain	100.00	100.00		

C - OTHER SUBSIDIARIES

Company	City/Country	% interest 2007	% interest 2006	% control 2007	% control 2006
Full consolidation					
Finagestion and its subsidiaries (Africa)	Saint-Quentin-en-Yvelines, France	100.00	100.00		
Bouygues Relais SNC	Paris, France	100.00	100.00		
Challenger SNC	Paris, France	100.00	100.00		
Société Francaise de Participation & Gestion (SFPG) SA and its subsidiaries	Paris, France	99.76	99.76		
GIE 32 Hoche	Paris, France	90.00	90.00		
Challenger Réassurance	Luxembourg	99.99	99.99		
Uniservice	Geneva, Switzerland	99.99	99.99		
Associates (equity method)					
Alstom	Levallois-Perret, France	29.98	25.07		

(1) Where percentage control differs from percentage interest

Parent company financial statements in French GAAP

Parent company balance sheet at 31 December 2007

Assets (in millions of euros)

	Gross 2007	Amortization, depreciation & impairment 2007	Net 2007	Net 2006	Net 2005
Intangible assets	2	1	1	1	1
Property, plant and equipment					
Long-term investments	11,064	9	11,055	9,667	6,927
Holdings in subsidiaries & affiliates	*10,832*	*4*	*10,828*	*9,545*	*6,831*
Loans/advances to subsidiaries & affiliates	*45*	*1*	*44*	*47*	*67*
Other	*187*	*4*	*183*	*75*	*29*
NON-CURRENT ASSETS	**11,066**	**10**	**11,056**	**9,668**	**6,928**
Inventories and work in progress					
Advances and payments on account					
Trade receivables	20		20	17	18
Other receivables	278	3	275	130	332
Short-term investments	2,259	1	2,258	2,692	2,436
Cash	9		9	9	9
CURRENT ASSETS	**2,566**	**4**	**2,562**	**2,848**	**2,795**
Other assets	42		42	48	28
TOTAL ASSETS	**13,674**	**14**	**13,660**	**12,564**	**9,751**

Liabilities & shareholders' equity (in millions of euros)

	Net 2007	Net 2006	Net 2005
Share capital	348	335	337
Share premium and reserves	2,944	2,547	2,708
Retained earnings	438	235	276
Net profit for the year	751	603	261
Restricted provisions	2	1	
SHAREHOLDERS' EQUITY	**4,483**	**3,721**	**3,582**
Provisions	82	76	137
Debt	6,244	6,245	4,101
Advances and down-payments received			
Trade payables	32	25	21
Other payables	37	36	87
LIABILITIES	**6,395**	**6,382**	**4,346**
BANK OVERDRAFTS AND CURRENT ACCOUNTS	**2,750**	**2,424**	**1,823**
Other liabilities	32	37	
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	**13,660**	**12,564**	**9,751**

Income statement (in millions of euros)

	2007	2006	2005
SALES	**68**	**60**	**64**
Other operating revenues	2	6	6
Purchases and changes in inventory			
Taxes other than income tax	(2)	(1)	(2)
Personnel costs	(44)	(39)	(46)
Other operating expenses	(44)	(48)	(44)
Depreciation, amortisation, impairment and provisions, net	(10)	(3)	(1)
OPERATING LOSS	**(30)**	**(25)**	**(23)**
Financial income and expenses	623	518	209
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	**593**	**493**	**186**
Exceptional items	(7)	50	113
Income taxes and profit-sharing	165	60	(38)
NET PROFIT	**751**	**603**	**261**

Cash flow statement (in millions of euros)

	2007	2006	2005
A - OPERATING ACTIVITIES			
Cash flow from operations before changes in working capital	**760**	**575**	**213**
Net profit for the year	751	603	261
Amortisation, depreciation & impairment of non-current assets, net	6	5	(12)
Charges to/reversals of provisions, net	8	(61)	(52)
Transfers of deferred charges	(5)	32	(5)
Gains/losses on disposals of non-current assets		(4)	21
Change in working capital	**(168)**	**155**	**(305)**
Current assets	(150)	202	(249)
Current liabilities	(18)	(47)	(56)
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**592**	**730**	**(92)**
B - INVESTING ACTIVITIES			
Increases in non-current assets			
Acquisitions of intangible assets and property, plant and equipment			
Acquisitions of long-term investments	(1,389)	(2,798)	(158)
	(1,389)	**(2,798)**	**(158)**
Disposals of non-current assets	3	41	26
Investment during the period, net	**(1,386)**	**(2,757)**	**(132)**
Other long-term financial investments, net	(2)	21	475
Amounts receivable/payable in respect of non-current assets, net	25		795
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**(1,363)**	**(2,736)**	**1,138**
C - FINANCING ACTIVITIES			
Change in shareholders' equity	411	(162)	(18)
Exceptional payout			(1,664)
Dividends paid	(400)	(302)	(249)
Change in debt		2,125	754
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	**11**	**1,661**	**(1,177)**
CHANGE IN NET CASH POSITION (A+B+C)	**(760)**	**(345)**	**(131)**
Cash position at 1 January	277	622	753
Other non-monetary flows			
Change during the year	(760)	(345)	(131)
NET CASH POSITION AT 31 DECEMBER	**(483)**	**277**	**622**

NOTES
to the parent company financial statements

Contents

Figures in millions of euros

Note 1 • Significant events of the year

1.1 Holdings in subsidiaries and affiliates

1.1.1 Alstom

During 2007, Bouygues acquired 7,225,135 Alstom shares on the stock market for a total of €961 million.

As at 31 December 2007, Bouygues held 29.98% of the capital of Alstom, carried at an amount of €3,335 million.

1.1.2 Bouygues Telecom

Under agreements signed on 21 June 2005 relating to call and put options, Bouygues acquired the 6.5% interest in Bouygues Telecom held by BNP Paribas for €441 million on 10 September 2007.

Bouygues and its subsidiary SFPG together how hold 89.5% of Bouygues Telecom.

1.2 Treasury shares

As at 31 December 2006, Bouygues owned 1,441,487 treasury shares, carried at an amount of €69 million.

During 2007, 3,960,674 treasury shares were acquired at a value of €225 million and included in "Other long-term investment securities". A total of 5,019,768 treasury shares were cancelled in December 2007 via a capital reduction of €272 million (Board decision of 4 December 2007).

As at 31 December 2007, 478,000 treasury shares were held under a liquidity agreement.

1.3 Bouygues Partage

A new employee share ownership plan, "Bouygues Partage", was launched on 10 May 2007.

The plan was designed to give employees a stake in the future development of the Bouygues Group and encourage employee share ownership, and offered attractive terms in the form of an employer's top-up contribution, a discount and a leverage effect.

The plan resulted in a capital increase of €232 million on 31 December 2007 via the issuance of 6,371,520 shares.

1.4 Bouygues Confiance 4

In 2007, a further employee share ownership plan, "Bouygues Confiance 4", was launched following a decision at the Board meeting of 30 August 2007.

The leveraged mutual fund created in connection with the plan offered employees a 20% discount to the share price.

The plan resulted in a capital increase of €300 million on 31 December 2007 via the issuance of 6,947,662 shares.

As with the Bouygues Partage plan, the tax effect of the Bouygues Confiance 4 plan was recognized in accordance with the French law of 30 December 2006 designed to promote employee profit-sharing and share ownership.

Note 2 • Accounting policies

The financial statements have been prepared in accordance with the current provisions of French law.

2.1 Intangible assets

Expenditure on intangible assets is recognised in accordance with the historical cost convention.

As a general principle, software acquired from third parties is recognised as an intangible asset and amortised on a straight-line basis over a maximum of five years.

2.2 Property, plant and equipment

Property, plant and equipment is recognised at acquisition cost net of reclaimable taxes. Transaction costs that do not form part of the market value of the acquired asset are expensed as incurred.

Depreciation is calculated on a straight-line basis, according to the nature and estimated useful life of each asset component.

2.3 Long-term investments

2.3.1 Holdings in subsidiaries and affiliates and other long-term investment securities

Holdings in subsidiaries and affiliates and other long-term investment securities are recognised at cost, including directly attributable acquisition costs.

Holdings in subsidiaries and affiliates and other long-term investment securities are also measured at value in use, determined using objective criteria (stock market price for quoted companies, shareholders' equity, profitability), forecast data (economic outlook, earnings prospects), or any other information indicative of the actual value of the asset.

If value in use is less than cost, a provision for impairment is recorded to cover the difference.

2.3.2 Long-term receivables

Long-term receivables are shown in the balance sheet at face value. If the realisable value (taking into account the probability of recovery) is less than the carrying amount, a provision for impairment is recorded to cover the difference.

2.4 Receivables and payables expressed in foreign currencies

Receivables and payables expressed in foreign currencies are translated at the exchange rate prevailing on the balance sheet date, or at the hedged rate if the item is covered by a currency hedge.

Unrealised foreign exchange gains and losses are taken to suspense accounts in the balance sheet; unrealised losses are covered by a provision.

2.5 Short-term investments

The short-term investment portfolio is measured in accordance with French accounting standards.

The value of equity securities, negotiable debt instruments and money-market mutual funds was determined by reference to the latest estimate as at 31 December 2007. In the case of quoted securities, the average quoted stock market price over the last month of the financial year was used.

2.6 Other assets

Deferred charges mainly comprise the portion of bond issue costs not covered by the issue premium. In the case of convertible bonds, any unamortised issue costs relating to bonds converted into shares are offset against the share premium on the newly-issued shares.

Bond redemption premium relates to bond issues priced at the following percentages of nominal value: 99.348% (November 2003 issue), 99.05% (October 2004 issue), 99.804% (July 2005 issue), 97.203% (February 2006 issue), 99.657% (May 2006 issue), 99.812% (May 2006 issue), and 98.662% (October 2006 issue).

2.7 Provisions

These mainly comprise:

- provisions for income taxes, in particular split taxes;
- provisions for miscellaneous risks (including tax inspections) and provisions for additional risks relating to loss-making subsidiaries, established where the negative net assets of a subsidiary are not wholly covered by provisions for impairment of Bouygues SA's investment in and loans and/or advances to that subsidiary;
- provisions for charges, including employee benefits (bonuses, lump-sum retirement benefits, long-service awards, etc).

2.8 Hedging instruments

Bouygues SA uses hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates.

These instruments share the following characteristics:

- they are limited to the following products: forward currency purchases and sales, currency swaps, cross currency swaps and purchases of currency options for currency risk hedging purposes, and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes;
- they are used solely for hedging and pre-hedging purposes;
- they are contracted solely with high-quality French and foreign banks;
- they carry no liquidity risk in the event of a downturn.

Gains and losses on financial instruments used for hedging purposes are recognised in the income statement symmetrically with gains and losses arising on the hedged item.

2.9 Retirement benefit obligations

Methods and assumptions used in calculating the obligation:

- projected unit credit method based on final salary;
- benefits as defined in agreements or established by custom within the company, taking into account applicable collective agreements for managerial, administrative, clerical, technical and supervisory grade staff;
- obligation measured in accordance with opinions and recommendations issued by the CNC (French National Accounting Council) in July 2000, April 2003 and March 2004;
- vested rights as of 31 December 2007;
- employees classified in groups with similar characteristics in terms of grade, age and length of service;
- average monthly salary for each employee group, uplifted by a percentage to reflect the applicable rate of employer's social security charges;
- salary inflation rate: 5.5%;
- discount rate: 4.22%;
- average employee turnover rate calculated on the basis of average number of leavers over the last 4 years;
- life expectancy by reference to 1993 mortality tables.

2.10 Consolidation

Bouygues SA is the ultimate parent company in the consolidation.

Note 3 • Non-current assets

	Balance at 1 Jan. 2007	Increases	Decreases	Balance at 31 Dec. 2007
Intangible assets				
Software	2			2
Other				
Gross value	**2**			**2**
Accumulated amortisation	(1)			(1)
Net value	**1**			**1**
Property, plant and equipment				
Land and buildings				
Other				
Gross value				
Accumulated depreciation				
Net value				
Long-term investments				
Holdings in subsidiaries & affiliates*	9,549	1,435	152	10,832
Loans/advances to subsidiaries & affiliates(1)	47	12	14	45
Other*	79	380	272	187
Gross value	**9,675**	**1,827**	**438**	**11,064**
Impairment	(8)	(1)		(9)
Net value	**9,667**	**1,826**	**438**	**11,055**
Total net value	**9,668**	**1,826**	**438**	**11,056**

(*) Reclassification of investment in Alstom Hydro Holding from "Holdings in subsidiaries and affiliates" to "Other long-term investment securities"

(1) Of which amounts falling due after more than one year	Gross value
Loans/advances to subsidiaries & affiliates	45

Note 4 • Current assets by maturity

	Gross value	<1 year	>1 year
Advance payments and payments on account			
Trade debtors	29	23	6
Other debtors	269	269	
Total	**298**	**292**	**6**

Note 5 • Other assets and liabilities

	Balance at 1 Jan. 2007	Increases in the year	Amortisation for the year	Balance at 31 Dec. 2007	Amount due in < 1 an
Other assets					
Bond issue costs	17		2	15	2
Bond redemption premium	30		3	27	3
Other	1	1	1	1	1
Total	**48**	**1**	**6**	**43**	**6**
Other liabilities					
Deferred income (cash payment received on interest rate swap)	37	0	5	32	5
Other					
Total	**37**	**0**	**5**	**32**	**5**

Note 6 • Changes in shareholders' equity

Shareholders' equity at 31 December 2006 (before appropriation of profits)	**3,721**
Dividends paid	(400)
Shareholders' equity after appropriation of profits	**3,321**
Changes in share capital	13
Changes in share premium and reserves	397
Net profit for the period	751
Restricted provisions	1
Shareholders' equity at 31 December 2007	**4,483**

Note 7 • Composition of share capital

	Number of voting rights	Number of shares
Start of period	430,943,889	334,777,583
Movement during the period	23,253,457	12,724,995[1]
End of period	454,197,346	347,502,578
Par value:		**€1**

Maximum number of potentially dilutive shares: 19,803,112

(1) Movements in number of shares during the period:

Increases: 17,744,763 by exercise of stock options and under the Bouygues Partage and Bouygues Confiance 4 employee share ownership plans
Decreases: 5,019,768 by cancellation of treasury shares pursuant to the Board decision of 4 December 2007

Note 8 • Provisions

	Balance at 1 Jan. 2007	Charge for the year	Reversals during the year – Used	Reversals during the year – Unused	Balance at 31 Dec. 2007
Provisions for subsidiaries	1				1
Provisions for taxes	21	15	10	1	25
Other provisions	3		3		0
Provisions for risks	**25**	**15**	**13**	**1**	**26**
Provisions for charges	**52**	**16**	**12**	**0**	**56**
Total	**77**	**31**	**25**	**1**	**82**
			26		
Operating items		16	9		
Financial items					
Exceptional items		15	17		
		31	**26**		

Note 9 • Liabilities by maturity at the balance sheet date

Liabilities	Gross value	< 1 year	1 to 5 years	> 5 years
Debt				
Bond issues				
May 2002 bond issue(1)	1,037	37	1,000	
November 2003 bond issue(2)	780	30	750	
October 2004 bond issue(3)	1,008	8		1,000
July 2005 bond issue(4)	764	14		750
February 2006 bond issue(5)	255	5		250
May 2006 bond issue(6)	617	17		600
May 2006 bond issue(7)	1,181	31		1,150
October 2006 bond issue(8)	602	7		595
Bank borrowings				
Total debt	**6,244**	**149**	**1,750**	**4,345**
Trade creditors	**32**	**32**		
Other creditors	**37**	**37**		
Bank overdrafts and current accounts	**2,750**	**2,750**		
Deferred income	**32**	**5**	**20**	**7**
Total	**9,095**	**2,973**	**1,770**	**4,352**

Original amounts, excluding accrued interest:

(1) May 2002 bond issue:
Amount: €750 million in May 2002 and €250 million in December 2002 - rate: 5.875% Redemption terms: redeemable in full at par on 15 May 2009

(2) November 2003 bond issue:
Amount: €750 million - rate: 4.625%
Redemption terms: redeemable in full at par on 25 February 2011

(3) October 2004 bond issue:
Amount: €1 billion - rate: 4.375%
Redemption terms: redeemable in full at par on 29 October 2014

(4) July 2005 bond issue:
Amount: €750 million - rate: 4.25%
Redemption terms: redeemable in full at par on 22 July 2020

(5) Supplementary issue to July 2005 bond issue:
Amount: €250 million - rate: 4.25%
Redemption terms: redeemable in full at par on 22 July 2020

(6) May 2006 bond issue:
Amount: €600 million - rate: 4.75%
Redemption terms: redeemable in full at par on 24 May 2016

(7) May 2006 bond issue:
Amount: €1,150 million - rate: 4.5%
Redemption terms: redeemable in full at par on 24 May 2013

(8) October 2006 bond issue:
Amount: £400 million (€595.33 million) - rate: 5.5%
Redemption terms: redeemable in full at par on 6 October 2026

Note 10 • Details of amounts involving related companies

	Amount
Assets	
Long-term investments	11,026
Trade debtors	20
Other debtors	56
Cash and current accounts	
Total	**11,102**
Expenses	
Operating expenses	13
Financial expenses	82
Income tax expenses	
Total	**95**

	Amount
Liabilities	
Debt	
Trade creditors	10
Other creditors	7
Bank overdrafts and current accounts	2,750
Total	**2,767**
Income	
Operating income	67
Financial income	903
Income tax credits	234
Total	**1,204**

Note 11 • Financial instruments

11.1 Interest rate hedges

Amount outstanding at 31 December 2007 by maturity	2008	2009 to 2012	After 2012	Total
Interest rate swaps				
On financial assets	650			650
On financial liabilities		200		200

11.2 Currency hedges

Amount outstanding at 31 December 2007 by currency	CHF	GBP	USD	Other	Total
Forward currency contracts					
Forward purchases					
Forward sales					
Currency swaps	29				29

At 31 December 2007, the market value of the hedging instruments portfolio was + €2.9 million.

11.3 Options

Call options: At 31 December 2007, Bouygues SA held 5,339,650 call options on Bouygues shares (€51.3 million); 2,153,119 call options in connection with the Bouygues Confiance 3 employee share ownership plan; and 163,276 call options in connection with the Bouygues Partage employee share ownership plan.

Note 12 • Off balance sheet commitments

	Amount of guarantee	of which related companies
Commitments given (contingent liabilities)		
Retirement benefit obligations	6	
Other commitments given		
Total	**6**	
Commitments received (contingent assets)		
Other commitments received		
Total	**0**	

Commitment given:
Commitment to retain the Alstom shares acquired from the French government for at least 3 years.
Commitment received:
Put option for Alstom Hydro Holding shares, granted by Alstom to Bouygues SA.

In the past, before the construction business was spun off into separate subsidiaries, Bouygues SA issued performance bonds in connection with its ordinary activities. Some of these performance bonds have been retained by the company, although the contracts were executed by its subsidiaries; they are not quantified or disclosed specifically unless they are liable to result in the Group being obliged to make a payment.
In such cases, a provision is recorded to cover the amount involved.

Note 13 • Sales

Sales recorded by Bouygues SA mainly comprise costs of shared support functions recharged to subsidiaries.

Note 14 • Financial income and expenses

	2007	2006
Dividend income and shares of partnership profits	901	730
Interest income	83	71
Interest expense	(375)	(306)
Proceeds from sale of short-term investments	17	19
Other	(3)	4
Total	**623**	**518**

Note 15 • Group tax election and income tax expense

Bouygues made a group tax election in 1997 under article 223 A-U of the French General Tax Code; this election still applies. In addition to Bouygues SA, the group tax election included 84 subsidiaries in 2007. Each company in the tax group recognises its own income tax expense as though the group election is not in place; the parent company recognises any tax savings.
At the end of the period, Bouygues SA recognised a net income tax gain, comprising:

	Short-term	Long-term	Total
Net income tax expense on			
Profit before tax and exceptional items	167		167
Other non-exceptional items: reversal of provision for split taxes	3		3
Exceptional items	(226)	(7)	(233)
	(56)	(7)	(63)
Tax gain from group tax election (income tax received from profit-making subsidiaries in the tax group)	227	7	234
Total	**171**	**0**	**171**

Note 16 • Contingent tax position

	At 1 January 2007		Movements in the year		At 31 December 2007	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Non-deductible expenses:						
Provision for income taxes	56		18	14	60	
Other provisions	18		12	12	18	
Total	**74**		**30**	**26**	**78**	
Expenses deductible for tax purposes, and income liable to tax but not recognised for accounting purposes						
Unrealised foreign exchange losses						
Unrealised foreign exchange gains						
Unrealised foreign exchange gains/losses, net						
Deferred income	37			5	32	
Capitalisation bonds	19		24	19	24	
Call options	7		14	7	14	
Other income and expenses	**63**		**38**	**31**	**70**	
Total	**63**		**38**	**31**	**70**	

Note 17 • Average number of employees during the year

	2007	2006
Managerial	139	138
Administrative/clerical, technical and supervisory	32	37
Total	**171**	**175**

Note 18 • Advances, loans and remuneration: directors and senior executives

Remuneration of directors and senior executives:

- The total amount of direct and indirect remuneration of all kinds received from French and foreign companies by senior executives (CEO and deputy CEOs) was as follows: €2.8 million of basic remuneration, €4.6 million of variable remuneration paid in early 2008 based on 2007 performance, and €0.24 million of directors' fees.
- Directors' fees paid to members of the Board of Directors and non-voting supervisors: €0.5 million.

Note 19 • List of investments at 31 December 2007

Holdings in subsidiaries and affiliates	Number of shares	%	Estimated value[1]	
Alstom	41,888,349	29.978	6,157	(b)
Bouygues Construction	1,705,130	99.936	696	(c)
Bouygues Immobilier	44,994	99.987	381	(c)
Bouygues Telecom	36,086,798	89.184	4,600	(a)
Colas	31,358,573	96.438	1,895	(c)
TF1	91,806,565	42.926	1,680	(b)
Other investments			418	(a)
Total holdings in subsidiaries and affiliates			**15,827**	
Negotiable debt instruments and money-market mutual funds			2,060	(a)
Capitalisation bonds			131	(b)
Other investments			105	(b)
Total short-term investments			**2,296**	
Total investments			**18,123**	

(1) The value shown is:
(a) carrying amount in the balance sheet (net book value)
(b) stock market value (closing price for equities, average price for the last month of the year for bonds)
(c) share of consolidated net assets

Note 20 • List of subsidiaries and affiliates

	Share capital[1]	Other shareholders' equity[1][2]	%	Book value of investment[3]		Loans and advances	Guarantees[3]	Sales[3]	Net profit/ (loss)[3]	Dividends received[3]	Comments
				Gross	Net						
A - Detailed information											
1. Subsidiaries (interest > 50%)											
France											
Bouygues Construction	128	568	99.94	59	59			8,340	286	140	[4]
Bouygues Immobilier	69	312	99.99	245	245			2,075	124	75	[4]
Bouygues Telecom	617	1,753	89.18	4,600	4,600			4,796	492	372	[4]
C2S			99.95	1	1			12			
Colas	49	1,916	96.44	1,679	1,679			11,672	474	200	[4]
Finagestion		32	99.84			33		269	16		
SFPG		31	99.76								[5]
Sotegi			99.76								[5]
Total				***6,584***	***6,584***	***33***		***27,164***	***1,392***	***787***	
Other countries											
Uniservice	51	25	99.99	32	32				6	3	
Total				***32***	***32***				***6***	***3***	
2. Affiliates (between 10% and 50%)											
France											
TF1	43	1,351	42.93	731	731			2,764	228	78	[4]
Alstom	1,956	(125)	29.98	3,335	3,335			8,004	392	28	[6]
Total				***4,066***	***4,066***			***10,768***	***620***	***106***	
Other countries											
Total											
B - Aggregate information											
3. Other subsidiaries											
France				145	145	12		24	4		
Other countries				4				12			
4. Other affiliates											
France				1	1			85	1		
Other countries											
Overall total				**10,832**	**10,828**	**45**		**38,053**	**2,023**	**896**	

(1) In the local functional currency (2) Including net profit/(loss) for the year (3) In euros (4) Parent company of a business segment: consolidated reserves, sales and net profit/loss for the segment, for the year ended 31 December 2007 (5) Year ended 30 November (6) Six months ended 30 September 2007

The boardroom at Bouygues SA's headquarters.

6. Combined Annual General Meeting of 24 April 2008

Agenda

1. Within the authority of the ordinary general meeting

- Board of Directors' report on the resolutions introduced at the ordinary general meeting.
- Board of Directors' report on the situation and operations of the company and the Group's companies in 2007.
- Chairman's report on the preparation and organisation of the Board of Directors' work and on internal control procedures.
- Auditors' report on the parent company financial statements.
- Auditors' report on the consolidated financial statements.
- Auditors' report on the Chairman's report.
- Auditors' special report on regulated agreements and commitments.
- Board of Directors' special report on share buy-backs.
- Approval of the parent company financial statements and transactions for the year ended 31 December 2007.
- Approval of the consolidated financial statements and transactions for the year ended 31 December 2007.
- Appropriation of earnings.
- Approval of regulated agreements and commitments.
- Renewal of the term of office of Mrs Patricia Barbizet as a director.
- Appointment of Mr Hervé Le Bouc as a director.
- Appointment of Mr Nonce Paolini as a director.
- Appointment of Mr Helman le Pas de Sécheval as a director.
- Authorisation to the Board of Directors with a view to enabling the company to buy back its own shares.

2. Within the authority of the extraordinary general meeting

- Board of Directors' report on the resolutions introduced at the extraordinary general meeting.
- Board of Directors' special report on stock options.
- Supplementary Board of Directors' report on the capital increase reserved for "Bouygues Confiance 4".
- Auditors' reports.
- Authorisation to the Board of Directors for the reduction of capital by cancellation of shares held by the company.
- Authorisation to the Board of Directors to grant stock options.
- Authorisation to the Board of Directors to issue equity warrants during the period of a public offer for the company's shares.
- Authorisation to the Board of Directors to use delegations and authorisations in order to increase the company's capital in the event of a public offer for the company's shares.
- Powers to carry out formalities.

Board of Directors' reports

Board of Directors' report and statement of the reasons for the resolutions introduced at the Combined Annual General Meeting

Ladies and Gentlemen,

We have called this Annual General Meeting to submit for your approval fourteen resolutions, the purpose of which is described in this report.

Resolutions within the authority of the ordinary general meeting

Approval of the parent company financial statements and the consolidated financial statements (first and second resolutions)

We ask you in these resolutions to approve the transactions, parent company financial statements and consolidated financial statements for the year ended 31 December 2007.

Appropriation of earnings, approval of a dividend (third resolution)

We ask you in this resolution to note that distributable earnings amount to €1,189,196,390.30.

We also ask you:

- to allocate to the legal reserve an amount of €314,065.90, thereby increasing it to 10% of the company's capital;
- to distribute a dividend of €521,253,867.00, equivalent to €1.50 per share;
- to carry over the remainder in the amount of €667,628,457.40.

The dividend shall be payable in cash.

The payment date shall be 2 May 2008.

The dividend detachment date (ex-rights date) for the Euronext Paris market shall be 28 April 2008. The cut-off date for the positions which, after settlement, will qualify for payment (record date), shall be 30 April 2008.

Approval of regulated agreements and commitments (fourth resolution)

Having heard the auditors' special report on regulated agreements and commitments, you are asked in this resolution to approve the agreements and commitments mentioned therein.

Renewal of the term of office and appointment of directors (fifth to eighth resolutions)

The terms of office of Mrs Patricia Barbizet and Messrs Michel Derbesse, Alain Dupont, Patrick Le Lay and Michel Rouger expire at the end of this Annual General Meeting.

You are asked in the fifth resolution to renew the term of office as director of Mrs Patricia Barbizet for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2010.

Mrs Patricia Barbizet was born in 1955 and is a graduate of the École Supérieure de Commerce de Paris (ESCP). After holding senior finance positions in the Renault group, she became Chief Financial Officer of the Pinault group in 1989. She has been a director and CEO of Artémis since 1992, Chairman of the Supervisory Board of PPR group since 2002, and Vice Chairman of the Board of Directors of PPR since 2005. She has been a director of Bouygues since 22 December 1998. Patricia Barbizet is a member of Bouygues' Remuneration Committee and Accounts Committee. She is considered by the Board of Directors to be an independent director within the meaning of the AFEP-MEDEF report of October 2003 and the European Commission Recommendation of 15 February 2005.

You are then asked in the sixth, seventh and eighth resolutions to appoint Messrs Hervé Le Bouc, Nonce Paolini and Helman le Pas de Sécheval as directors for three years. Their term of office shall expire after the Annual General Meeting called to approve the financial statements for 2010.

Born in 1952, Hervé Le Bouc holds an engineering degree from the École Spéciale des Travaux Publics (ESTP). He joined the Bouygues group in 1977 and began his career at Screg (now a Colas subsidiary) as a site engineer, subsequently working as an area supervisor and then a regional manager. In 1989, he was named director in charge of commercial development of Bouygues Offshore, with broad geographic responsibilities. He became Chief Operating Officer of Bouygues Offshore in 1994, then Chief Executive Officer in 1996, and Chairman and Chief Executive Officer in 1999. In 2001 and 2002, he served concurrently as Chief Operating Officer of Bouygues Construction, Chairman of the Board of Bouygues Offshore, and Chairman of the Board of ETDE. In 2002, Hervé Le Bouc was appointed Chief Executive Officer of Saur, then Chairman and Chief Executive Officer in 2005. In February 2007, Hervé Le Bouc became a director of Colas and was then named Deputy Chief Executive Officer in August of the same year. On 30 October 2007, he was appointed Chairman and Chief Executive Officer of Colas.

Born in 1949, Nonce Paolini holds a Master of Arts and is a graduate of the Paris Institute of Political Studies (1972). He started his career at the French power and gas utility EDF-GDF, where he worked first in operational positions (customer service/ sales and marketing) and then in senior management (organisation, training, human resources, corporate communications). He joined the Bouygues group in 1988 as human resources development director, and then became Group corporate communications director in 1990. He moved to TF1 in 1993 as human resources director and was named Executive Vice-President in 1999. He was appointed Senior Vice-President of Bouygues Telecom in 2002, in charge of sales and marketing, customer relations and human resources. He became Deputy Chief Executive Officer in 2004 and a director in 2005. Nonce Paolini has been Chief Executive Officer of TF1 since 22 May 2007.

Helman le Pas de Sécheval was born in 1966. A graduate of the École Normale Supérieure, he holds a PhD in physical sciences and an engineering degree from the École des Mines. He began his career in 1991 as a project manager in the financial engineering department of Banexi. From 1993 to 1997, he was deputy inspector-general of the catacombs and underground quarries of Paris. In July 1997, he was appointed deputy to the head of the Department of Financial Operations and Information of the COB (the French securities regulator), becoming head of this department in 1998. Since November 2001, Helman le Pas de Sécheval has been Chief Financial Officer of Groupama. The Board of Directors considers that he qualifies as an independent director according to the conditions set forth in the AFEP-MEDEF report of October 2003 and the European Commission Recommendation of 15 February 2005.

If you adopt the preceding resolutions, the Board of Directors will be composed of 19 directors, eight of whom will be independent directors within the meaning of the AFEP-MEDEF report of October 2003 and the European Commission Recommendation of 15 February 2005.

Authorisation to enable the company to buy back its own shares (ninth resolution)

The company must have the capacity to buy back its own shares at any time. We therefore ask you to authorise the Board of Directors, with the power to delegate, and for a period of eighteen months, to have the company buy back its own shares. This authorisation, which cancels the previous authorisation given to the Board of Directors for the same purpose by the Annual General Meeting of 26 April 2007, enables the company:

- to ensure the liquidity of and organise the market for its shares, through an investment service provider acting independently under the terms of a liquidity agreement that complies with a code of conduct recognised by the Autorité des Marchés Financiers;
- to deliver shares upon exercise of rights attaching to securities and giving the right to an allotment of shares in the company by way of repayment, conversion, exchange, presentation of a warrant or in any other manner;
- to retain shares with a view to using them subsequently as a medium of payment or exchange in an acquisition;
- to allot shares to employees or corporate officers of the company or associated companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option schemes, corporate savings plans and inter-company savings schemes or by allotment of bonus shares;
- to cancel shares, subject to authorisation by the extraordinary general meeting;
- to implement any market practice accepted by the Autorité des Marchés Financiers and generally to carry out any other transaction in compliance with prevailing regulations.

Share buy-backs may be carried out, in compliance with prevailing regulations, in any manner notably on or off-market (including the over-the-counter market), by the transfer of blocks or the use or exercise of any financial instruments, derivatives products, including derivative financial instruments, and at any time, in particular during a tender offer or exchange offer and during a standing offer. The entire programme may be carried out through block trades.

The total number of shares held on any particular date may not exceed 10% of the existing capital at such date.

We ask you to set the maximum purchase price at €80 and the minimum sale price at €30.

Resolutions within the authority of the extraordinary general meeting

Authorisation to reduce the company's capital by the cancellation of treasury stock (tenth resolution)

We ask you, in accordance with Article L. 225-209 of the Commercial Code, to grant the Board of Directors authorisation for a period of eighteen months to carry out one or more capital reductions, as it sees fit, up to a limit of 10% of the capital in any twenty-four-month period by cancelling some or all of the shares that the company holds or will hold as a result of any authorisation to buy back shares granted by the Annual General Meeting and notably under the tenth resolution submitted to this Annual General Meeting for approval.

This authorisation would cancel the one granted by the Combined Annual General Meeting of 26 April 2007, pursuant to which the Board of Directors, in its meeting of 4 December 2007, cancelled 5,019,768 shares that had been bought back by the company. This cancellation was intended to partially offset the dilution resulting from the issuance of new shares required by the exercise of stock options granted to employees and by the two capital increases reserved for employees through the leveraged employee share ownership programmes Bouygues Partage and Bouygues Confiance 4.

Authorisation to grant stock options (eleventh resolution)

We ask you, in accordance with Articles L. 225-177 to L. 225-186 of the Commercial Code, to authorise the Board of Directors, for a period of thirty-eight months to grant stock options to persons whom it shall nominate among the salaried employees and officers of the company and companies or economic interest groupings that are connected to it within the meaning of Article L. 225-180 of the Commercial Code. The total number of stock options that may be granted pursuant to this authorisation may not give the right to subscribe for or acquire a total number of shares representing more than 10% of the company's capital at the time of the Board of Directors' decision, taking account of the stock options already granted under this authorisation.

It is noted that any shares allotted free of charge during the period of this authorisation and pursuant to an authorisation granted by the Annual General Meeting will count toward this maximum limit of 10% of the capital.

The share subscription or purchase price may not be less than the average of the quoted prices of the share during the twenty trading days preceding the option grant date. No discount shall be authorised. In addition, the purchase price of existing shares may not be less than the average price of shares purchased by the company.

We ask you to resolve that the stock option exercise period, as determined by the Board of Directors, may not exceed seven years and six months from the option grant date.

We also ask you to resolve that the stock option plans granted on 15 March 2004 and 31 March 2008 have this same period of seven years and six months for technical reasons. The exercise of stock options in these plans at the end of a seven-year validity period (i.e. between 1 January and 15 March 2011 or 31 March 2015) could result in the creation and transfer of a significant number of shares that do not give the right to the dividend for the preceding financial year. This could hinder trading in these shares, which are quoted separately.

Authorisation to issue equity warrants during the period of a public offer for the company's shares (twelfth resolution)

In this resolution, we ask you to authorise the Board of Directors, in accordance with Article L. 233-32-II of the Commercial Code, to issue to shareholders, during the period of a public offer for the company's shares, warrants giving rights to subscribe on preferential terms for one or more shares in the company, and to allot such warrants free of charge. These warrants shall lapse automatically as soon as the offer or any other competing offer has failed, lapsed or been withdrawn.

In the matter at hand, this entails the application of the reciprocity principle provided for in Article L. 233-33 of the Commercial Code, i.e. to waive the requirement for your company to seek the Annual General Meeting's authorisation during the offer period to implement measures to frustrate the bid if the offeror is not itself subject to identical provisions or equivalent measures.

This authorisation would be granted for a period of eighteen months.

Authorisation to increase the company's capital in the event of a public offer (thirteenth resolution)

In this resolution, we ask you to authorise the Board of Directors to utilise, during a public offer period relating to securities in the company, the various delegations of power and authorisations granted by the Annual General Meeting to increase the capital, provided that such utilisation during a public offer period is permitted by applicable laws and regulations.

As in the twelfth resolution, this entails the application of the reciprocity principle provided for in Article L. 233-33 of the Commercial Code, i.e. to waive the requirement for your company to seek the Annual General Meeting's authorisation during the offer period to implement measures to frustrate the bid if the offeror is not itself subject to identical provisions or equivalent measures.

This authorisation would be granted for a period of eighteen months. It is applicable to all authorisations to increase the capital in effect, regardless of whether they were granted by this Annual General Meeting or previous Annual General Meetings.

Powers (fourteenth resolution)

The purpose of this final resolution is to allow all legal or administrative formalities to be carried out and all filings and publications to be made under and in accordance with applicable law.

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The statutory information concerning employee affairs is contained in the management report that was communicated to you.

We kindly ask you to vote on the resolutions submitted for your approval.

The Board of Directors

Board of Directors' report on the situation and operations of the company and the Group's companies in 2007

This report is on pages 5 to 114, 127 to 130, 134 to 140 and 142 to 145 of this registration document.

Chairman's report on the preparation and organisation of the Board of Directors' work and on internal control procedures

This report is on pages 115 to 126 of this registration document.

Board of Directors' special report on share buy-backs

This report is on pages 140 to 141 of this registration document.

Board of Directors' special report on stock options

This special report is on pages 130 to 134 of this registration document.

Supplementary Board of Directors' report on the capital increase reserved for employees and corporate officers who are members of the Bouygues group savings plan (Article R. 225-116 of the Commercial Code)

Ladies and Gentlemen,

We remind you that during your Combined Annual General Meeting of 26 April 2007, you delegated to your Board of Directors, for a period of twenty-six months, the power to carry out one or more capital increases, upon its own initiative and as it sees fit, on condition that they do not exceed 10% of the company's capital, by issuing new shares for payment in cash, reserved for the employees and corporate officers of the company and companies connected to it who are members of any company or Group savings plan.

For this purpose, you delegated to your Board of Directors, with the power to sub-delegate to the Chief Executive Officer or, with his agreement, to one or more Deputy Chief Executive Officers, full powers to carry out said capital increases and to determine the conditions and methods.

Using the powers thus granted, your Board of Directors decided in its meeting of 30 August 2007 to carry out a capital increase reserved for employees in response to the strong interest expressed by the Group's employees and to help ensure that all employees in the Group's subsidiaries share a common attitude.

This transaction, carried out through an employee share ownership fund set up specifically for this purpose, and whose regulations will have to be approved by the Autorité des Marchés Financiers, will increase the capital by a maximum €300 million (issue premium included).

This leveraged capital increase will increase employees' investments because, pursuant to the exchange agreement between the share ownership fund and the bank, each employee's personal contribution will be matched by a bank contribution equivalent to nine times the amount of the beneficiary's contribution.

When beneficiaries exit the fund, they will receive a percentage of the capital gain on the total number of shares acquired through their personal investment and the bank's matching investment. That percentage will be equivalent to the difference between the share price upon exit and the subscription price before the 20% discount, multiplied by the total number of shares acquired.

Last, the risk with the savings plan is limited because regardless of the change in the Bouygues share price, employees are guaranteed to recoup their personal investment.

The subscription price has been set at 80% of the average of the opening prices on the twenty trading days before 30 August 2007, which was €43.18.

The shares subscribed through the employee share ownership fund will bear rights from

1 January 2007; the new shares will be fungible with existing shares.

The subscription period shall open no earlier than 1 November 2007 and close no later than 31 December 2007. The Chairman shall decide the paying-up arrangements.

In accordance with the decision of the Combined Annual General Meeting of 26 April 2007, the number of shares offered is less than 10% of the company's capital. The maximum number of new shares to be created, given the authorised amount of the capital increase and the subscription price, would be 6,947,660 shares, or 2% of the company's capital.

The following table shows how the issuance of a maximum of 6,947,660 new shares would affect the holding of a shareholder who owns 1% of Bouygues' authorised capital and who does not subscribe for the capital increase:

Shareholder's interest (%)	
Before the issue	1%
After the issue of a maximum of 6,947,660 new shares	0.98%

Moreover, the impact of this issue on the interest in consolidated shareholders' equity attributable to the Group as of 30 June 2007, for a shareholder who owns one Bouygues share and who does not subscribe for the capital increase would be the following:

Interest in shareholders' equity att. to the Group, as of 30 June 2007	
Before the issue	€17.13
After the issue of a maximum of 6,947,660 new shares	€17.64

Considering the issue price and the volume of shares being issued, the capital increase should not have a significant impact on the quoted share price.

Also, your Board of Directors has decided that this planned capital increase will be accompanied by a share buy-back programme to limit the dilution related to the capital increase.

In accordance with Article R. 225-116 of the Commercial Code, this report will be available to shareholders at the company's head office no more than fifteen days after the Board of Directors' meeting, and the shareholders will be informed of it at the next Annual General Meeting.

Done on 30 August 2007

The Chairman of the Board of Directors

Auditors' reports

Auditors' report on the parent company financial statements

To the shareholders,

In accordance with the terms of our appointment at the Annual General Meeting, we present below our report for the year ended 31 December 2007 on:

- the audit of the accompanying parent company financial statements of Bouygues;
- the basis of our opinion;
- the specific procedures and information required by law.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

1. Opinion on the financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2007, and of the results of its operations for the year then ended, in accordance with French generally accepted accounting principles.

2. Basis of our opinion

Pursuant to the provisions of Article L. 823-9 of the Commercial Code requiring auditors to explain the basis of their opinion, we draw to your attention the following matters:

Holdings in subsidiaries and affiliates recognised as assets on the company's balance sheet are valued in accordance with the methods described in Note 2.3 to the financial statements. We reviewed the data used to estimate the carrying amounts of these investments and checked the calculations of impairment losses where appropriate. We have nothing to report regarding the methods used, the reasonableness of the estimates made or the relevance of the information disclosed in the notes to the financial statements.

These assessments are an integral part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion expressed in the first part of this report.

3. Specific procedures and information

We also carried out the specific procedures required by law in accordance with the professional standards applicable in France.

We have no matters to report regarding:

- the fairness of the information given in the management report prepared by the Board of Directors and the documents sent to shareholders on the company's financial position and financial statements, or its consistency with those financial statements;
- the fairness of the information given in the management report on remuneration and benefits granted to corporate officers, and any commitments granted to those corporate officers upon or after the commencement or termination of their duties, or in the event of a change in office.

As required by law, we verified that details of controlling and other interests acquired during the year and the identity of shareholders (or holders of voting rights) are disclosed in the management report.

Paris La Défense and Courbevoie, 4 March 2008
The Auditors

Mazars & Guérard
Gilles Rainaut

Ernst & Young Audit
Jean-Claude Lomberget

Auditors' report on the consolidated financial statements

To the shareholders,

In accordance with the terms of our appointment at the Annual General Meeting, we have audited the accompanying consolidated financial statements of Bouygues for the year ended 31 December 2007.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform our audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities and financial position of the consolidated group at 31 December 2007, and of the results of its operations for the year then ended, in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union.

Without qualifying our opinion, we draw to your attention the following matters:

- Notes 1.5 and 2.3 to the consolidated financial statements, which describe the change in accounting policies resulting from:
  - application of the option available under IAS 19 as amended, allowing actuarial gains and losses to be recognised in equity;
  - early adoption of IFRIC 13 dealing with the accounting treatment of customer loyalty programmes such as those run by Bouygues Telecom.
- Notes 2.5.1 and 3.2.4.3 to the consolidated financial statements, which outline the accounting treatment applied to acquisitions of equity interests in Alstom and Alstom Hydro Holding.

2. Basis of our opinion

Pursuant to the provisions of Article L. 823-9 of the Commercial Code requiring auditors to explain the basis of their opinion, we draw to your attention the following matters:

- Impairment tests were carried out on goodwill and other intangible assets as described in Note 2 to the consolidated financial statements. We reviewed the methods used to carry out the tests and the underlying assumptions.
- Current and non-current provisions carried on the balance sheet for €597 million and €1,493 million, respectively, were measured as described in Notes 2.12 and 2.13 to the consolidated financial statements. In light of available information, our assessment of these provisions was based primarily on an analysis of the processes implemented by management to identify and evaluate risks.
- Note 1.1 to the consolidated financial statements describes the methods used to account for the Group's acquisition of an additional interest in Alstom. Our work consisted in reviewing the data, assumptions and calculations used and ensuring that adequate disclosures are provided in Note 2.5.1 to the consolidated financial statements. We assessed the impact on the consolidated financial statements of not recognising changes in the fair value of the embedded derivative described in Note 3.2.4.3. The results and findings of our audit take into account this departure from IFRS.

These assessments are an integral part of our audit of the consolidated financial statements taken as a whole, and therefore contribute to the opinion expressed in the first part of this report.

3. Specific procedures

We also reviewed the information given in the Group management report, in accordance with the professional standards applicable in France.

We have no matters to report on its fairness or consistency with the consolidated financial statements.

Paris La Défense and Courbevoie, 4 March 2008
The Auditors

Mazars & Guérard	**Ernst & Young Audit**
Gilles Rainaut	Jean-Claude Lomberget

Auditors' report, prepared in accordance with Article L. 225-235 of the Commercial Code, on the report of the Chairman of Bouygues on internal control procedures relating to the preparation and treatment of accounting and financial information

To the shareholders,

In our capacity as auditors of Bouygues and in accordance with the requirements of Article L. 225-235 of the Commercial Code, we present below our report on the report compiled by the Chairman of your company in accordance with Article L. 225-37 of the Commercial Code for the year ended 31 December 2007.

The Chairman is responsible for reporting on the work and practices of the Board of Directors and on the company's internal control procedures.

Our responsibility is to report our comments on the information contained in the Chairman's report regarding internal control procedures relating to the preparation and treatment of accounting and financial information.

We conducted our work in accordance with the professional practices applicable in France. Those practices require that we perform procedures to assess the fairness of the information provided in the Chairman's report on internal control procedures relating to the preparation and treatment of accounting and financial information. These procedures included:

- obtaining an understanding of the internal control procedures relating to the preparation and treatment of accounting and financial information contained in the Chairman's report, and of other existing documentation;
- obtaining an understanding of the work underlying the information contained in the Chairman's report, and of other existing documentation;
- determining whether the Chairman's report contains the appropriate disclosures regarding any material weaknesses we might have identified in internal control procedures relating to the preparation and treatment of accounting and financial information.

Based on our work, we have no matters to report on the information contained in the Chairman's report prepared in accordance with Article L. 225-37 of the Commercial Code on internal control procedures relating to the preparation and treatment of accounting and financial information.

Paris La Défense and Courbevoie, 4 March 2008
The Auditors

Mazars & Guérard
Gilles Rainaut

Ernst & Young Audit
Jean-Claude Lomberget

Auditors' special report on regulated agreements and commitments

To the shareholders,

In our capacity as auditors of your company, we present below our report on regulated agreements and commitments.

Pursuant to Article L. 225-40 of the Commercial Code, we were informed of those agreements and commitments approved by your Board of Directors.

Our responsibility does not include identifying any undisclosed agreements or commitments. We are required to report to shareholders, based on the information provided, about the main terms and conditions of the agreements and commitments that have been disclosed to us, without commenting on their relevance or substance. Under the provisions of Article R. 225-31 of the Commercial Code, it is the responsibility of shareholders to determine whether the agreements and commitments are appropriate and should be approved.

We conducted our work in accordance with the professional standards applicable in France. Those standards require that we plan and perform procedures to ensure that the information disclosed to us is consistent with the source documents from which it was taken.

Shared service agreements

Bouygues has entered into shared service agreements with its main subsidiaries, under which it provides principally management, HR, IT and financial services to its various sub-groups.

Bouygues invoiced the following amounts in respect of this agreement in 2007:

Subsidiary	Amount excluding VAT	Directors concerned
Bouygues Construction	€12,425,307	Olivier Bouygues , Yves Gabriel and Olivier Poupart-Lafarge
Bouygues Immobilier	€2,741,997	François Bertière and Olivier Poupart-Lafarge
Bouygues Telecom	€7,236,394	Olivier Bouygues and Olivier Poupart-Lafarge
Colas	€16,957,632	Olivier Bouygues, Alain Dupont, Patrick Le Lay and Olivier Poupart-Lafarge
TF1	€4,575,912	Patricia Barbizet, Martin Bouygues, Olivier Bouygues, Patrick Le Lay and Olivier Poupart-Lafarge
Finagestion	€791,155	Olivier Bouygues

Service agreements: use of Bouygues aircraft

Bouygues operates two aircraft belonging to its sub-affiliate Challenger Luxembourg. The aircraft are made available to several Group subsidiaries as well as SCDM and Alstom Holdings. The service agreements setting the prices for the use of these aircraft were approved for a one-year term starting 1 January 2007.

Bouygues invoiced the following amounts in respect of this agreement in 2007:

Subsidiary	Amount excluding VAT	Directors concerned
Bouygues Construction	€425,092	Olivier Bouygues, Yves Gabriel and Olivier Poupart-Lafarge
Bouygues Bâtiment International	€234,042	Yves Gabriel
Bouygues Bâtiment Ile-de-France	-	Yves Gabriel
Bouygues Travaux Publics	€136,383	Yves Gabriel
Bouygues Immobilier	€25,067	François Bertière and Olivier Poupart-Lafarge
TF1 group	€346,200	Patricia Barbizet, Martin Bouygues, Olivier Bouygues, Patrick Le Lay and Olivier Poupart-Lafarge
Eurosport	-	Olivier Bouygues and Patrick Le Lay
Colas	€1,172,417	Olivier Bouygues, Alain Dupont, Patrick Le Lay and Olivier Poupart-Lafarge
Bouygues Telecom	€209,958	Olivier Bouygues and Olivier Poupart-Lafarge
ETDE	€16,000	Yves Gabriel
Finagestion	€45,442	Olivier Bouygues
SCDM	€450,883	Martin Bouygues, Olivier Bouygues and Olivier Poupart-Lafarge
Alstom Holdings	€91,792	Patrick Kron

Service agreements: administration of TF1 shares by the Group Corporate Secretary

Bouygues has a registered share service which also administers TF1 shares. In 2007, Bouygues invoiced TF1 the sum of €60,000 excluding VAT in respect of this agreement.

Directors concerned: Patricia Barbizet, Martin Bouygues, Olivier Bouygues, Patrick Le Lay and Olivier Poupart-Lafarge

Agreement between Bouygues and SCDM

Under the terms of this agreement, SCDM invoices Bouygues up to €8 million a year for costs incurred in relation to:

- salaries, mainly for Martin and Olivier Bouygues who are paid exclusively by SCDM;
- research and analysis relating to strategic developments and the expansion of the Bouygues group;
- miscellaneous services.

SCDM may also provide Bouygues (or Bouygues provide SCDM) with specific services. These services are invoiced at arm's length.

During the year, SCDM invoiced Bouygues €6,445,498 and Bouygues invoiced SCDM €680,210 in respect of this agreement.

Directors concerned: Martin Bouygues, Olivier Bouygues and Olivier Poupart-Lafarge

Amendments to the trademark licence agreement between Bouygues and Bouygues Travaux Publics

An amendment to the trademark licence agreement was signed by Bouygues and Bouygues Travaux Publics on 15 December 2000. The amended agreement extends the non-exclusive right to the Minorange ellipse logo to a dozen countries, and allows Bouygues Travaux Publics to grant sub-licences to its subsidiaries regarding the Bouygues Travaux Publics and Bouygues TP trademarks and the Minorange ellipse logo.

No amount was invoiced in respect of this agreement in 2007.

Director concerned: Yves Gabriel

Commitments relating to management

Olivier Poupart-Lafarge's term of office as Deputy CEO expires on 30 April 2008. His employment contract, which had been suspended when he was first appointed to the post on 25 June 2002, will automatically come into effect as of 1 May 2008.

Olivier Poupart-Lafarge is to retire on 31 May 2008, at which date he will receive from Bouygues a 12-month bonus calculated in accordance with the collective bargaining agreement applicable to the construction industry, taking into account his term as corporate officer.

Director concerned: Olivier Poupart-Lafarge

In application of the Commercial Code, we were informed of the following agreements entered into in prior years which remained in force during the year.

Reciprocal interest-bearing advances between Bouygues and its subsidiaries

Bouygues invoiced its subsidiaries an amount of €1,927,882 in interest during 2007. This amount accrued on advances granted at interest rates below those applied by banks to floating-rate corporate loans.

Acquisition of Bouygues Telecom shares from BNP Paribas

Pursuant to the agreements entered into on 21 June 2005, Bouygues has acquired BNP Paribas' 6.5% interest in Bouygues Telecom. The transaction was carried out on 10 September 2007 for an amount of €441,126,682.

Validity of guarantees given by Bouygues to Bouygues Bâtiment International

In January 1998, Bouygues entered into a concession agreement relating to a riding club project in Jeddah (Saudi Arabia). Following the spin-offs in June 1999, Bouygues Bâtiment (renamed Bouygues Bâtiment International) replaced Bouygues in its commitments and obligations. The two companies subsequently entered into an agreement to amend the joint and several liability clauses.

No amounts were paid in respect of this agreement in 2007.

Trademark licence agreements

Bouygues has entered into trademark licence agreements with several subsidiaries, entitling them to use various trademarks, company names and trade names under specific conditions.

Bouygues invoiced the following amounts in respect of this agreement in 2007:

Subsidiary	Amount excluding VAT
Bouygues Construction	€36,283
Bouygues Immobilier	€16,464
Bouygues Travaux Publics	€15,854
Bouygues Bâtiment International	€12,196
Bouygues Bâtiment Ile-de-France	€15,550
Bouygues Telecom	€62,199
GIE 32 Hoche	€1,000

Liability for defence costs

On 16 December 2003, Bouygues agreed to assume any defence costs incurred by executive officers or employees in connection with criminal proceedings resulting in discharge or acquittal, where such proceedings are brought against them either for acts carried out in performance of their duties or for merely holding office as director, Chairman, CEO, Deputy CEO or any equivalent office in a Group company.

No amounts were paid in respect of this agreement in 2007.

Sponsorship agreement between Bouygues and Arsep

The sponsorship agreement entered into by Bouygues and Arsep in connection with the Edmus project continued during 2007. This project is aimed at computerising data on multiple sclerosis sufferers.

An amount of €40,000 excluding VAT was paid out during the year in respect of this agreement.

Supplementary pension plan for executive officers

Members of the Group's Management Committee, including corporate officers and salaried directors of Bouygues SA, are eligible for supplementary pension benefits equal to 0.92% of their reference salary for each year they have belonged to the plan. This supplementary plan has been transferred to an insurance company. Contributions paid into the plan set up by the insurance company totalled €3,720,000 excluding VAT in 2007.

Magnitude software sub-license agreements between Bouygues and certain subsidiaries

Bouygues SA has entered into agreements to provide Bouygues Construction, Colas and Bouygues Immobilier with a sub-licence to use the Magnitude accounting and financial consolidation software application.

No amounts were invoiced in respect of these agreements in 2007.

Construction and project management agreement for Hôtel de la Marine

As part of the sponsorship agreement with the French government for the restoration of Hôtel de la Marine, in 2006 Bouygues entered into the following two agreements with Bouygues Bâtiment Ile-de-France:

- a renovation contract for an estimated amount of €4,800,000 excluding VAT;
- a project management contract whereby Bouygues Bâtiment Ile-de-France provides Bouygues with building assistance and advisory services for estimated fees of €200,000 excluding VAT.

In 2007, Bouygues Bâtiment Ile-de-France invoiced Bouygues an amount of €2,264,959 excluding VAT in respect of this agreement.

Other agreements:

- With Bouygues Construction

  Bouygues entered into a nine-year sub-lease agreement with Bouygues Construction (with three-year, six-year and nine-year cancellation options for the lessee) for part of the Challenger building.

  In 2007, Bouygues Construction invoiced Bouygues an amount of €276,717 excluding VAT in respect of this agreement.

- With SCI des Travaux Publics du 90 Avenue des Champs-Élysées

  Bouygues' agreement with SCI des Travaux Publics du 90 Avenue des Champs-Élysées expired in June 2006. This agreement was signed on 10 September 2003 in the context of Bouygues' sale of its Champs-Élysées offices, and provided for deferred transfer of possession.

In 2007, Bouygues was invoiced an amount of €16,164 for its share of the property taxes relating to these offices.

Paris La Défense and Courbevoie, 4 March 2008
The Auditors

Mazars & Guérard
Gilles Rainaut

Ernst & Young Audit
Jean-Claude Lomberget

Auditors' reports to the Combined Annual General Meeting

To the shareholders,

In our capacity as auditors of your company, we present below our reports on the various transactions which you are asked to approve.

Auditors' report on the reduction of share capital by cancelling shares repurchased by the company (tenth resolution)

In our capacity as auditors of Bouygues, and as required under Article L. 225-209, paragraph 7 of the Commercial Code in the event of a capital reduction by cancelling shares repurchased by the issuer, we present below our report on our assessment of the reasons for the proposed capital reduction and the terms and conditions of the operation.

We performed the procedures that we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved assessing whether the decision to reduce the capital and the terms and conditions of the proposed transaction are appropriate.

The proposed capital reduction will concern shares representing up to 10% of the company's capital bought back pursuant to Article L. 225-209 of the Commercial Code. At the Annual General Meeting, shareholders will be asked to give an 18-month authorisation to the company to implement the buy-back programme.

The Board of Directors asks you to grant it full powers, for an 18-month period, to cancel shares repurchased under the programme, provided that the aggregate number of shares cancelled in any period of 24 months does not exceed 10% of the company's issued capital.

We have no matters to report concerning the reasons for and terms and conditions of the proposed capital reduction, the implementation of which is subject to shareholders' approval of the buy-back programme.

Auditors' special report on the award of stock options to corporate officers and employees of the company and its related entities within the meaning of Article L. 225-180 of the Commercial Code (eleventh resolution)

In our capacity as auditors of your company, and pursuant to Articles L. 225-177 and R. 225-144 of the Commercial Code, we present below our report on the award of stock options to corporate officers and employees of the company and its related entities within the meaning of Article L. 225-180 of the Commercial Code.

The Board of Directors is responsible for reporting to shareholders on the aims and objectives of the proposed stock option plans, as well as on the method to be used to set the option exercise price. Our responsibility is to express an opinion on the proposed method of setting the option exercise price.

We performed the procedures that we considered necessary in accordance with the professional standards issued by the CNCC. Those procedures involved verifying that the proposed method of setting the option exercise price is described in the report of the Board of Directors, and that it complies with the provisions of the relevant texts, is transparent for shareholders, and does not appear to be manifestly inappropriate.

We have no matters to report concerning the proposed method.

Auditors' report on the issue of equity warrants free of charge in the event of a public offer for the company's shares (twelfth resolution)

In our capacity as auditors of your company, and pursuant to Article L. 228-92 of the Commercial Code, we present below our report on the proposed issue of equity warrants free of charge in the event of a public offer for the company's shares, which shareholders are asked to approve.

Based on its report, the Board of Directors asks that you authorise it, within the scope of Article L. 233-32 II of the Commercial Code, to:

- issue free equity warrants giving the holders pre-emptive rights to one or more shares of the company pursuant to Article L. 233-32 II of the Commercial Code, and to award such warrants free of charge to all eligible shareholders prior to the expiry of the offer period;
- set the terms and conditions of exercise and any other characteristics of the equity warrants.

The nominal amount of the shares that may be issued upon exercise of the warrants may not exceed €400,000,000, and the number of warrants issued may not exceed the number of shares comprising the share capital at the time the warrants are issued.

The Board of Directors is responsible for preparing a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements and other specific information concerning the issue provided in this report.

We performed the procedures that we considered necessary in accordance with the professional standards issued by the CNCC. Those procedures involved verifying the contents of the Board's report on the proposed transaction.

We have no matters to report concerning the information provided in the Board's report on the proposed issue of equity warrants free of charge in the event of a public offer for the company's shares.

We will draw up a supplementary report if the Board of Directors decides to use this authorisation, with a view to approval by an Annual General Meeting, as provided in Article L. 233-32 III of the Commercial Code, and in accordance with Article R. 225-116 of that code.

Paris La Défense and Courbevoie, 4 March 2008
The Auditors

Mazars & Guérard
Gilles Rainaut

Ernst & Young Audit
Jean-Claude Lomberget

Supplementary auditors' report on the capital increase reserved for employees and corporate officers subscribing to a company savings scheme

To the shareholders,

In our capacity as auditors of your company and in accordance with Article R. 225-1 16 of the Commercial Code, we present below our report supplementing our special report of 5 March 2007 on the issue of shares to employees and corporate officers of Bouygues and its related entities subscribing to a company savings scheme approved by the Annual General Meeting of 26 April 2007.

This meeting authorised the Board of Directors to issue shares over a period of 26 months representing up to 10% of the capital as of the date of the Board's decision.

Pursuant to this authorisation, at its meeting of 30 August 2007, the Board of Directors increased the company's capital by €300 million through the issuance of 6,947,660 shares to employees at an exercise price of €43.18 per share.

The Board of Directors is responsible for preparing a supplementary report in accordance with Articles R. 225-115 and R. 225-116 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements, the proposal to waive pre-emptive rights, and other information concerning the issue contained in this report.

We performed the procedures that we considered necessary in accordance with the professional standards issued by the CNCC. Those procedures involved verifying:

- the fairness of financial information taken from the condensed interim consolidated financial statements for the six months ended 30 June 2007, prepared under the responsibility of the Board of Directors in accordance with International Financial Reporting Standard IAS 34 on interim financial reporting adopted for use in the European Union. We performed a limited review of these condensed interim consolidated financial statements in accordance with the professional standards applicable in France;
- the consistency of the terms and conditions of the transaction with the authorisation granted by shareholders, and the fairness of the information provided in the Board's supplementary report on the basis for calculating the issue price and the final amount of the issue price.

We have no matters to report concerning:

- the fairness of financial information taken from the company's financial statements and provided in the Board's supplementary report;
- the consistency of the terms and conditions of the transaction with the authorisation granted by the Annual General Meeting of 26 April 2007 and with the information provided at that meeting;
- the proposal to waive pre-emptive rights, which you have already approved; the basis for calculating the issue price and the final amount of the issue price;
- the presentation of the impact of the issue on existing holders of shares or securities giving access to capital in relation to shareholders' equity and the share price.

Paris La Défense and Courbevoie, 12 September 2007
The Auditors

Mazars & Guérard	**Ernst & Young Audit**
Gilles Rainaut	Jean-Claude Lomberget

Draft resolutions

Ordinary general meeting

First resolution

(Approval of the parent company financial statements)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, having acquainted itself with the Board of Directors' and auditors' reports, hereby approves the parent company financial statements as at 31 December 2007, showing a net profit of €750,574,450.93, and the transactions recorded in the financial statements or mentioned in these reports.

Second resolution

(Approval of the consolidated financial statements)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, having acquainted itself with the Board of Directors' and auditors' reports, hereby approves the consolidated financial statements as at 31 December 2007, showing a net profit attributable to the Group of €1,376,000,000, and the transactions recorded in the financial statements or mentioned in these reports.

Third resolution

(Appropriation of earnings, approval of a dividend)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings and noting that distributable earnings amount to €1,189,196,390.30, hereby resolves:

- to allocate to the legal reserve an amount of €314,065.90, thereby increasing it to 10% of the company's capital,
- to distribute a first dividend (5% of par) of €0.05 per share, making a total of €17,375,128.90,
- to distribute an additional dividend of €1.45 per share, making a total of €503,878,738.10,
- to carry over the remainder in the amount of €667,628,457.40.

The dividend, equivalent to €1.50 per share, shall be payable in cash as from 2 May 2008. The dividend detachment date (ex-rights date) for the Euronext Paris market shall be 28 April 2008. The cut-off date for the positions which, after settlement, will qualify for payment (record date), shall be 30 April 2008.

In accordance with Article 243a of the General Tax Code, natural persons resident in France for tax purposes will be eligible for 40% tax relief on the dividend as provided for by paragraph 2° of Article 158.3 of the General Tax Code.

If the company is holding some of its own stock at the dividend payment date, an amount equal to the dividends not distributed because of the nature of such stock shall be allocated to retained earnings.

The Annual General Meeting notes that the Board of Directors has fulfilled its statutory obligation to state the amount of dividends distributed in the last three years:

	Exceptional payout January 2005[1]	Financial year 2004	Financial year 2005	Financial year 2006
Number of shares	332,758,624	332,758,624	336,762,896	334,777,583
Dividend	€2.52	€0.75	€0.90	€1.20
Total dividend[2] (distributed earnings eligible for tax relief in accordance with para 2° of Article 158.3 of the General Tax Code)	€838,551,732.48	€248,928,093.00	€301,951,234.80	€400,003,315.20

(1) The amounts shown relate to the fraction, similar to a dividend for tax purposes, of the exceptional payout of €5.00 per share or per investment certificate decided by the ordinary general meeting of 7 October 2004 and distributed on 7 January 2005. This payout qualifies for tax purposes as an exceptional dividend of €2.52 and a capital contribution repayment of €2.48.

(2) The amounts shown represent the actual dividends paid out, noting that no dividends are paid on the shares bought back by the company.

Fourth resolution

(Approval of regulated agreements and commitments)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings and having acquainted itself with the auditors' special report on regulated agreements and commitments, hereby approves the agreements and commitments referred to therein.

Fifth resolution

(Renewal of the term of office of Mrs Patricia Barbizet)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office as director of Mrs Patricia Barbizet for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2010.

Sixth resolution

(Appointment of Mr Hervé Le Bouc as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, appoints Mr Hervé Le Bouc as a director for three years.

This term shall expire after the Annual General Meeting called to approve the financial statements for 2010.

Seventh resolution

(Appointment of Mr Nonce Paolini as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, appoints Mr Nonce Paolini as a director for three years.

This term shall expire after the Annual General Meeting called to approve the financial statements for 2010.

Eighth resolution

(Appointment of Mr Helman le Pas de Sécheval as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, appoints Mr Helman le Pas de Sécheval as a director for three years.

This term shall expire after the Annual General Meeting called to approve the financial statements for 2010.

Ninth resolution

(Authorisation to the Board of Directors to enable the company to buy back its own shares)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, having acquainted itself with the special report of the Board of Directors, hereby authorises the Board, with the power to sub-delegate, to have the company buy back its own shares, in compliance with laws and regulations applicable at the time of the buy-back, and in particular with the conditions and obligations laid down by Articles L. 225-209 and seq. of the Commercial Code, European Regulation (EC) No. 2273/2003 of 22 December 2003, and the General Regulation of the Autorité des Marchés Financiers, and to carry out such buy-backs in accordance with the conditions set forth hereafter.

The purpose of this authorisation is to enable the company:

- to ensure the liquidity of and organise the market for its shares, through an investment service provider acting independently under the terms of a liquidity agreement that complies with a code of conduct recognised by the Autorité des Marchés Financiers;
- to deliver shares upon exercise of rights attaching to securities and giving the right to an allotment of shares in the company by way of repayment, conversion, exchange, presentation of a warrant or in any other manner;
- to retain shares with a view to using them subsequently as a medium of payment or exchange in an acquisition;
- to allot shares to employees or corporate officers of the company or associated companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option schemes, corporate savings plans and inter-company savings schemes or by allotment of bonus shares;
- to cancel shares, subject to authorisation by the extraordinary general meeting;
- to implement any market practice accepted by the Autorité des Marchés Financiers and generally to carry out any other transaction in compliance with prevailing regulations.

Share buy-backs may be carried out, in compliance with prevailing regulations, in any manner notably on or off-market (including the over-the-counter market), by use of, in particular, derivative financial instruments and at any time in particular during a cash tender or exchange offer and during a standing offer. The entire programme may be carried out through block trades.

Shares purchased may be sold in particular under the conditions laid down by the Autorité des Marchés Financiers in its position dated 6 December 2005 relating to the introduction of a new regime governing the buy-back of a company's own shares.

The company may, pursuant to this authorisation, acquire or sell its own shares on or off-market, subject to the following limits:

- maximum purchase price: €80 per share,
- minimum sale price: €30 per share,

subject to any adjustments relating to transactions in the share capital.

The maximum amount of funds to be used for the share buy-back programme is €1,500,000,000 (one billion five hundred million euros).

The total number of shares held on any particular date may not exceed 10% of the existing capital at such date.

For the purpose of implementing this authorisation, the Board of Directors is granted full powers, notably to assess whether a buy-back programme is appropriate and to decide the terms and conditions of any such programme. The Board may delegate its powers with respect to placing all stock orders, concluding all agreements, in particular with a view to registration of purchases and sales of shares, reporting to the Autorité des Marchés Financiers or any other body, attending to all other formalities and in general taking all necessary measures.

In its special report to the Annual General Meeting, the Board of Directors shall give shareholders information relating to purchases, transfers, sales or cancellations of shares carried out pursuant to this authorisation.

This authorisation is given for eighteen months from the date of this meeting. It cancels the unused portion of any previous authorisation given for the same purpose.

Extraordinary general meeting

Tenth resolution

(Authorisation to the Board of Directors to reduce the company's capital by the cancellation of treasury stock)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, in accordance with Article L. 225-209 of the Commercial Code:

1. authorises the Board of Directors to cancel, at its own initiative, on one or more occasions, some or all of the shares that the company holds or may hold as a result of utilising the various authorisations for the purchase of its own shares given by the Annual General Meeting to the Board of Directors, up to a limit of 10% of the capital in any twenty-four-month period, of the total number of shares making up the company's capital at the date of the transaction.
2. authorises the Board of Directors to apply the difference between the purchase value of the cancelled shares and their nominal value against all available premium and reserve funds.
3. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to carry out the capital reduction(s) resulting from cancellations of shares authorised by this resolution, to have the relevant entries made in the financial statements, to amend the by-laws accordingly, and generally to carry out all necessary formalities.
4. grants this authorisation for eighteen months from the date of this annual general meeting and notes that this authorisation cancels the unused portion of the authorisation granted for the same purpose by the twenty-sixth resolution of the Combined Annual General Meeting of 26 April 2007.

Eleventh resolution

(Authorisation to the Board of Directors to grant stock options)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report:

1. authorises the Board of Directors, in accordance with Articles L. 225-177 to L. 225-186 of the Commercial Code, to grant stock options on one or more occasions and for a period of thirty-eight months from today, to persons whom it shall nominate among the salaried employees and officers of the company and/or companies or economic interest groupings that are connected to it within the meaning of Article L. 225-180 of the Commercial Code. Such options shall give the right, as the Board so chooses, either to subscribe for new shares in the company that will be issued in a capital increase, or to buy existing shares originating from buy-backs carried out by the company.
2. notes that in accordance with Article L. 225-177 of the Commercial Code, no stock options may be granted less than twenty trading days after the right to a dividend or a pre-emptive right to a capital increase has been detached from shares, and within a period of ten trading days preceding and following the date at which the consolidated financial statements or, failing this, the annual financial statements are published.
3. resolves that the total number of stock options that may be granted pursuant to this authorisation may not give the right to subscribe for or acquire a total number of shares representing, at the grant date, and taking account of the stock options already granted under this authorisation, more than 10% of the company's capital (at the time of the Board of Directors' decision), noting that during the period of this authorisation, any shares allotted free of charge pursuant to the twenty-fourth resolution of the Combined Annual General Meeting of 26 April 2007 or to a subsequent authorisation will count against this maximum limit.
4. resolves that if options to subscribe for shares are granted, the share subscription price for the beneficiaries shall be set on the day on which the options are granted by the Board of Directors and may not be less than the average of the quoted prices of the share on the Eurolist by Euronext Paris – or any other market that might replace it – during the twenty trading days preceding the option grant date.
5. resolves that in the event that options to buy shares are granted, the share purchase price for the beneficiaries shall be set the day on which the options are granted by the Board of Directors and may not be less than either the average of the quoted prices of the share on Eurolist by Euronext Paris – or any other market that might replace it – during the twenty trading days preceding the option grant date, or the average price of the shares held by the company under Articles L. 225-208 and L. 225-209 of the Commercial Code.
6. resolves that the stock option exercise period, as determined by the Board of Directors, may not exceed seven years and six months from the option grant date, it being specified that the exercise period for options granted on 15 March 2004 and 31 March 2008 has also been increased to seven years and six months.
7. notes that in accordance with Article L. 225-178 of the Commercial Code and pursuant to this authorisation, the company's shareholders waive, for the benefit of the beneficiaries of options to subscribe for shares, their pre-emptive rights to shares that will be issued progressively as the options are exercised.
8. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to set the other terms and conditions for granting and exercising stock options and in particular:

- to set the conditions for granting and exercising stock options and to draw up the list of beneficiaries,
- to set, if applicable, the seniority requirements for beneficiaries,
- to set the stock option exercise period(s) and, if applicable, to draw up the clauses prohibiting the immediate resale of some or all of the shares,
- to set the date of entitlement, which may be retroactive, of new shares originating from the exercise of stock options,
- to decide the conditions under which the price and number of shares to be subscribed for or acquired shall be adjusted, notably in the cases provided for by laws and regulations,
- for the options granted to officers of the company, to determine which options may not be exercised before they leave office or to set the quantity of shares that must remain registered until they leave office,
- to provide for the possibility of temporarily suspending the exercise of options in the event of financial transactions or share buy-backs,
- to restrict or prohibit the exercise of options during certain periods or subsequent to certain events, with its decisions being applicable to some or all options and to some or all beneficiaries,
- to make all agreements, to take all measures, and to carry out or have carried out all acts and formalities in order to finalise capital increase(s) that may be made pursuant to this authorisation; to amend the by-laws accordingly and generally do all that is necessary,
- if it deems it appropriate, to charge the expenses of the capital increases against the amount of the premiums related to these increases and to deduct from this amount the sums necessary to bring the legal reserve up to one-tenth of the new capital after each increase.

9. resolves that this authorisation cancels and replaces any unused portion of the authorisation granted by the Combined Annual General Meeting of 28 April 2005 in its twentieth resolution.

Twelfth resolution

(Delegation of powers to the Board of Directors to issue equity warrants during the period of a public offer for the company's shares)

The Annual General Meeting, having satisfied the quorum and majority requirements by Article L. 225-98 of the Commercial Code, and in accordance with Articles L. 233-32 II and L. 233-33 of the Commercial Code, having acquainted itself with the Board of Directors' report and the auditors' special report:

1. delegates to the Board of Directors the power, in compliance with applicable law and regulations, on one or more occasions, during the period of a public offer for the company's shares, to issue warrants giving rights to subscribe on preferential terms for one or more shares in the company, and to allot such warrants free of charge to all shareholders holding shares in the company prior to expiry of the offer period. These warrants shall lapse automatically as soon as the offer or any other competing offer has failed, lapsed or been withdrawn.

2. resolves that the maximum nominal amount of any capital increase resulting from the exercise of such equity warrants may not exceed €400,000,000 (four hundred million euros), and that the maximum number of equity warrants that may be issued shall not exceed the number of shares forming the capital at the time the warrants are issued.

3. resolves that the Board of Directors shall have full powers to determine the conditions of exercise of the equity warrants, which must relate to the terms of the offer or any other competing offer, and the other characteristics of the warrants, such as the exercise price or the terms for determining the exercise price, and more generally the characteristics and terms of any issue decided on the basis of this authorisation.

4. notes that this authorisation entails the waiver by shareholders of their pre-emptive rights to ordinary shares in the company to which any warrants issued pursuant to this authorisation may give entitlement.

5. sets the validity of this authorisation at eighteen months from the date of this Annual General Meeting and notes that this authorisation cancels the unused portion of and replaces the authorisation of the twenty-third resolution of the Combined Annual General Meeting of 26 April 2007.

Thirteenth resolution

(Authorisation to the Board of Directors to increase the company's capital in the event of a public offer)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and in accordance with the provisions of Articles L. 233-32 III and L. 233-33 of the Commercial Code:

1. expressly authorises the Board of Directors to utilise during a public offer period relating to securities in the company, and in compliance with applicable laws and regulations in force at such time:

(i) the delegations of power and authorisations given to the Board of Directors by the Annual General Meeting of 26 April 2007 to increase the capital, in any lawful manner, subject to the conditions and limits provided in the said delegations and authorisations:

- thirteenth resolution: *(Delegation of powers to the Board of Directors to increase the capital, with pre-emptive rights, by issuing ordinary shares or securities giving access to ordinary shares in the company or in a company over which it has more than 50% control);*

- fourteenth resolution: (*Delegation of powers to the Board of Directors to increase the capital by incorporating premiums, reserves or earnings);*
- fifteenth resolution: *(Delegation of powers to the Board of Directors to increase the capital, without pre-emptive rights, by issuing ordinary shares or securities giving access to ordinary shares in the company or in a company over which it has more than 50% control);*
- sixteenth resolution: *(Authorisation to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights);*
- seventeenth resolution: *(Authorisation to the Board of Directors to set the issue price, in accordance with the terms decided by the Annual General Meeting, for public issues of equity securities or securities giving access to capital, without pre-emptive rights, up to a limit of 10% of the capital);*
- eighteenth resolution: *(Delegation of powers to the Board of Directors to carry out a capital increase as consideration for contributions in kind consisting of a company's shares or securities giving access to capital);*
- nineteenth resolution: *(Delegation of powers to the Board of Directors to increase the capital, without pre-emptive rights, as consideration for securities to a public exchange offer);*
- twentieth resolution: (*Delegation of powers to the Board of Directors to carry out a capital increase for the benefit of employees or corporate officers of the company or companies in the Group who are members of a company savings scheme);*
- twenty-first resolution: *(Delegation of powers to the Board of Directors to issue shares following the issuance by a Bouygues subsidiary of securities giving immediate or future access to shares in the company).*

(ii) and, subject to its adoption by the Annual General Meeting today, authorisation to the Board of Directors to grant stock options.

2. sets the validity of this authorisation at eighteen months from the date of this Annual General Meeting and notes that this authorisation cancels the unused portion of and replaces the authorisation of the twenty-second resolution of the Combined Annual General Meeting of 26 April 2007.

Fourteenth resolution

(Powers)

The Annual General Meeting gives full powers to the holder of an original, a copy or extract of the minutes of this Annual General Meeting to carry out all legal or administrative formalities and to make all filings and publications under and in accordance with applicable law.

Statement by the person responsible for the Registration Document

I hereby declare that, to the best of my knowledge, the information in this document is correct and that all reasonable measures have been taken to that end. There are no omissions likely to alter the scope of this information.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the company and all the undertakings included in the consolidation taken as a whole; and that the management report on pages 5 to 114, 127 to 130, 134 to 140 and 142 to 145 includes a fair review of the development and performance of the business, the results and the financial position of the company and all the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

I have received a completion letter from the Statutory Auditors stating that they have verified the information concerning the financial situation and the financial statements set forth in this Registration Document, which they have read in full.

Statutory Auditors' reports have been issued in respect of the historical financial information provided on pages 228 and 229 of the Registration Document or included by reference on page 243, which contains observations.

Paris, 9 April 2008

Martin Bouygues
Chairman and Chief Executive Officer

Concordance

Headings of Annex 1, EU Regulation No. 809/2004 — **Page number of Registration Document**

Historical financial information for 2005 and 2006

Pursuant to Article 28 of Commission Regulation EC No. 809-2004 of 29 April 2004, the following information is included by reference in this Registration Document:

- the consolidated financial statements for the year ending 31 December 2006, the notes to the financial statements and the auditors' reports relating thereto, presented on pages 149 to 202 and page 226 of the 2006 Registration Document filed with the Autorité des Marchés Financiers on 10 April 2007;
- the consolidated financial statements for the year ending 31 December 2005, the notes to the financial statements and the auditors' reports relating thereto, presented on pages 152 to 208 and page 226 of the 2005 Annual Report filed with the Autorité des Marchés Financiers on 12 April 2006.

These documents are available in the "Finance/Shareholders" section of the Bouygues website at www.bouygues.com.

Annual Financial Report

The Annual Financial Report 2007, prepared pursuant to Article L. 451-1-2-1 of the Monetary and Financial Code and Article 222-3 of the General Regulation of the Autorité des Marchés Financiers (AMF), comprises the following sections of the Registration Document:

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