BOUYGUES


Bouygues Construction

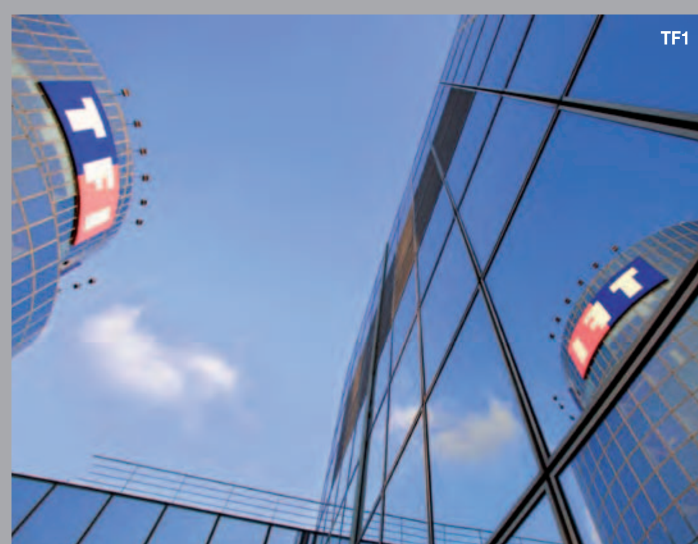

Bouygues Immobilier

Registration Document BOUYGUES

Business activities and CSR
Full-year financial review

2011


Colas


TF1


Bouygues Telecom

Registration Document BOUYGUES 2011

Business activities and CSR

Full-year financial review

This document is a free translation of the Registration Document filed with the Autorité des Marchés Financiers (AMF) on 12 April 2012 pursuant to Article 212-13 of the AMF General Regulation. It may be used in support of a financial transaction if supplemented by a stock exchange prospectus bearing an AMF visa. This document has been prepared by the issuer and its signatories may be held liable for it.

The Registration Document may be consulted on and downloaded from the www.bouygues.com website.

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A good year in 2011

Interview with

Martin Bouygues,

Chairman and CEO

How did Bouygues perform in 2011?

2011 was a good year for the Bouygues group, which saw robust operating performances and excellent commercial activity in its construction businesses. Sales came in higher than expected, up 5% at €32.7 billion. Current operating profit and net profit remained stable. The Group's financial situation is sound, with net debt firmly under control.

How did the construction businesses do?

The construction businesses had an excellent year in 2001. Sales were up 6% at €24.4 billion and current operating profit rose 15% to €1 billion. Driven by a high level of commercial activity, the order book at end-December 2011 stood at a record €24.8 billion, 10% higher than a year earlier, giving good visibility for 2012. That thriving commercial activity demonstrates the competitiveness of the construction businesses, which boast a number of decisive competitive advantages, such as the capacity to offer customers innovative, high value-added solutions tailored to their needs, a well-established and diversified international presence and the development of specialty activities, a source of growth.

Bouygues Construction's operating margin improved 0.2 points to 3.6% in a highly competitive environment. Bouygues Immobilier, with a robust 8.2% operating margin, consolidated its leading position on the French residential property market. Reservations reached a record level of 14,723 housing units. Colas' current operating margin rose 0.7 points to 3.8% as a result of adaptation and transformation measures begun in 2010.

Are the performances of TF1 and Bouygues Telecom in line with your expectations?

The strategy introduced at TF1 is paying off. Sales remained stable at €2,620 million. Advertising revenues at the TF1 group were up 2% thanks to the consolidation of TMC and NT1. Acquiring these two channels has enabled TF1 to strengthen its position on a growing free-to-air DTT market. Current operating profit (€283 million) was 23% higher than in 2010 and the current operating margin improved 2 points to 10.8%.

Bouygues Telecom's results were in line with targets. Sales advanced 2% to €5,741 million and sales from network were stable at €5,082 million. As announced, EBITDA was impacted by the cut in mobile termination rate differentials, falling 7% to €1,272 million. In a fiercely competitive mobile market, Bouygues Telecom gained 369,000 new mobile plan customers in 2011. The total customer base at end-December 2011 numbered 11.3 million, including 80.6% on mobile plans (a year-on-year increase of 1.7 points). Thanks to strong momentum in the year, the MVNO customer base[1] stood at 1.6 million at end-2011.

Performances on the fixed broadband market were very good. Bouygues Telecom led the field in terms of net market growth, signing up 433,000 new customers in 2011. The operator had a total of 1,241,000 fixed broadband customers at end-December 2011.

(1) MVNO: Mobile Virtual Network Operator

How did Alstom, in which Bouygues is the leading shareholder, fare in the crisis?

Alstom contributed €190 million to Bouygues' net profit in 2011, compared with €235 million in 2010. The group recorded sustained business activity in the first nine months of FY2011/12, with order intake rising 20% to €15.1 billion. Alstom is expanding strongly in fast-growing countries like China, Russia and Brazil and currently generates 60% of its order intake in emerging countries. Alstom confirmed its operating margin target of between 7% and 8% for FY2011/12.

Hasn't sustainable development had to take a back seat on account of the economic context?

We have made our energy/carbon strategy one of the priorities of our CSR policy. In practical terms, in 2011 we conducted our first voluntary campaign to consolidate greenhouse gas emissions Group-wide. We have taken many initiatives to reduce our CO_2 emissions and our energy consumption of all kinds. Sustainable construction is an integral part of our construction businesses' strategy, embracing eco-design, energy efficiency and the protection of biodiversity. At the same time, we have continued to adapt our business models to take better account of the environmental impacts of our activities. Supported by highly effective R&D and innovation departments, our Group has developed specific know-how in areas such as building management systems.

Can you give us some significant examples of the Group's CSR policy?

The Group's key value is respect, which is not only an essential attitude if people are to live together harmoniously but also a means of improving performance. Everything stems from respect, especially the equal treatment of staff. Our business areas are taking practical action on that front and the award of the Afnor Diversity label to TF1 and Bouygues Telecom demonstrates our determination to make progress.

We are also continuing our in-house training in business ethics and doing everything we can to ensure that our employees work in the best possible conditions in all the countries where we operate.

What is the outlook for the Group? What is your reaction to the arrival of a fourth operator on the mobile phone market?

We have set a sales target of €32,350 million for 2012, 1% lower than in 2011, reflecting the contrasting situations of the Group's business areas. The record order book gives our construction businesses good visibility. The economic and financial environment is uncertain but there are many significant projects in negotiation.

Despite continued growth in the fixed broadband activity, Bouygues Telecom expects sales in 2012 to contract by 10% to €5,140 million. This factors in the planned cut in call termination rates (an impact estimated at around €350 million), the development of SIM-only offers and the transformation of the mobile market driven notably by the arrival of a new operator at the start of 2012.

The outlook reflects good visibility in the construction businesses and the transformation of the mobile market

In this context, a €300-million cost savings plan will have to be implemented in 2012, the effects of which will start to be seen in 2013. I am convinced that Bouygues Telecom will return to a satisfactory level of free cash flow in the medium term.

As it has demonstrated in recent years, the Bouygues group knows how to adapt to a changing environment in its different lines of business.

The Group

1952-2012: 60 years of challenges. From Riyadh University in Saudi Arabia to the "French Pentagon" (the new French Ministry of Defence) in Paris, Bouygues builds complex and often spectacular projects.

The QP District project in Doha (Qatar), on which 6,000 employees work at peak periods, including about 270 engineers and technicians.

Group profile

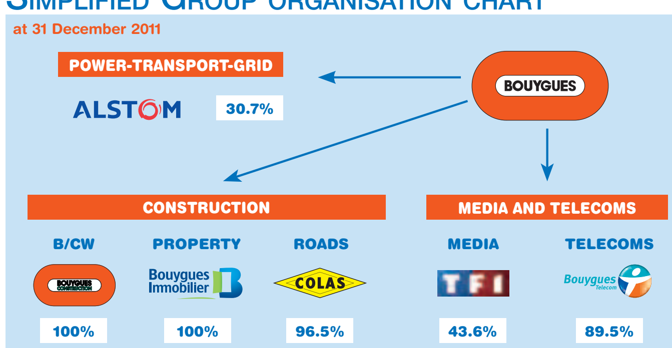
Colas completes around 100,000 projects worldwide each year

Founded in 1952, the Bouygues group now has operations in over 80 countries. With a strong and distinctive corporate culture, it has solid foundations on which to pursue growth.

Bouygues operates in construction (building, civil works, property development and roads), telecoms and media. It is also the leading shareholder in Alstom.

Listed on the Paris stock exchange (CAC 40 index, Euronext Paris Compartment A), it had a stock market capitalisation of €7.7 billion at 31 December 2011.

Simplified Group organisation chart



STRATEGY

Bouygues is a diversified industrial group that gives priority to profitable growth and targets markets with long-term growth potential. In each of its business areas, Bouygues aims to add value to all its products and services through constant innovation while remaining competitive.

The Group takes an opportunistic approach to construction markets, especially outside France. International markets, particularly in Asia and the Middle East, are now an important source of growth.

THE GROUP'S ASSETS

A stable shareholder structure

A stable shareholder structure means that Bouygues can take a long-term approach to strategy. Its two largest shareholders are SCDM, a holding company controlled by Martin and Olivier Bouygues, and the Group's employees.

> Over 60,000 employees owned shares in the company at 31 December 2011, confirming Bouygues as the CAC 40 company with the highest level of employee share ownership.

> Following the share repurchase tender offer at the end of 2011, SCDM owned 21.1% of the capital and 29.6% of the voting rights at 31 December 2011, while employees owned 23.3% of the capital and 28.1% of the voting rights.

A strong and distinctive corporate culture

The Group's corporate culture, shared by all five of its business areas, is distinguished by project management know-how and human resources management based on the three principles of its human resources charter: respect, trust and fairness.

These shared values are based in particular on dialogue with social partners, the promotion of health and safety, equal opportunity, and training (see *Corporate social and environmental responsibility* section on p. 26-51).

A focus on markets sustained by robust demand

In construction, very substantial infrastructure and housing needs exist in both developed and emerging countries.

There is growing demand for sustainable construction, especially low-energy and positive-energy buildings and eco-neighbourhoods.

Telecoms and media markets are continuing to expand, with growth being driven by rapid technological advances and changing usages.

A leading player in all its business areas, Bouygues integrates stakeholders' expectations relating to sustainable development into its products and services, giving them a competitive edge.

A very sound financial structure

Bouygues has a sound financial profile. Keeping capital expenditure under control while generating a high level of cashflow, the Group carries little debt and has a very substantial cash surplus.

The Group's credit rating is A3/stable outlook with Moody's and BBB+/stable outlook with Standard & Poor's.

Drawing on these strengths, Bouygues has posted robust financial performances over the last ten years.

Group sales have risen 5% per year on average over the period and net profit by 12% per year, enabling Bouygues to increase its dividend by a factor of 4.4 over ten years.

For more information
www.bouygues.com

History

1952: creation of Entreprise Francis Bouygues (EFB), a building firm.

1956: diversification into property development (Stim).

1965: development of civil engineering and public works activities in France.

1970: flotation on the Paris stock exchange.

1972: EFB renamed Bouygues. First international operations in the Middle East.

1984: acquisition of Saur (sold in 2005) and ETDE, an energy and services firm.

1986: Bouygues becomes the world's largest construction firm following the acquisition of Screg, a leading roadworks contractor.

1987: Bouygues becomes the largest shareholder of TF1, owning 44% of the share capital at 31 December 2011. France's leading mainstream TV channel, TF1 is now an integrated media group spanning free-to-air and pay-TV, the internet, audiovisual rights, production and licences.

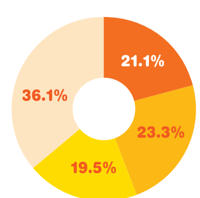
1994: Bouygues is awarded a licence to operate France's third mobile phone network. With 12.5 million customers, Bouygues Telecom is now a full-service electronic communications operator offering mobile and fixed phone, TV and internet services.

2006: acquisition of the French government's stake in Alstom, a world leader in rail transport infrastructure and power generation and transmission. Bouygues is now Alstom's leading shareholder, with a 31% stake at 31 December 2011.

2008: Bouygues Telecom launches fixed telecommunication services.

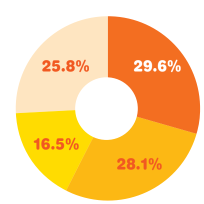
Main shareholders at 31 December 2011

SHARE OWNERSHIP



Number of shares:
314,869,079

VOTING RIGHTS

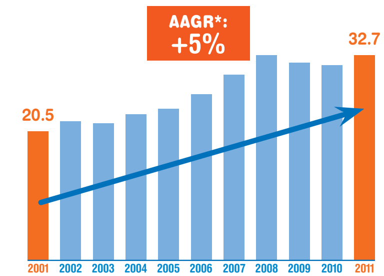


Number of voting rights:
439,994,172

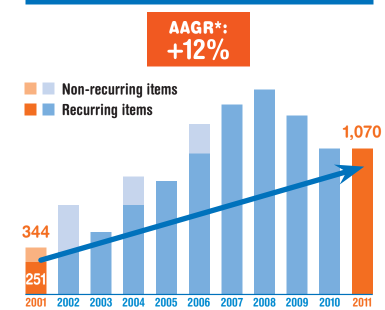
■ SCDM* ■ Employees ■ Other French shareholders ■ Foreign shareholders

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

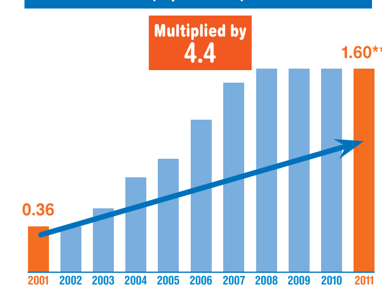
SALES
(€bn)



NET PROFIT ATT. TO THE GROUP
(€m)



ORDINARY DIVIDEND
(€ per share)



This financial information is presented as published, according to French GAAP from 2001 to 2004 and according to IFRS from 2005..

(*) Average annual growth rate
(**) To be proposed to the AGM on 26 April 2012

Flagship **projects**

1 Riyadh University. In 1984, Bouygues delivered Riyadh University in Saudi Arabia. Over 12,000 people worked on the vast $2-billion project.

2 Green Office® Meudon. Delivered by Bouygues Immobilier in Meudon, near Paris, in 2011, it is the first positive-energy office building in France to meet international standards. Three similar projects are under way elsewhere.

3 Stade de France. Bouygues and its partners delivered the Stade de France stadium, the last great millennium project in Paris, in 1997.

4 Masan Bay Bridge. Bouygues Construction's first public-private partnership in South Korea, the 740-metre cable-stayed bridge was delivered in 2008.

5 A75 motorway. Colas built a 26-kilometre section of the A75 motorway in the south of France in 2004. Energy-efficient asphalt mixes (3E®LT) were used on a section between Pézenas and Béziers.

6 Challenger. The brainchild of Francis Bouygues and architect Kevin Roche, Challenger, the Bouygues group's historical headquarters, is the subject of an ambitious renovation project. A showcase for the Group's know-how, it aims to obtain HQE® High Environmental Quality, LEED® Platinum and BREEAM® Excellent certifications.

7 Eastern High-Speed Rail Link. Colas Rail laid two-thirds of the track on the line between Paris and Strasbourg.

8 Route des Tamarins. This 34-kilometre highway linking Saint-Paul to Étang-Salé on Reunion Island was built by Colas subsidiary GTOI.

9 La Banque Postale. Delivered by Bouygues Immobilier in 2011, this HQE® High Environmental Quality development incorporates fully renovated historic buildings right in the heart of Paris.

The **Board of Directors** at 28 February 2012

The Board of Directors refers to the recommendations of the Afep/Medef Corporate Governance Code. It draws on the work of four committees. Further information on corporate governance and internal control can be found in the Chairman's report in the *Legal and financial information* section of this document.

CHAIRMAN AND CEO

Martin Bouygues

DIRECTOR AND 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

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

Yves Gabriel
Chairman and CEO, Bouygues Construction

Patrick Kron
Chairman and CEO, Alstom

Hervé Le Bouc
Chairman and CEO, Colas

Helman le Pas de Sécheval*

Colette Lewiner*
Deputy Chairwoman, Capgemini

Sandra Nombret
Director representing employee shareholders

Nonce Paolini
Chairman and CEO, TF1

Jean Peyrelevade*
Chairman of the Board of Directors, Leonardo & Co

François-Henri Pinault*
Chairman and CEO, PPR

Michèle Vilain
Director representing employee shareholders

NON-VOTING DIRECTOR

Alain Pouyat

BOARD COMMITTEES

Accounts Committee
Helman le Pas de Sécheval (Chairman)
Patricia Barbizet
Georges Chodron de Courcel

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

(*) Independent director

Management team at 28 February 2012

Bouygues parent company

Martin Bouygues
Chairman and CEO

Olivier Bouygues
Deputy CEO

Jean-François Guillemin
Corporate Secretary

Philippe Marien
Chief Financial Officer,
Chairman
of Bouygues Telecom

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

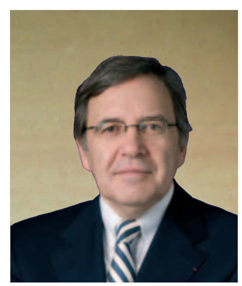
Jean-Claude Tostivin
Senior Vice-President,
Human Resources and
Administration

Heads of the five business areas

Yves Gabriel
Chairman and CEO,
Bouygues Construction

François Bertière
Chairman and CEO,
Bouygues Immobilier

Hervé Le Bouc
Chairman and CEO,
Colas



Nonce Paolini
Chairman and CEO,
TF1

Olivier Roussat
CEO,
Bouygues Telecom

2011 key figures

The Bouygues group had a good year in 2011, with solid operating performances and excellent sales for the Construction businesses. The Group is also in a robust financial position.

Financial highlights

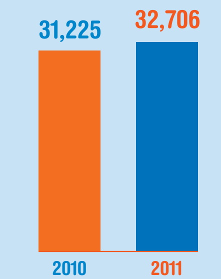
(€ million)	2010	2011	2011/2010
Sales	31,225	32,706	+5%
EBITDA[a]	3,330	3,242	-3%
Current operating profit	1,760	1,819	+3%
Operating profit	1,791[b]	1,857[c]	+4%
Net profit attributable to the Group	1,071	1,070	=
Earnings per share (€)	3.03	3.06	+1%
Adjusted earnings per share (€)[d]	2.97	3.40	+14%
Cash flow	3,244	3,325	+2%
Net capital expenditure	1,423	1,658[e]	+17%
Free cash flow[f]	1,009	862[e]	-15%
Shareholders' equity (period-end)	10,607	9,678	-€929m
Net debt (period-end)	2,473	3,862	+€1,389m
Net gearing (period-end)	23%	40%	+17 pts
Net dividend per share (€)	1.6	1.6[g]	=
Number of employees	133,456	130,827	-2%

(a) Current operating profit excluding net depreciation and amortisation expense and changes in provisions, and impairment losses (after reversals of utilised and non-utilised provisions and impairment losses) (b) Includes €31m of other operating income net of expenses (income of €83m at TF1, expenses of €52m at Colas) (c) Includes €38m of other operating income at Bouygues Telecom (d) calculated on the basis of the number of shares outstanding at 31 December, excluding treasury shares (e) Excluding 4G frequencies (€228m) (f) Cash flow before changes in working capital requirements, minus cost of net debt, income tax expense for the year and net capital expenditure (g) To be submitted for approval by the Annual General Meeting on 26 April 2012

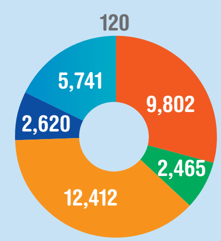
Sales

€32.7 billion (up 5%)

€ million



Sales by business area*



(*) Impact of intra-Group eliminations: -€454m

Bouygues Construction · Bouygues Immobilier · Colas · TF1 · Bouygues Telecom · Holding company and other

> Overall, the **Bouygues group** generated sales of €32.7 billion in 2011, up 5% (or 3% on a like-for-like basis and at constant exchange rates). This was ahead of the initial target, thanks largely to a good fourth-quarter performance from the Construction businesses.

> Sales at **Bouygues Construction** reached €9,802 million, up 6% (or 2% on a like-for-like basis and at constant exchange rates), with both France (€5,350 million, up 5%) and international (€4,452 million, up 8%) contributing to growth.

> **Bouygues Immobilier** reported sales of €2,465 million, up 2%. Residential property sales totalled €1,994 million, and marked a return to growth (up 2%, with 11% growth in the second half). Commercial property sales were flat at €471 million, and included the sale of two developments: Farman (Paris) and Green Office® Meudon (near Paris).

> **Colas** achieved sales growth of 6% (or 5% on a like-for-like basis and at constant exchange rates) to €12,412 million. In France, a solid performance saw sales rise by 8% to €7,250 million. International sales were 4% higher at €5,162 million, with North America enjoying an especially good year despite projects being hampered by adverse weather conditions at the start of the year.

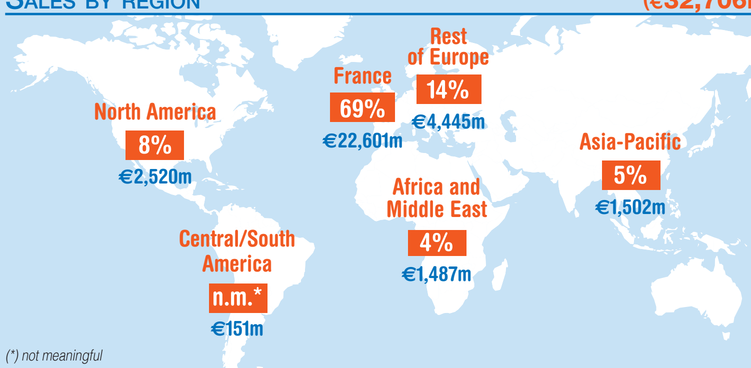
Overall, sales for the **Construction businesses** advanced by 6% to €24.4 billion.

> Sales at **TF1** were unchanged year-on-year at €2,620 million, but were down 2% on a like-for-like basis and at constant exchange rates. Advertising revenue for the TF1 group as a whole rose by 2% to €1,822 million, thanks to the consolidation of TMC and NT1.

> **Bouygues Telecom** recorded 2% sales growth to €5,741 million, with sales from the network flat at €5,082 million thanks to fixed-line offers and MVNOs. Excluding the impact of voice and SMS call termination rate differentials, sales would have risen by 8%.

Sales by region

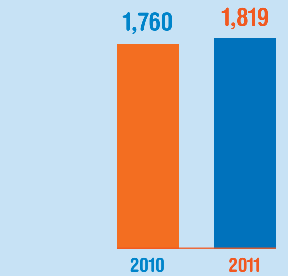
(€32,706m)



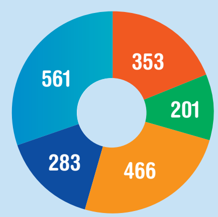
(*) not meaningful

Current operating profit — €1,819 million (up 3%)

€ million



Contribution by business area*



(*) Holding company and other reported a current operating loss of €45m.

Bouygues Construction, Bouygues Immobilier, Colas, TF1, Bouygues Telecom

> Thanks to excellent execution of contracts in progress, current operating profit at **Bouygues Construction** increased by 12% to €353 million, and current operating margin rose by 0.2 of a point to 3.6% in a fiercely competitive environment.

> Current operating profit at **Bouygues Immobilier** was solid at 8.2% (down 0.2 points).

> **Colas** achieved 28% growth in current operating profit to €466 million. Current operating margin advanced by 0.7 points to 3.8%, reflecting the adaptation and transformation measures initiated in 2010 – especially in Central Europe, where current operating profit rose by €78 million. By focusing on margins rather than volume, and applying a policy of constant adaptation, Colas managed to improve its competitiveness in 2011.

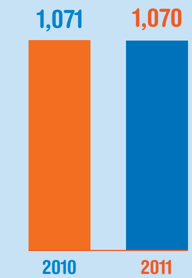
Overall, current operating profit from the **Construction businesses** was 15% higher at €1 billion, with a margin up 0.4 points to 4.2%.

> Current operating profit at **TF1** was up 23% on the 2010 figure, while the current operating margin was 2 points ahead of 2010 at 10.8%.

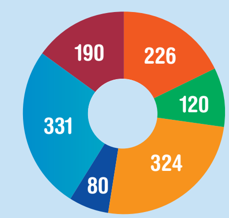
> As forecast, EBITDA at **Bouygues Telecom** was hit by cuts in call termination rate differentials (negative impact: €151 million), and came in on target at €1,272 million (down 7%). After taking account of increased depreciation and amortisation expense – largely due to the buoyancy of fixed-line activities – current operating profit was down 19% at €561 million.

Net profit attributable to the Group — €1,070 million (=)

€ million



Contribution by business area*



(*) Holding company and other reported a net loss of €201m

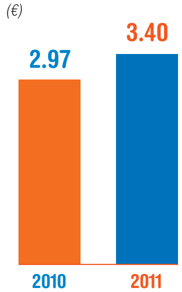
Bouygues Construction, Bouygues Immobilier, Colas, TF1, Bouygues Telecom, Alstom

Net profit attributable to the Group was €1,070 million, unchanged from 2010. Excluding the fall in the contribution from Alstom, which was expected (€190 million in 2011, versus €235 million in 2010), it would have risen by 5%.

Adjusted earnings per share* — €3.40 (up 14%)

Following the cancellation of 52 million shares, earnings per share (calculated on the basis of the number of shares outstanding as of 31 December excluding treasury shares), was €3.40 in 2011, 14% higher than in 2010.

(€)



(*) Based on net profit from continuing operations attributable to the Group, and on the number of shares outstanding as of 31 December excluding treasury shares

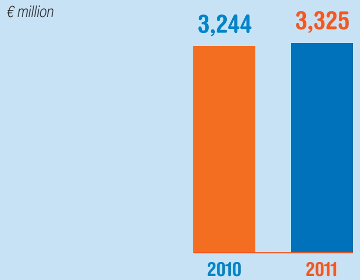
Dividend per share* — €1.60 (=)

Bouygues intends to maintain the shareholder return in 2011. On 26 April 2012, the Board of Directors will ask the Annual General Meeting to approve a dividend of €1.60 per share. Based on the average share price over a rolling 12-month period to 20 February 2012, this would represent a dividend yield of 5.7%.

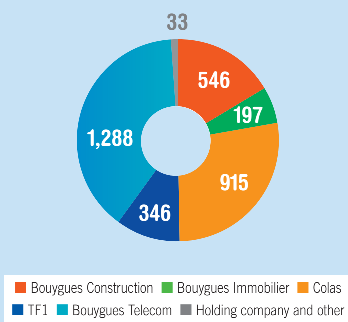
(€)

(*) To be proposed to the AGM on 26 April 2012

Cash flow — €3,325 million (up 2%)

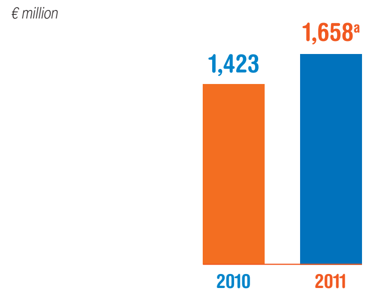


Contribution by business area

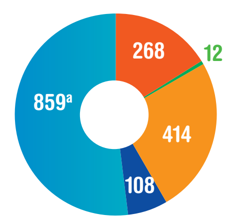


Overall, the Group reported a slight increase of €81 million in cash flow in 2011, to €3,325 million.

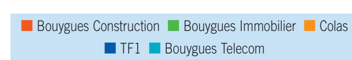
Net capital expenditure — €1,658[a] million (up 17%)



Contribution by business area[b]



(a) Excludes the investment in 4G frequencies (2.6 GHz): €228m
(b) Holding company and other reported negative net capital expenditure of €3m

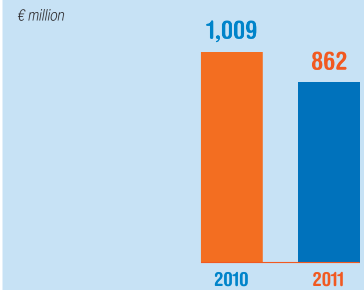


As expected, net capital expenditure was higher year-on-year, especially at Bouygues Telecom (up €179 million).

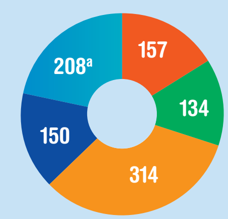
The overall figure for 2011 was €1,658 million (up €235 million), excluding the €228-million investment in 4G frequencies.

The €683 million spent on a set of 4G frequencies in the 800 MHz band, awarded on 15 February 2012, will be recognised in the first quarter of 2012.

Free cash flow — €862[a] million (down 15%)



Contribution by business area[b]



(a) Excludes the investment in 4G frequencies (2.6 GHz): €228m
(b) Holding company and other reported negative free cash flow of €101m

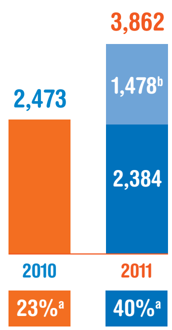
Free cash flow represents the ability of the Group to generate surplus cash after financing the cost of debt, income taxes, and net capital expenditure. It is calculated before changes in working capital requirements.

The year-on-year change reflects the increase in capital expenditure during 2011, which had been expected.

Cash flow rose by 2% to €3,325 million. After taking account of the cost of net debt (€277 million), income taxes (€528 million), and net capital expenditure (€1,658 million), free cash flow was €862 million (before the €228 million spent on a set of 4G frequencies in the 2.6 GHz band).

Net debt — €3,862 million (up €1,389 million)

€ million



(a) Net gearing
(b) Share repurchase tender offer + 4G frequencies (2.6 GHz)

Cash flow generated during the year enabled Bouygues to achieve a slight reduction in the level of net debt relative to the end of 2010 (€2.5 billion), before taking account of the €228 million spent on a set of 4G frequencies in the 2.6 GHz band and the €1,250 million spent in connection with the share repurchase tender offer.

The overall year-on-year movement reflects the following factors: operations generated cash inflows of €1 billion, while the dividend payout represented a cash outflow of €694 million. Acquisitions during the year generated a cash outflow of €114 million, while other miscellaneous items (effect of changes in the scope of consolidation, and share repurchases net of capital increases and the exercise of stock options) generated a net cash outflow of €103 million.

After taking account of the two exceptional items mentioned above, net debt was €3,862 million. Given the reduction in equity capital due to the repurchase of 47 million shares in 2011 (including 42 million under the share repurchase tender offer), net gearing was 40%.

Trends in net debt (or net surplus cash) by business area were as follows:

> **Bouygues Construction:** net surplus cash of €2,869 million, in line with the level at the end of 2010.

> **Bouygues Immobilier:** net surplus cash of €507 million (up €131 million), a very good performance for a property developer.

> **Colas:** net surplus cash of €28 million, representing a year-on-year improvement of €85 million in the net cash position.

> **TF1:** net debt of €40 million, representing a year-on-year deterioration of €57 million, reflecting the acquisition of a property housing staff from TF1 SA and LCI.

> **Bouygues Telecom:** net debt of €581 million, up €411 million, due largely to the €228 million spent on a set of 4G frequencies in the 2.6 GHz band.

Net debt at Holding company and other level, amounting to €6,645 million, was €1,150 million higher than at the end of the previous year, after taking account of the €1,250-million impact of the share repurchase tender offer.

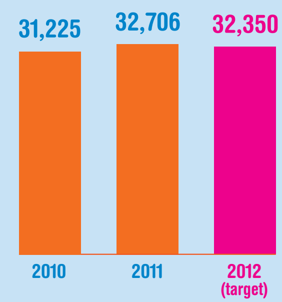
Rated as A3/stable outlook by Moody's and BBB+/stable outlook by Standard & Poor's, the Bouygues group successfully completed an €800-million bond issue at the start of 2012.

Bouygues had excellent liquidity as of 31 December 2011 (€8.4 billion, including €3.2 billion of cash and cash equivalents and €5.2 billion of undrawn credit facilities), and a well-spread debt maturity profile.

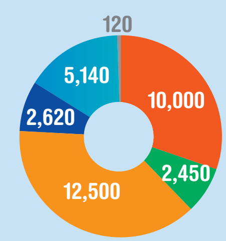
2012 sales target — €32.4 billion (down 1%)

€ million

Sales target



Sales target by business area*



(*) Impact of intra-Group eliminations: -€480m

Bouygues Construction · Bouygues Immobilier · Colas · TF1 · Bouygues Telecom · Holding company and other

The 2012 sales target of €32.4 billion reflects a contrasting picture across the **Group**'s business areas.

With the order backlog standing at a record €24.8 billion (10% higher than at end-2010), the **Construction businesses** have good visibility. The economic and financial environment is uncertain, but many new large-scale projects are under negotiation.

Despite continuing growth in fixed broadband, **Bouygues Telecom** expects sales to fall in 2012. This forecast takes account of the planned cut in call termination rate differentials (impact estimated at approximately €350 million), the development of offers sold without handsets, and upheavals in the mobile market (especially the arrival of a new entrant at the start of 2012). The negative impact on EBITDA is expected to be around €250 million, including €90 million from the cut in call termination rate differentials.

Against this backdrop, a €300-million cost-cutting plan is due to be implemented in 2012, with the effects being felt from 2013. Bouygues Telecom will also continue to invest in infrastructure in order to keep pace with rising usage levels: a block of 4G frequencies in the 800 MHz band was acquired early in 2012 for €683 million. Excluding frequencies, capital expenditure will be in line with the 2011 figure.

As it has shown over the last few years, the Bouygues group has a genuine capacity to adapt to the changing environment in each of its business lines.

Highlights

The City of Paris lighting contract won by ETDE (Bouygues Construction) and Aximum (Colas) as members of the Evesa consortium

Illustrated highlights of 2011 for Bouygues, its five business areas (Bouygues Construction, Bouygues Immobilier, Colas, TF1, Bouygues Telecom) and Alstom.
For more information, see *Business activities and CSR.*

JANUARY

Acquisition. Bouygues Bâtiment International acquires the British building firm Leadbitter, which operates in both the private and the public sector (social housing, schools, etc.).

Energy. Bouygues, through ETDE and Bouygues Immobilier, and Alstom create Embix, a joint venture to develop and provide energy management services for eco-neighbourhoods.

Organisation. Quille and GTB Construction, both subsidiaries of Bouygues Entreprises France-Europe, merge to form Quille Construction.

FEBRUARY

Concert hall. Bouygues Bâtiment Ile-de-France – Ouvrages Publics wins the contract to build the Paris Philharmonic Hall in the 19th *arrondissement* in the north of the city. The €219-million contract (Group share: €107 million) covers construction, operation and maintenance of the hall for 15 years.

Poland. Bouygues Immobilier Polska and Karmar (Bouygues Bâtiment International) conclude a €65-million contract to build the future headquarters of telecom operator TPSA (Orange) in Warsaw. Work is due to last 25 months.

Mobile payment. Bouygues Telecom launches Buyster, an innovative solution using mobile handsets for secure on-line payments. The service is marketed with Orange, SFR and Atos Origin, the European leader in electronic transactions.

Loyalty. Bouygues Immobilier creates "Perspectives", a club intended to forge closer links with its best customers. Membership benefits include private previews and sales, advice and help with filling out tax returns, etc.

MARCH

Bank. Bouygues Immobilier delivers the headquarters of La Banque Postale in the 6th *arrondissement* in central Paris. The works, carried out by Bouygues Bâtiment Ile-de-France – Rénovation Privée, included the restructuring of historical buildings.

Product placement. TF1 makes its first show with product placement: Malongo coffee appeared in an episode of the crime series *R.I.S Police scientifique.* For a fee, product placement enables an advertiser to promote its brand during a TV show.

Multi-line. Bouygues Telecom launches its multi-line advantages scheme under which call plan customers living at the same address as a customer with an ideo quadruple-play bundle can benefit from discount rates on their mobile plan.

APRIL

Tramway. Colas, Alstom and Bouygues Construction deliver the first tramway line in Rheims (11.5 km). The consortium has a 30-year concession to operate the line. The contract is worth €635 million to the Group.

Turkmenistan. Bouygues Bâtiment International wins four contracts worth a total of €419 million to construct buildings for the state customs service and two ministries as well as a five-star hotel.

Shopping centre. Bouygues Bâtiment Ile-de-France wins the €130-million contract to build the Nouveau Beaugrenelle complex, a 120-store riverfront shopping centre in the 15th *arrondissement* in west Paris.

Bouygt'Elles. Bouygues Telecom launches an in-house initiative called Bouygt'Elles with the aim of encouraging networking between women and promoting their advancement at all levels of management, including the most senior.

MAY

French Ministry of Defence PPP. Bouygues Bâtiment Ile-de-France and Exprimm win the public-private partnership contract for the French Defence

Ministry complex in the 15th *arrondissement* in southwest Paris. The €1.1-billion project will group the armed forces central administration and chiefs of staff on a 16.5-hectare (41-acre) site. The contract covers design, construction, facilities management and maintenance for 30 years.

Automatic metro. Alstom Transport and RATP, the Paris transit authority, announce the creation of Metrolab, a joint venture to develop the automatic metro of the future. Research is expected to bear fruit by 2013 in the form of a prototype trainset.

Shopping centre. Bouygues Immobilier inaugurates the Aqua Portimão shopping centre (Portugal). The €106-million complex includes restaurants, stores, a hypermarket and 1,800 parking spaces.

Environment. The Bouygues group provides a car-sharing fleet of electric vehicles that employees can use free of charge for their business travel. The fleet should ultimately comprise around 35 vehicles shared between all subsidiaries.

JUNE

Street lighting. ETDE and Aximum (Colas) win a street lighting contract with the City of Paris worth at least €170 million. The 10-year contract includes client support and the operation and maintenance of public lighting sources and traffic lights.

LNG tanks. Bouygues Travaux Publics wins a contract to build three liquefied natural gas (LNG) tanks for the LNG terminal at Dunkirk in northern France. Among the world's largest, they are scheduled for delivery in 2015.

Demolition-reconstruction. Bouygues Immobilier starts work on the D2 tower in the La Défense business district to the west of Paris. The contract includes the demolition of a building and reconstruction of a 180-metre tower with 54,000 m² on 37 floors, capable of accommodating 3,700 workers. Delivery is scheduled for 2014.

Eco-neighbourhood. Bouygues Immobilier inaugurates a 140-apartment complex in the Valnaturéal eco-neighbourhood in Marseille. The programme will ultimately comprise 800 units, including a hostel for students and young workers and two retirement homes. It is due to be completed by the end of 2013.

Energy. Bouygues Immobilier, Bouygues Telecom, ETDE and Alstom join forces to launch IssyGrid. The first district smartgrid in France, it will manage and optimise energy use in a business district developed by Bouygues Immobilier at Issy-les-Moulineaux, near Paris.

JULY

Hospital. Bouygues Bâtiment Ile-de-France – Rénovation Privée wins a €150-million contract to rehabilitate the former Laennec hospital in the 7th *arrondissement* in central Paris. The project includes the renovation of offices and the construction of luxury apartments, a student residence and a 50-room geriatric residence. Delivery is scheduled for 2013.

Triple play. Bouygues Telecom and Axione, a subsidiary of ETDE, conclude a contract for the provision of ADSL access lines. The contract enables Bouygues Telecom to extend fully unbundled Bbox triple-play offers (internet, fixed phone and TV) to a potential 1.2 million lines in 12 rural *départements.*

Innovation. Bouygues Telecom launches B&YOU, a new mobile phone service package for internet-generation users. Available exclusively online, B&YOU allows them to sign up to and cancel services, order a handset, manage their account and give and receive advice via an online user community. B&YOU is also in daily contact with users via Facebook and Twitter plus the brand's

blog and forum.

Roaming. Bouygues Telecom and the Spanish operator Telefónica conclude a cooperation agreement covering procurement, the improvement of roaming services, services to corporate accounts and mobile devices.

Grassroots. TF1 organises its first summer beach tour, visiting twelve seaside resorts with a programme featuring an interactive quiz, the selection of participants for its flagship lunchtime game show and a chance to meet a TF1 celebrity.

SEPTEMBER

Finance. Bouygues launches a share repurchase tender offer for a maximum of 11.7% of the capital at a price of €30 per share, representing a total of €1.25 billion. It is the largest such buyback ever announced in France.

FACTS AND FIGURES FOR 2011

163,121,437 shares tendered to the share repurchase tender offer carried out by Bouygues in late 2011. At 31 December 2011, SCDM owned 21.08% of the capital and 29.56% of the voting rights, while employees owned 23.36% of the capital and 28.10% of the voting rights.

60 new students are being supported by the Francis Bouygues Foundation in 2011-2012, bringing the number of young people supported and sponsored by the Foundation to nearly 400.

CONSTRUCTION

40 years: the length of the concession contract won by Atlandes, a consortium whose members include Colas Sud-Ouest and Screg Sud-Ouest (Colas). The contract covers the financing, design, upgrade, widening, upkeep, operation and maintenance of a 105-km section of the A63 motorway in France. Colas share: €250 million.

1st private-sector energy performance contract in France for Green Office® Meudon, the positive-energy office building developed by Bouygues Immobilier and delivered in July. Sold to Scor, a reinsurer, the building is leased to the IT services company Steria.

200 m. VSL (Bouygues Construction) placed the world's highest sky bridge at the top of the Nation Towers complex in Abu Dhabi (UAE). The 385-tonne bridge links the two buildings 200 metres from ground level.

10 days: the record time taken by teams from Bouygues Thai (Bouygues Bâtiment International) to place a 120-tonne metallic cone at a height of 250 metres. The feat of technological prowess was achieved on The River, a 210,000-m² residential complex in Thailand.

Facts and figures for 2011 (continued)

231 m. **Tour First, delivered by Bouygues Bâtiment Ile-de-France – Rénovation Privée in March, has overtaken the Tour Montparnasse as France's highest tower.**

4 **new secondary schools renovated by Bouygues UK, a subsidiary of Bouygues Bâtiment International, in the London borough of Tower Hamlets (approx. €70 million).**

110 **villages electrified by ETDE in Gabon. Under the €48-million contract, teams from ETDE installed a 63-km high-voltage line, an optical fibre link and a distribution, rural electrification and street lighting network.**

50%: **the stake acquired by Colas in Gamma Materials Ltd, a company that produces and sells construction materials in Mauritius (Indian Ocean).**

MEDIA-TELECOMS

2 million: **the number of TF1 iPad/iPhone apps downloaded since the app was launched.**

1 million. **Bouygues Telecom passed the milestone of one million activated Bbox routers in 2011, just two-and-a-half years after starting to market its fixed services.**

99 **of the top 100 audiences in 2011: TF1's second-best score in the channel's history. With an audience share of 82% for the Rugby World Cup final between New Zealand and France on 23 October 2011, TF1 recorded the highest audience of the year for any programme on any channel.**

Record. VCES, Bouygues Bâtiment International's Czech subsidiary, concludes the largest contract in its history, for the renovation of a shopping centre in Prague and the construction of an additional 40,000 m² of floor space. The €73-million project, of which VCES has a 60% share, is due for completion in 2013.

Roadworks centres PPP. Bouygues Construction subsidiaries Exprimm and DV Construction hand over 53 roadworks and maintenance centres to the French Department of Transport Infrastructure. The €355-million public-private partnership contract also includes facilities management and maintenance for 28 years.

Positive energy. Bouygues Immobilier will build Hikari in Lyon, a complex of three positive-energy buildings comprising 42 apartments, 8,000 m² of office space and 1,000 m² of retail space. Work is due to begin in early 2013, for delivery in mid-2014.

Lease. Systra, a firm of consultant engineers specialising in rail and urban transport, concludes a long-term lease with Bouygues Immobilier for the Farman building in the 15th *arrondissement* in southwest Paris. It is the only BBC-certified low-energy building delivered and leased in the Paris region offering 50% lower energy consumption than the requirement under the prevailing thermal regulations.

OCTOBER

Metros. Colas Rail wins two rail contracts, the first with Alstom Transport for the construction of a metro line in Venezuela (Colas share: €96 million), the second in Malaysia for the extension of the light railway in the capital, Kuala Lumpur (Colas share: €96 million).

New service package. Bouygues Immobilier launches UrbanEra®, a service package for local authorities developing eco-neighbourhoods. Three UrbanEra® projects are already under way, in Issy-les-Moulineaux (IssyGrid), Strasbourg (Wacken) and Lyon (Hikari).


Wacken, in Strasbourg, (Bouygues Immobilier) will be the first positive-energy urban area in France

Diversity. The French Interior Ministry, in partnership with certification body Afnor, awards Bouygues Telecom the Diversity label for its action to promote diversity and prevent discrimination in human resources policy and management, including initiatives such as anonymous CVs, a disability task force, ethical purchasing and women's networking.

Mobile internet. Bouygues Telecom starts to market Eden, a new range of plans to replace all previous non-capped plans (Classic, Evasio.2, Neo.4, etc.). For the first time, plans are segmented according to data use (mobile internet).

Advertising. TF1 launches a new corporate communication campaign featuring its leading TV hosts and presenters in four TV adverts directed by Patrice Leconte. The campaign reaches billboards and cinema screens in early 2012.

Canada. Colas wins four contracts worth a total of €140 million: a rail intermodal logistics platform, a 3.5-km extension of Highway 410, upgrading of a 7-km section of Route 185 into Highway 85 and widening of a 7-km section of Highway 73.

Roads PPP. Colas, DTP Terrassement and Bouygues TP win a public-private partnership contract worth €54 million in works for the financing, design, construction, upkeep and maintenance for 15 years of the Vichy southwest bypass in central France.

NOVEMBER

Singapore. Bouygues Bâtiment International signs two contracts worth €160 million to build high-rise residential complexes.

Safety. Bouygues Entreprises France-Europe concludes an agreement with three leading temporary employment agencies to improve safety for temporary workers on construction sites.

Urban PPP. Three Colas subsidiaries (Screg Île-de-France Normandie, Colas Île-de-France Normandie and Aximum) and ETDE win a 20-year, €52-million public-private partnership contract for the financing, renovation, upkeep and maintenance of roadways and street lighting in part of Plessis-Robinson, near Paris. It is the first PPP in France to combine the renovation and maintenance of both roadways and street lighting.

Paris Law Courts PPP. Bouygues Bâtiment Ile-de-France is named preferred bidder for the public-private partnership contract for the financing, construction, upkeep and maintenance of the future Paris Law Courts complex.

Switzerland. Losinger Marazzi wins a number of contracts worth €200 million in all, including a residential, office and retail complex in Monthey, two mixed-use buildings in Thun and a shopping centre in Nyon.

Senior citizens. Bouygues Immobilier creates Noveom, a new generation of adaptable serviced residences. The first two projects are under way in Angers and Tours, central France.

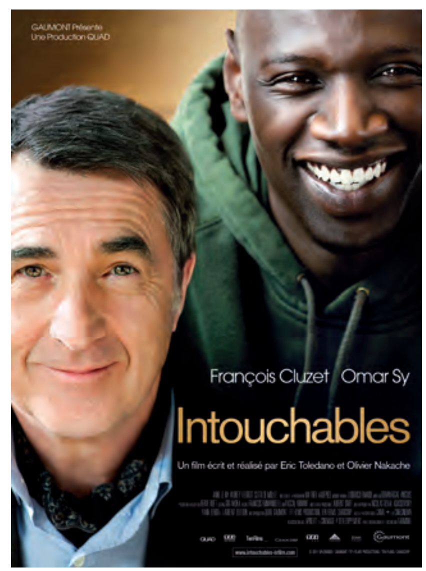
3G. Bouygues Telecom launches high-speed mobile internet services in Paris, Lyon and Marseille. For €5 per month, customers can surf the web in 3G at speeds of up to 42 Mb/s, 12 times faster than before.

Construction of A75 motorway between Pézenas and Béziers using 3E® warm asphalt mix (Colas)

DECEMBER

Business district. Bouygues Immobilier will help to create a 220,000-m² international business district in Strasbourg. The project includes offices, a business centre, hotels, apartments and shops. The first phase of approximately 100,000 m² is due to be launched by 2013.

Secondary school PPP. Bouygues Construction, as a member of the Lylopolis consortium, signs a public-private partnership contract with the Lorraine Regional Council for the financing, design, construction, operation and maintenance of two secondary schools at Pont-à-Mousson in eastern France.



Facts and figures for 2011

0. In January 2011, Bouygues Telecom was the first operator not to pass on the rise in VAT in the 2011 Budget Act to the price of its mobile plans.

1st. In June, Bouygues came top of the 2011 BearingPoint-TNS Sofres customer relations league table for its mobile services, for the fifth year running, and for fixed services, a first for an operator.

3rd. TF1 is the third most powerful brand among French people in their daily lives (Havas Media, March 2011).

5th. For its fifth anniversary, the Bouygues Telecom Foundation opened its doors to Bouygues Telecom customers, promising to make 30 grants of €5,000 each to charities they belong to.

12 films coproduced by TF1 Films Production took over one million box-office entries in 2011. Intouchables *(The Intouchables)* led the way with nearly 17 million entries by end-December 2011.

100%. TF1 acquired the 65.7% stake in Metro France held by Metro International, thus becoming sole owner of the free newspaper.

ALSTOM

€950 million: the amount of the contract signed by Alstom in January with a subsidiary of Estonia's state-owned electricity utility for the construction of a fossil-fuel power plant.

320 km/h. Alstom delivered the third-generation TGV Duplex to SNCF, the French rail operator. It is the first double-deck high-speed train capable of reaching 320 km/h on European networks.

Highlights **since 1 January 2012**

The future head office of Clarins group in Paris, designed by Valode & Pistre

BOUYGUES CONSTRUCTION

In January, Réseau Ferré de France (RFF), the French rail network operator, named the Bouygues-led consortium preferred bidder for the public-private partnership (PPP) contract for the **Nimes-Montpellier railway bypass.** The consortium comprises Bouygues Construction (Bouygues Travaux Publics and DTP Terrassement), Colas (Colas Rail and Colas Midi-Méditerranée), Alstom Transport, Spie Batignolles and financial investors. The 25-year PPP contract covers the financing, design, construction, operation, maintenance and upkeep of 80 km of new track.

Dragages Hong Kong, a Bouygues Construction subsidiary, won a contract worth around €207 million to design and build a **22-storey tower in Hong Kong.** With floor area of 66,600 m², the building will house several government agencies. It is scheduled for delivery in 2014. The tower will be built to high environmental standards in the Kai Tak Development Area, where Dragages Hong Kong is already building a major cruise terminal.

The Arelia consortium, whose shareholders are Bouygues Construction subsidiaries Bouygues Bâtiment Ile-de-France and Exprimm alongside financial investors, has concluded a contract with **Établissement Public du Palais de Justice de Paris,** a public body acting on behalf of the French government, to finance, design, and build the new Paris law courts complex and provide maintenance and upkeep services for 27 years. The building will group five facilities currently spread around Paris together on the same site. Bouygues Bâtiment Ile-de-France will be responsible for design and construction, for a total of €575 million. Exprimm, a subsidiary of ETDE, will provide facilities management services for the complex for an annual fee of €12.8 million. Designed by architect Renzo Piano for the Renzo Piano Building Workshop, the 160m-tall building will be composed of separate functional elements, including over a hectare (2.5 acres) of open-air terraces planted with trees, in the middle of Paris, and a podium housing more than 90 courtrooms. Work is due to start in summer 2013 and will last three-and-a-half years. The project will set a new benchmark for energy consumption in a high-rise building.

The libel suit brought by Bouygues, Bouygues Construction and Bouygues Bâtiment Ile-de-France against French satirical newspaper *Le Canard Enchaîné,* its publisher and the two journalists responsible for articles about the award of the contract for the new **French Defence Ministry complex in Paris** was heard by the Paris District Court on 18 January 2012. The Bouygues group claimed damages for accusations which it considered to be false and highly libellous. On 14 March 2012 the court, while allowing that the journalists had acted in good faith and hence rejecting the Bouygues group's claim for compensation, found that the majority of the allegations made by *Le Canard Enchaîné* were libellous. It also found that *Le Canard Enchaîné* had not furnished any evidence whatsoever that Bouygues was under judicial investigation.

BOUYGUES IMMOBILIER

The **Clarins** group has chosen Bouygues Immobilier to develop its **future head office** in the 17th *arrondissement* of northwest Paris. The turnkey development will house all the Clarins group's employees on eight floors and three basement levels. The building, designed by architects Valode & Pistre, is noteworthy for its unusual *façades* and garden placed at the heart of the development. The project is aiming for high-level environmental certification. Handover is expected in the first half of 2014.

COLAS

Colas Rail and Colas Midi-Méditerranée are members of the consortium that has been named preferred bidder for the public-private partnership contract to build the **Nimes-Montpellier railway bypass.**

TF1

The TF1 group has reached agreements with the principal xDSL[1], satellite and cable operators (Orange, SFR, Bouygues Telecom, CanalSat and Numericable) on the **distribution of its theme channels** (Eurosport, Eurosport 2, LCI, TV Breizh, Histoire, Ushuaïa TV), previously distributed on an exclusive basis. The new non-exclusive distribution arrangements, effective for three years from 1 January 2012, will broaden the reach of the group's theme channels and strengthen their business model. The agreements confirm the attractiveness of TF1's theme channel offering.

BOUYGUES TELECOM

Bouygues Telecom obtained the renewal of **NF Service quality certification** for all its Customer Relations Centres serving both fixed and mobile customers. Bouygues Telecom remains the only telecoms operator to be awarded the NF label, based on the European standard EN 15838, for customer relations platforms covering all internet, television and telephone services. This latest recognition follows Bouygues Telecom's **top ranking for customer relations** (BearingPoint-TNS Customer Relations Quality League Table) achieved in 2011 in both the mobile and, for the first time, the ISP/fixed segments.

On 10 January 2012, the telephone operator Free Mobile launched its products on the French mobile market. Following the announcement, on 16 January **B&YOU,** Bouygues Telecom's internet-only service, launched two new commitment-free call plans to replace the existing range.

Bouygues Telecom and France Télécom-Orange have signed an agreement **to roll out optical fibre in high-density and lower density areas.**

The agreement, which complements previous agreements with other partners, underlines Bouygues Telecom's commitment to rolling out very-high-speed services nationwide. As a result, Bouygues Telecom will be able to offer very-high-speed fixed broadband services to a potential market of over 13 million households in France.

On 15 February 2012, Bouygues Telecom was allocated **a block of 4G frequencies** in the 800 MHz band for €683 million. As well as enhancing Bouygues Telecom's stock of frequencies, the acquisition of this block of "golden" frequencies will enable the operator to offer customers access to very-high-speed mobile services in the years to come.

BOUYGUES SA

On 9 February 2012, Bouygues carried out a **bond issue** of €800 million with a 10-year maturity and a 4.5% interest rate, to refinance debt that is approaching maturity.

ALSTOM

In the **Transport** sector, Alstom has been awarded a contract worth around €240 million to provide 34 new trains for two metro lines in Singapore and to upgrade signalling on both lines. In Denmark, Alstom will provide a complete new signalling system for the rail network in the east of the country. In Spain, Alstom will supply the signalling system for the high-speed line between Albacete and Alicante.

In the **Power** sector in France, Alstom and EDF Énergies Nouvelles, on behalf of a consortium of strategic partners, have submitted four projects in response to the French offshore wind energy call for tenders. In Russia, in a contract worth around €875 million, the joint venture between Alstom and Rosatom will supply the conventional island for the Baltic nuclear power plant. In Scotland, Alstom and SSE Renewables will develop the world's largest wave farm off the coast of Orkney. In Malaysia, Alstom is part of a consortium that has won a contract worth over €1 billion for a supercritical coal-fired power plant; Alstom's share of the contract is worth €830 million.

Plan for the future Paris law courts complex, designed by Renzo Piano

In the **Grid** sector, Alstom Grid has won a contract worth around €240 million in Sweden for a high voltage direct current link as part of a 1400 MW transmission project covering the southwest of the country.

THE GLOSSARY can be found in Additional information

(1) Television via ADSL is the most common use of DSL (Digital Subscriber Line) technologies (see the Glossary *in the Additional Information section).*

Bouygues and its **shareholders**

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

REGISTERED SHARE SERVICE

Fully registered shares

Bouygues offers a **free, unintermediated account-keeping service** to holders of fully registered shares.

Fully registered shareholders are also guaranteed to receive **regular information** from Bouygues, and are **automatically sent notices** of shareholders' meetings.

All holders of registered shares 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.**

INVESTOR RELATIONS

2011 Key Figures

- **4 results releases:** Bouygues senior management presented the Group's full-year and half-year results at meetings, and first-quarter and third-quarter results via conference calls.
- **Over 200 investors** met with management or the Investor Relations team.
- **14 roadshows** were held in 7 different countries.
- **2 lunches specifically for bond investors** were hosted, in Paris and London.
- The Group attended **6 sector-specific or general-interest conferences.**
- A meeting **dedicated to individual shareholders** was held in Lille.
- **20 brokers in France and around the world** cover the Bouygues share.

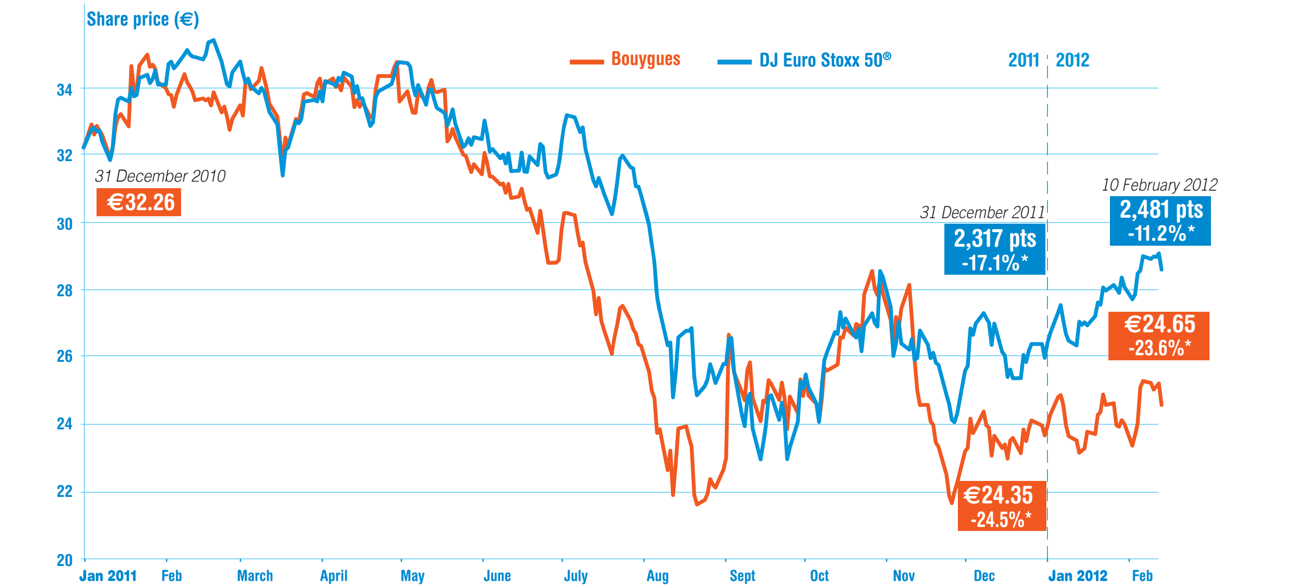
THE BOUYGUES.COM WEBSITE

All the information you need

The www.bouygues.com website is an essential tool for communicating with shareholders, analysts and investors. The information available includes:

- **published financial documents:** press releases, financial statements, results presentations, archive recordings of past presentations, etc.;
- **regulated information,** including all the registration documents since 2000;
- **Bouygues *In Brief*** (a brochure distributed to coincide with the presentation of the annual financial statements) since 2002;
- a **historical data file,** downloadable in Excel, showing key figures for Bouygues over the past 7 years;
- the **analysts' consensus** compiled by Bouygues ahead of each results release;
- a **special section for shareholders:** documents relating to the Annual General Meeting, FAQ, etc;
- **detailed information** about the Group's activities, key performance indicators, senior management, etc;
- an **interactive intraday Bouygues share price tracker.**

Stock market performance since end-2010



(*) Compared with 31 December 2010

2012 key dates

> **Thursday 26 April**
Bouygues Annual General Meeting at Challenger (Saint-Quentin-en-Yvelines, France)

> **Friday 4 May**
Payment of dividend

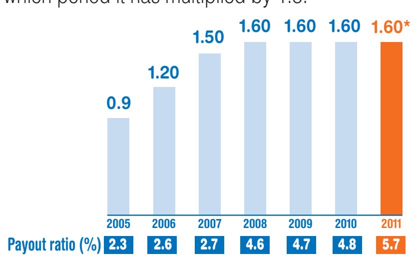
> **Tuesday 15 May**
2012 first-quarter results

> **Tuesday 28 August**
2012 first-half results

> **Wednesday 14 November**
2012 9-month results

ORDINARY DIVIDEND PER SHARE

The ordinary dividend per share has been maintained or increased every year since 2005, during which period it has multiplied by 1.8.



> **2005 to 2010:** dividend per share relative to average share price between two successive dividend payment dates.

> **2011:** dividend per share relative to the average share price over a rolling 12-month period to 20 February 2012.

(*) To be proposed to the Annual General Meeting on 26 April 2012

Bouygues share factsheet

Listing
Euronext Paris
(Compartment A)

ISIN code
FR0000120503

Identification codes
Bloomberg: EN:FP
Reuters: BOUY.PA

Par value
€1

Average share price in 2011
€29.08
(average closing price – source: NYSE Euronext))

Average daily trading volume on Euronext
1.8 million shares
(source: NYSE Euronext)

Market capitalisation
€7,666 million
(at 30 December 2011)

Stock market indices
CAC 40, FTSE Eurofirst 80, Dow Jones Stoxx 600, Euronext 100

Sector classification
MSCI/S&P indices:
Construction and Engineering
FTSE and Dow Jones indices:
Construction & Materials

Other information
Eligible for deferred settlement service (SRD) and French equity savings plans (PEAs)

Shareholder contacts

Shareholder/Investor Contact
Valérie Agathon
Investor Relations Director
> Tel.: +33 (0)1 44 20 10 79
> E-mail: investors@bouygues.com

Registered Share Service Contacts
Philippe Lacourt – Claudine Dessain
> Tel.: +33 (0)1 44 20 11 07 / 10 73
> Fax: +33 (0)1 44 20 12 42
> Toll free: 0 805 120 007
(from fixed lines in France)
> E-mail:
servicetitres.actionnaires@bouygues.com

Corporate, social and environmental responsibility

The Group serves its customers by limiting its environmental impacts and taking account of social issues

In June 2011, Bouygues helped to draw up the National Sustainable Development Strategy 2010-2013, contributing its experience in corporate social responsibility (CSR). Looking forward to Rio+20, the Earth Summit organised by the UN in June 2012, the Bouygues group has prepared a guidance note listing its sustainable development achievements and thus helping the French delegation to promote the best of French technology.

Aware that it has to be accountable for its impacts on society, the economy and the environment, the Bouygues group responds to requests for information from analysts and stakeholders and discloses the information in its annual Registration Document and on its website.

Attentive to its social responsibility and the impact of its activities, the Bouygues group places sustainable development at the heart of its strategy. Drawing on the ISO 26000 standard and its Human Resources Charter, the Group has established dialogue with stakeholders and made practical commitments in the social and environmental sphere, while rolling out many cross-disciplinary internal initiatives.

THE GLOSSARY can be found in Additional information

BOUYGUES AND CSR

Values and corporate culture

One of the cornerstones of the Bouygues group is its entrepreneurial spirit, firmly anchored in a corporate culture which revolves around the three core values of respect, trust and fairness. The Group's strategy is driven by these same three values. In all its business areas, Bouygues aims to increase value added by offering customers increasingly innovative services.

Sustainable development is central to the Bouygues group's strategy and plays a growing part in its products and services. The Group's overriding goal remains to serve customers better while limiting environmental impacts and taking account of social issues in an authentic and measurable way. In informing its stakeholders about corporate social responsibility and action taken in 2011, the Group uses the internationally recognised ISO 26000 standard.

The Bouygues group assumes its impacts and makes public commitments. Bouygues signed up to the United Nations Global Compact in 2006 and is committed to embracing its principles relating to human rights, labour standards, the environment and anti-corruption. With operations in around 80 countries, whether on a specific project or for the long term, Bouygues does not work in countries under a UN embargo. In sometimes complex circumstances, operating managers have a duty to prevent any infringement of human rights in areas relating to their activity. That vigilance must be an integral part of their day-to-day work. The Group also has a duty to set an example, in particular by enforcing high standards in occupational health and safety, working conditions and accommodation and conducting audits to ensure that subcontractors and suppliers do not use forced or child labour.

Vision and ambition

The Bouygues group, operating in the construction, media and telecoms sectors, is a natural constituent of the city of the future, where urban planning will incorporate environmental conservation and where everyone will live together more harmoniously in a space that combines leisure and work.

With such a wide range of business areas, the Group faces a twin challenge: to make progress on all Group-wide issues, such as energy efficiency and responsible purchasing, and develop innovative solutions that address the specific challenges facing its subsidiaries, such as sustainable construction in the construction businesses. In the telecoms and media businesses, the focus is on promoting diversity in the workplace.

CSR (corporate social responsibility) is a policy through which the company takes account of the social and environmental impacts of its activities in order to apply the best possible practices. In doing so, it helps to improve society and preserve the environment. (Source: Ministry of Ecology, Sustainable Development, Transport and Housing). The ISO 26000 and 50001 standards are described on the www.iso.org website – A note on reporting methodology is contained in the *Additional information* section.

Construction

Designing and building structures that incorporate all the elements of sustainable development has become essential. For Bouygues, far from being a drawback, this new vision of the construction business in France and around the world is a genuine differentiation factor. The effort devoted to research and development by Bouygues Construction, Bouygues Immobilier and Colas bear witness to the Group's determination to move forward and come up with increasingly innovative solutions.

For Bouygues Construction, sustainable construction is a key marketing element for new buildings and the renovation of existing stock. Bouygues Construction uses its know-how by integrating eco-design and energy efficiency into projects while also applying the most exacting French and international standards and labels. The renovation of Challenger, its headquarters, is a flagship example of this approach.

Bouygues Immobilier has acquired acknowledged skills in the development of sustainable urban development projects and has unique expertise in energy efficiency, production and management, initially at building level and now at neighbourhood level. Bouygues Immobilier has recently passed a new milestone with the launch of UrbanEra®, a service package for the development of sustainable neighbourhoods. Bouygues Immobilier designs buildings at the cutting edge of environmental innovation, ahead of regulatory requirements. Its many benchmark achievements include Green Office® Meudon, the first large-scale positive-energy office building in France, and Fort d'Issy, the first HQE® High Environmental Quality eco-neighbourhood, just outside Paris.

Colas, the world's leading roadbuilder, has structured its responsible development policy around three key strategic challenges: renewing and enhancing human resources, securing acceptance of production sites, and business ethics. The company gives its employees first-aid training and supports community healthcare initiatives in the emerging countries where it operates. A major producer and user of construction materials, Colas encourages recycling and also takes account of biodiversity issues at its quarries.

Media and Telecoms

The Group's media and telecoms subsidiaries are also taking action to address the issues specific to their particular businesses. They have obtained the Afnor Diversity label in recognition of their best practice in non-discrimination, equal opportunity and the promotion of diversity.

TF1 shows its commitment to its audience by alerting viewers to the major issues of sustainable development, and to its employees through its CSR policy. A family channel, TF1 provides programmes suitable for everyone, reflecting the diversity of its audience. It also supports and takes part in community initiatives and has pledged to reduce its environmental footprint.

Bouygues Telecom has demonstrated its commitment by setting up a system for recycling mobile handsets, offering packages that encourage customers to keep their existing handset, using eco-design in its new stores and implementing a proactive energy-efficiency policy. In 2011, Bouygues Telecom became the first operator to obtain ISO 50001 certification for the energy management system at two of its operational sites.

In the TV control room at TF1

HQE: High Environmental Quality (see also the Glossary in the Additional information section)

Governance and dialogue with stakeholders

Governance

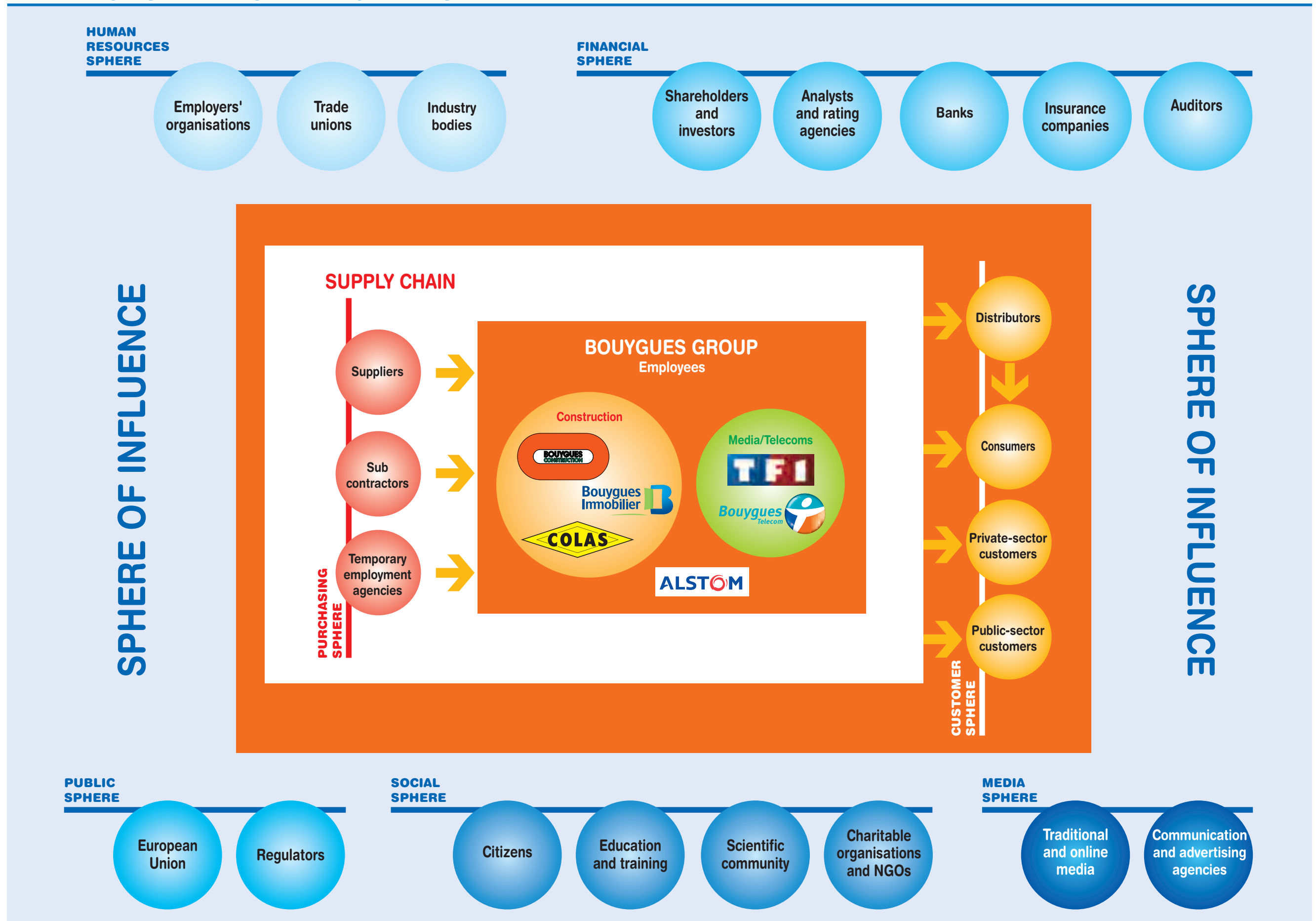
Olivier Bouygues, Deputy CEO of the Bouygues group, oversees Group-wide sustainable development initiatives. The Group Sustainable Development and Quality Safety Environment (QSE) Department within the parent company coordinates the overall policy and ensures that best practices are circulated and shared, especially with subsidiaries' own sustainable development departments.

Dialogue with stakeholders

Dialogue with stakeholders is conducted at three levels: at Group level, in subsidiaries and at local level.

- The Group has introduced a policy of continuous improvement with its customary stakeholders. It also wishes to engage in dialogue with non-contractual stakeholders in order to better address their expectations, identify sector-specific social and environmental issues and improve their knowledge and understanding of the Group's businesses.

Relations with stakeholders



- Each subsidiary has entered into dialogue with its stakeholders on its own specific issues in order to identify areas for improvement in the medium term and relevant actions for progress.
- At local level, mechanisms for grassroots dialogue have been introduced around production sites and worksites in order to enhance relations with local residents and encourage social acceptance of the Group's activities.

ETHICS AND HUMAN RIGHTS

The Bouygues group endeavours to comply with the strictest rules for the conduct of its business and to ensure that managers and employees adhere to shared key values.

In 2006, Bouygues drew up a Code of Ethics, available in 15 languages and circulated to all employees. The Code sets out a number of binding ethical principles. In Article 2, for example, the Group undertakes to comply with the United Nations Universal Declaration of Human Rights and the Fundamental Conventions of the ILO (International Labour Organisation). The Code addresses a number of priorities: as well as asserting the Group's values and making them understandable, it reminds managers of their particular responsibilities and helps employees to respect those values, in particular by pointing out that they should not confront an ethical dilemma alone. Line managers, compliance officers and a whistleblowing procedure are there to help employees deal with such situations.

Senior managers are given training in ethics and the Bouygues group's values, dispensed by the Bouygues Management Institute. Resources and training courses include an international cycle and seminars on Respect and Performance, Social and Environmental Responsibility and the Development of Bouygues Values, the latter attended by some 600 senior executives since its creation in 2002. Continuing this theme, two new seminars have recently been introduced, on Responsibility within Organisations and Respect and Management.

Each subsidiary also organises training courses tailored to the different levels of management. They transmit the Group's ethical principles and values in very practical ways, addressing the specific issues and risks associated with the subsidiary's business.

The Group pays particular attention to prohibiting and preventing anti-competitive practices, unfair competition and corruption. Measures to that end are contained not only in the Code of Ethics but also in the Group's internal control guidelines. Specific actions are taken within each business area, designed to supplement Group rules with codes of conduct suited to the characteristics of each business. In 2011, Bouygues Telecom issued a code of practice to address the issues that a telecoms operator may encounter. To prevent corruption, procedures regulate the use of agents both upstream and downstream. Another example is the Group's initiative to formalise existing measures to prevent anti-competitive practices by introducing compliance programmes that take account of the recent directives and guidelines issued by the European Commission and the French competition authority.

Generally speaking, the Group's five business areas are expected to take measures to prevent, detect and deal with business practices that do not comply with the Group's ethical principles and values.

LABOUR RELATIONS AND WORKING CONDITIONS

Sharing the same values

"We start to build confidence at induction, when we implement a step-by-step programme complete with mentoring, training and communications. These tools quickly help newcomers feel at home, ready to share our values." (Group Human Resources Charter)

Human resources policy at Bouygues is based on three core principles: respect, trust and fairness.

Asserted in the Group's Code of Ethics and Human Resources Charter, these values are reaffirmed to employees, especially managers, on many occasions. The Bouygues Management Institute organises regular sessions at which the Group's senior executives can discuss how these corporate values can be applied in practice.

Over 600 new management recruits attended Group induction days in 2011, providing an opportunity for exchanges on strategies and values with senior figures from the business areas and Martin Bouygues, the Group's Chairman and CEO. Individual Group companies also have their own induction arrangements, organised along the same lines and intended for all employees.

The following section takes each chapter of the Human Resources Charter in turn, updating the statistics that track progress and identifying highlights in 2011. Policies are promoted at Group level and implemented within each business area according to its characteristics, using the most appropriate means to achieve the desired results in a given context.

The examples of best practice cited below illustrate the progress made. Further examples are given in the *Business activities and CSR* section of this document, ranked in order to demonstrate the coherence of the measures taken. Responses to the risks identified in business areas are dealt with more specifically in this chapter and in the *Risk factors* section.

WORKFORCE BY JOB CATEGORY

	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group
France	**342**	**23,091**	**1,515**	**38,338**	**3,818**	**9,866**	**76,970**	**75,658**
Managerial	220	8,555	1,078	5,721	2,957	4,655	23,186	22,241
Clerical & technical	122	6,186	437	9,787	861	5,211	22,604	21,828
Site workers	-	8,350	-	22,830	-	-	31,180	31,589
International	**6**	**28,927**	**68**	**24,548**	**304**	**4**	**53,857**	**57,798**
Managerial	6	11,493	68	8,077	304	4	19,952	20,360
Site workers	-	17,434	-	16,471	-	-	33,905	37,438
France + International	**348**	**52,018**	**1,583**	**62,886**	**4,122**	**9,870**	**130,827**	**133,456**

Respect

"Our people are the most precious resource, both as individuals and as team players. The human element ranks at the top of our scale of values. It is imperative to show respect for oneself and for others. This fundamental rule applies to everybody in the Group, at all levels. Executives and senior executives bear a particular responsibility in this regard."

Constructive labour relations

"Good labour-management relations should lead to a good understanding and integration of individual and collective aspirations, which is key to smooth human relations."

The Bouygues group has for many years promoted a respectful and constructive approach to labour relations that pave the way for real progress for the benefit of staff. Employee representative bodies in the different business areas are supplemented by the Group Council in France, with 30 representatives from 400 works councils spanning all the Group's activities, and the European Works Council, with 24 representatives from 11 countries. As privileged forums for meetings between union representatives from across the whole spectrum and Group executives, they provide an opportunity for exchanges about the Group's business and financial prospects and developments relating to jobs, HR policy, health and safety.

The interest of Group staff in the quality of these discussions between employees and management is reflected in the turnout for workplace elections (81% in 2011), which is much higher than the nationwide average in France (63.8% in 2006 – Source: DARES) and gives their representatives a high degree of legitimacy.

DARES: Department of Research and Statistics at the French Employment Ministry

Labour relations in Group businesses

> RCBT, the subsidiary running Bouygues Telecom's stores, has concluded an agreement introducing new means of communication to foster better labour relations, including e-flyers and an intranet.

> At Bouygues Construction, when Bouygues Bâtiment International moves into a new country, it is careful beforehand to create a favourable climate with local labour organisations in order to ensure respect for the country's traditions. For example, a labour relations forum was set up in Equatorial Guinea in order to forestall industrial disputes and establish constructive dialogue.

See also *Business activity and CSR* section

In France, Group companies have concluded many agreements with trade unions on all the issues that affect employees' lives, such as profit-sharing, employee share ownership, the organisation of working time and disabled workers. In all these areas, progress has been driven by constructive labour relations based on mutual respect. To give just one example, agreements with trade unions mean that employees in all business areas benefit from a profit-sharing scheme.

Monitoring health and safety in all business areas

"It is our duty to attend to health and safety, both our own and our colleagues'. This is a moral obligation for each and everyone at Bouygues, irrespective of their position or job grade. Safeguarding physical well-being is integral to respect, to which we are all entitled. At the same time, we are also responsible for giving the alert to preserve health and safety when need be."

Health and safety are a priority for all Group employees and have been for many years. It is an important issue for all business areas. Flu vaccination and road safety campaigns are carried out in Group businesses, but it is on worksites, where there is an inherent risk of danger, that the need for prevention is crucial. The construction businesses are particularly aware of that fact and redouble their efforts to promote health and safety, achieving much better results than other sector players.

In order to further improve this record, Colas and Bouygues Construction have rolled out ambitious training programmes on health and safety issues, especially addiction.

Collective agreements negotiated

	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group	2009 Total Group
Number of collective agreements negotiated, including mandatory annual negotiations	4	84	4	56	20	11	179	200	266

Participation in elections of employee representatives (first round, principals)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group
Rate of participation in most recent elections	82%	85%	76%	79%	74%	79%	81%

Health and safety in Group businesses

> Bouygues Construction aims to be exemplary in health and safety. The overall safety management system has OHSAS 18000 certification covering over 80% of the activity.
In its agreements in France, the company has recognised the possibility of exposure to danger on worksites as being at least one contributing factor to the categorisation of work as arduous. Ergonomic trials are currently being conducted in Normandy in order to reduce risk, including limiting loads to be carried, automating lifting processes and using self-compacting and self-levelling concrete.
To ensure the safety of temporary workers, on 9 November 2011 some subsidiaries concluded an agreement with three leading temporary employment agencies to improve safety for their staff employed on worksites, including the anti-addiction policy.
Bouygues Construction aims to extend this type of action to all its entities in France.
The emphasis on accident prevention also applies to international markets. A special safety training centre for site workers has been set up in Hong Kong. Training is compulsory before they can start work on-site.

> Colas organises an annual competition in France to find the best ways of reducing arduous work in its plants and workshops. Under the recently introduced Ergomat project, an ergonomic assessment of certain types of equipment is carried out with the manufacturers before purchase. Colas has also taken prevention measures in mainland France, distributing an anti-addiction kit and providing information about the risk of exposure to solar UV radiation in the form of a leaflet for site workers and a Q&A for managers.
Colas continues to give workplace first-aid training to its employees all over the world (nearly 19,950 employees have received training to date).
Aware of the health risks of chemicals, Colas has long pioneered the replacement of undesirable components in the manufacture and use of road products. The company takes part in research into bitumen fumes. In 2011, the International Agency for Research on Cancer classified occupational exposure during the laying of asphalt mix in category 2B, i.e. potentially carcinogenic but with no proven link.
To date, the only proven adverse health effect from laying asphalt mix is irritation of the respiratory tract and eyes.
Colas is extending its policy of buying pavers* with a fume extraction system to all its sites and is continuing to promote low-temperature asphalt mixes to its customers, since they eliminate most emissions of bitumen fumes.

(*) Machines that lay asphalt mix

The right work/personal life balance

"Finding a good balance between work and personal life helps ensure respect for oneself and others."

A good work/personal life balance is the best way of ensuring that staff perform effectively, free of stress that might sap their motivation. The solutions to the problem often vary according to the particular requirements of each sector of activity, though some are common to all.

Training is provided in all business areas to raise awareness of stress prevention among staff, especially line managers and HR managers, including how to detect small signals and adopt the appropriate managerial attitude. Monitoring systems and tracking indicators are in general use.

Time savings accounts have been introduced in all business areas, giving employees some flexibility in how they manage their worktime.

Several Group companies, especially Bouygues Telecom, are experimenting with working from home (two days a week at most).

Industrial accidents

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group	2009 Total Group
Industrial accident frequency rate[a]	3.61	5.08	3.55	8.61	3.65	2.19	**6.34**	**6.69**	**8.30**
Industrial accident severity rate[b]	0.03	0.22	0.04	0.36	0.14	0.07	**0.27**	**0.28**	**0.307**

(a) Number of accidents involving time off work x 1,000,000 / number of hours worked (b) Number of days off work x 1,000 / number of hours worked

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

The work/personal life balance in Group businesses

> TF1 has introduced specific measures relating to the organisation of worktime for women returning from maternity or adoption leave. In order to encourage fathers to take paternity leave, it has been decided to keep them on full pay while they are away.

> Bouygues Telecom emphasises workplace stress prevention. A total of 1,940 managerial staff have been given awareness training. Medical well-being and stress are permanently monitored and the results are presented to occupational health officials and health and safety committees twice a year, together with new supplementary indicators on staff turnover, absenteeism and visits to the infirmary.

> Bouygues Immobilier has added a whistleblowing procedure for harassment to its staff regulations. A stress tracker has also been incorporated into the in-house survey and has shown, through a comparison with other private-sector firms, that the company is within the norm.

> Colas, following on from the agreement on stress prevention methods concluded in 2009, has set up a partnership project with the French National Research and Safety Institute (INRS) and the University of Nancy II which should lead to the conclusion of an agreement in 2012 on the prevention of stress and the improvement of well-being at work. The partnership is intended to support the Colas group's prevention policy. It involves drawing up an anonymous health questionnaire on stress prevention and well-being at work and setting up monitoring systems in subsidiaries and at national level. The project will culminate in a study of the aggregate results for each socioprofessional category in order to identify the populations most at risk. The test phase planned for 2012 will involve nine entities in three Colas group subsidiaries, representing some 700 employees.

> Bouygues Construction is addressing the work/personal life balance issue through a pro-parenting policy. In 2011, with other companies, it took part in a discussion and survey of how men engage in parenting. The results have provided new input to enhance action plans for gender equality agreements and to ensure that men know about existing arrangements such as part-time work and parental leave. Several Bouygues Construction entities offer reserved places in existing networks of childcare facilities. The network system is best suited to entities with several sites. Outside France, the company encourages expatriates to take their family with them. Where there are problems with children's schooling, Bouygues Construction tries to find local solutions. In Turkmenistan, for example, a school has been created (from nursery to secondary level) and now has 90 pupils.
Entities organise events to which employees can bring their families so that they can find out what construction work involves, including workshops for children, demonstrations of tools and equipment and safety instruction. In Hong Kong, the Actitude Funday drew around 1,800 employees and family members.

Part-time work

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group	2009 Total Group
Average number of part-time workers	22	502	50	507	355	395	**1,830**	**1,615**	**1,547**

Promoting socially responsible behaviour

"We believe that financial performance must be accompanied by socially responsible behaviour. We build the notion of solidarity into our strategy. In doing so, we account for the local specificities of our business activities and the places or countries where we work."

All Bouygues group entities encourage their employees to get involved in community initiatives. Thousands of them took part in 2011, both in France and around the world (see Communities and local development below).

Group companies insist on socially responsible behaviour and endeavour to provide their employees with better-than-average working conditions in every country where they operate.

Socially responsible behaviour in Group businesses

> Bouygues Construction can cite two examples of particularly significant social action. For many years, all Bouygues Construction entities have had welfare committees that help member employees who run into unexpected financial difficulties. Assistance takes the form of gifts and interest-free loans. The committees are funded from members' contributions, with a 130% top-up contribution from the company. Some 400 employees benefit from this type of help each year.

The HR development indicator, introduced in 2010, is an evaluation of all international subsidiaries from the standpoint of HR development, based on 17 criteria. The audit is carried out by the group HR manager, accompanied by the local HR manager and CEO. After a comparison of the entities, the evaluation reports are used to draw up an action plan with the aim of moving onto a higher level. The overall aim is to improve HR processes and establish a common core of employee benefits.

Bouygues Construction is also taking a number of measures to improve levels of insurance cover wherever it operates. In the event of accidental death, whether work-related or not, all local employees benefit from cover that will provide their heirs or assigns with compensation corresponding to twelve months' salary.

> For a number of years Colas has compared the average pay of its plant operators in several countries with the local statutory minimum wage. To give just one example, the average pay in Morocco and Madagascar is more than double the minimum wage.

Ensuring ethical conduct in relations with others

"Each employee must be proactive in observing the Group's Code of Ethics."

The only truly ethical human relations are those that are respectful of others. The Bouygues group's line managers and HR managers thus have a responsibility to ensure that ethical relations are the rule, whether in individual contact, group action or training. Their duty in this area also extends to relations with suppliers and subcontractors.

The Group's Supplier CSR Charter, circulated to suppliers, sets out basic requirements relating to human resources (see Responsible purchasing). Inter alia, it prohibits the use of forced or compulsory labour, child labour and discrimination on unlawful grounds. It also requires suppliers to comply with local laws relating to working hours and the minimum wage.

Ethical human relations in Group businesses

> In order to combat illegal working, Bouygues Construction subsidiaries in France and Europe implement very strict procedures described in a widely circulated handbook.

Many measures are taken in France to combat illegal working, including control procedures on worksites (systematic control of identity documents and work permits, a badge system at the entry to worksites, training for works supervisors and managers, etc.).

Control of access to worksites has also been stepped up in other countries, including the introduction of fingerprint scanners before workers can enter the site.

87% of Bouygues Construction's sales are generated by operating units that systematically include the Supplier CSR Charter in their contracts.

Separation, often a difficult time for the person concerned and the company, must be addressed with fairness and with respect for personal dignity. As in all matters where human relations are involved, explanations are provided because information is the best guarantee of fair treatment.

Percentage of employees covered by a Group social protection scheme

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group[a]	2010 Total Group
Percentage of employees covered by a Group social protection scheme	100%	100%	100%	100%	100%	100%	100%	82%

(a) At all its sites, the Bouygues group offers every employee a level of social protection that complies with or exceeds local requirements.

Reasons for departure

Scope: France	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group	2009 Total Group
Resignation	41.0%	33.3%	21.4%	20.6%	28.4%	29.1%	25.2%	20.0%
Dismissal	28.7%	23.7%	36.5%	14.0%	30.0%	31.3%	30.0%	39.3%
Negotiated termination	7.4%	13.1%	11.8%	16.3%	7.3%	9.9%	11.6%	7.2%
Other reasons	22.9%	29.9%	30.3%	49.1%	34.3%	29.7%	33.2%	33.5%

Trust

"We believe in laying the groundwork for success with clear, straightforward employee relations."

Paying attention to the quality of relationships

"Annual performance reviews and salary reviews allow each employee to take stock of the previous year with their manager, in addition to their regular interaction. An annual performance review involves making an assessment of the employee's skills, results and ability as a team player. It is intended to be a two-way discussion to explain the review, set goals for improving performance and behaviour as well as discuss career prospects.

Communications and special events encourage interaction between individuals, teams and structures, strengthening shared values and keeping employees properly informed."

Good relations between Group employees and their managers are one of the keys to effective joint action and the well-being of all. They are monitored by HR departments, and many initiatives are taken to foster them.

The quality of interpersonal relationships and respect for fellow employees are discussed at annual performance interviews.

Most business areas have introduced employee perception surveys, the results of which are circulated and followed up by action plans.

Quality of personal relationships in Group businesses

> TF1 has created a training course entitled "All Connected" so that newcomers can form their own networks within the company. Eurosport organises an induction day in Paris for staff from its international subsidiaries. On 23 June 2011, all the employees of the TF1 group were brought together for a convention.

> Colas launched a campaign of occupational interviews based on a new interview guide. The same document is used both in France and in other countries, reflecting the company's wish to ensure that all its employees benefit from the same quality of dialogue.
Colas has also created an e-newsletter to keep its managers informed of the company's strategy. As well as encouraging managers to share knowledge and best practice, the newsletter helps to develop future leaders.

> The induction programme that Bouygues Immobilier offers all its new employees was revised in 2011 to incorporate an innovative feature: a "Serious Game" Session during which new recruits use computer games as learning tools to gain experience of the business and to build up their network in the company.
In October 2011, over 500 employees took part in the second Innovation Forum organised at Fort d'Issy in Issy-les-Moulineaux, a flagship Bouygues Immobilier project in the Paris region. Each team was able to present its innovations during the event, which also featured short addresses by in-house and outside speakers.

> In 2011, Bouygues Telecom created three online knowledge-sharing resources.
An in-house video magazine is now available to all staff. An in-house professional social network enables employees to create and manage their personal profile, join other employees in a network and create online communities. A portal gives Bouygues Telecom's educators and trainers access to shared training and information resources and media.

> Bouygues Construction's corporate university actively encourages knowledge-sharing in several ways:
- **it has set up a wikispace and a resource-sharing facility (factsheets, instructional films, etc.) on its intranet site;**
- **it organises themed meetings and visits;**
- **it encourages people to work together by organising working groups on cross-disciplinary issues.**

Percentage of employees covered by a satisfaction survey

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group
Employees covered by a satisfaction survey	-	40%	100%	-	94%	83%	51%	39%

Percentage of staff receiving a formal annual appraisal

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group	2009 Total Group
Managerial	80%	82%	92%	49%	90%	100%	79%	77%	73%
Clerical & technical	74%	88%	88%	52%	89%	100%	75%	68%	69%
Site workers	-	84%	-	24%	-	-	41%	37%	36%
Total	**78%**	**84%**	**91%**	**35%**	**89%**	**100%**	**63%**	**58%**	**57%**

Recruiting for the future and encouraging internal mobility

"The aim of the recruitment stage is to find and attract the best job applicants by launching targeted internal and external communications, keeping a high profile in the community (maintaining close ties with schools, universities and associations), implementing a strong internship policy and offering attractive pay. Hiring decisions are based on the suitability of candidates to fill existing job vacancies as well as their career potential and aptitude to share the values of our Group. We refrain from all discrimination on unlawful grounds."

Although the context in 2011 was less favourable to employment, the Group maintained a high level of recruitment, hiring over 20,000 new people, especially in construction businesses.

The headcount has remained stable over the last four years despite the ups and downs of the global economy. When activity has declined in entities, a particular effort has been made to systematically keep people in jobs through internal mobility.

Recruitment and mobility in Group businesses

> At TF1, almost half of all vacancies in 2011 were filled from within the group.

> Colas made recruitment a priority in 2011, targeting recent graduates through a communication campaign in the press, on social networks and on billboards in urban areas. As a result, the 3,000 people hired in mainland France included over 200 recent engineering graduates and first-time managers. The initiative will be continued in 2012.

Colas' senior management has carried out a specific mobility awareness campaign, targeting its 910 managers.

> Mobility is also a key driver of the human resources policy at Bouygues Construction. In addition to internal transfers and promotions, some 450 employees moved to other subsidiaries or business areas in both 2010 and 2011.

> Bouygues Immobilier launched a word-of-mouth recruitment campaign for positions in its core business, such as land development managers, technical project managers and programme managers with at least three years' experience. An online recruitment campaign was also launched on the website www. despersonnalitesengagees.com

External recruitment by type of contract (permanent and fixed-term)

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group	2009 Total Group
France	**53**	**2,909**	**393**	**2,998**	**677**	**2,230**	**9,260**	**6,559**	**6,024**
Managerial	31	1,205	254	413	408	460	2,771	1,819	1,619
Clerical & technical	22	1,003	139	863	269	1,770	4,066	2,855	2,586
Site workers	-	701	-	1,722	-	-	2,423	1,885	1,819
International	-	**8,785**	**14**	**2,713**	**64**	**1**	**11,577**	**16,482**	**16,415**
Managerial	-	2,352	14	827	64	1	3,258	3,278	3,944
Site workers	-	6,433	-	1,886	-	-	8,319	13,204	12,471
France + International	**53**	**11,694**	**407**	**5,711**	**741**	**2,231**	**20,837**	**23,041**	**22,439**

Temporary/occasional workers

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group	2009 Total Group
Number of temporary/ occasional workers (full-time equivalent)	2	3,218	31	5,737	355	223	9,566	8,757	7,344

Internships

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group	2009 Total Group
Number of interns taken on in the year	20	2,392	181	1,648	391	499	5,131	5,045	4,770

Headcount by region

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group	2009[b] Total Group
France[a]	**342**	**23,091**	**1,515**	**38,338**	**3,818**	**9,866**	**76,970**	**75,658**	**76,427**
Europe (excl. France)	6	6,683	68	10,046	278	-	17,081	18,906	21,109
Africa and Middle East	-	8,706	-	8,128	8	-	16,842	18,166	16,895
North America	-	449	-	5,090	2	2	5,543	5,051	4,534
Central/South America	-	943	-	-	-	-	943	687	843
Asia-Pacific	-	12,146	-	1,284	16	2	13,448	14,988	14,163
International	**6**	**28,927**	**68**	**24,548**	**304**	**4**	**53,857**	**57,798**	**57,544**
France + International	**348**	**52,018**	**1,583**	**62,886**	**4,122**	**9,870**	**130,827**	**133,456**	**133,971**

(a) Mainland and overseas (b) After the sale of Finagestion in October 2009 (approx. 6,400 employees, mostly in Africa)

Promoting employee share ownership

"The Bouygues corporate savings plan encourages employees to become shareholders in the company, giving them a direct interest in its success and offering them attractive terms for constituting medium-term savings."

Through mutual funds, employees are Bouygues' largest shareholder group.

After the share repurchase tender offer in October 2011, employees owned 23.3% of the capital at 31 December 2011, a unique situation among CAC 40 companies.

All the corporate savings schemes offered to employees include arrangements to cushion the effect of stock market fluctuations.

The average portfolio of the 87,549 members of the Bouygues corporate savings plan is €8,619 on the basis of a share price of €24.345 on 31 December 2011.

Employee share ownership in Group businesses

> Bouygues Construction has developed employee share ownership schemes for local employees in some countries.
The schemes in the UK, Switzerland and Hong Kong are similar to the French corporate savings plan, based on the acquisition of Bouygues shares with a contribution from the company.

> Colas has also developed an employee share ownership scheme in its Swiss subsidiary.

> TF1 has its own corporate savings plan, under which employees owned 6.2% of the capital at 31 December 2011.

Employer's contribution to the corporate savings plan

Scope: France (€ '000)	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group	2009 Total Group
Total gross contribution to the plan	690	33,721	2,499	22,867	8,352	18,146	86,275	83,615	81,774

For Bouygues, the employer's contribution to the corporate savings plan is 200% of payments up to €300 a year, 100% between €301 and €1,920 and 50% between €1,921 and €4,200.
For TF1, the contribution is 200% of payments up to €300 a year and 100% between €301 and €3,450.

Encouraging internal promotion

"People trust an employer that recognises their strengths and promotes career development with a strong promotion and internal mobility programme. Our recruitment practices seek a fine balance between using in-house promotion to motivate staff and attracting people from outside to contribute new skills and working methods."

To keep employees motivated, businesses ensure that they give priority to internal promotion over outside recruitment.

Each business area has a human resources manager responsible for mobility and careers committees where career paths and vacancies are discussed.

In addition to the Bouygues Management Institute and its international cycle, all business areas offer training courses and support for managers in partnership with elite universities, often including study visits.

Mechanisms for giving recognition to professional skills and achievements, like the Minorange Guild and the customer advisors club, also exist for particular categories. Francis Bouygues created the Minorange Guild in 1963 to recognise achievements in construction trades. The Guild and its offshoots in other businesses have 2,174 members in 25 orders, which enable the senior managers of Group entities to reward their best workers and hold regular discussions with them about the company and its life.

Internal promotion in Group businesses

> Bouygues Construction regularly organises events such as lunches, conferences, award ceremonies and meetings within all its subsidiaries, providing forums for direct exchanges between members of the Minorange Guild and senior management.
Outside France, guild orders along the lines of the Minorange Guild have been established at local level. In 2010, Bouygues Turkmen officially created the Kopet Dag order.

> Colas has taken specific measures in its Moroccan subsidiary to identify and support promising employees in order to foster and promote internal and upward mobility for talented local staff.

> At Bouygues Immobilier, 86% of employees who responded to the internal 2011 Well-Being and Performance survey said they were satisfied with their level of empowerment.

Percentage of the workforce by type of contract

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group	2009 Total Group
France									
Permanent contracts	100.0%	96.4%	93.9%	97.6%	92.8%	94.4%	96.5%	96.9%	96.3%
Temporary contracts[a]	-	3.6%	6.1%	2.4%	7.2%	5.6%	3.5%	3.1%	3.7%
International									
Permanent contracts	100.0%	92.0%	97.1%	89.2%	88.2%	100.0%	90.7%	89.5%	85.5%
Temporary contracts[a]	-	8.0%	2.9%	10.8%	11.8%	0.0%	9.3%	10.5%	14.5%
France + International									
Permanent contracts	100.0%	93.9%	94.1%	94.3%	92.4%	94.4%	94.1%	93.7%	91.4%
Temporary contracts[a]	-	6.1%	5.9%	5.7%	7.6%	5.6%	5.9%	6.3%	8.6%

(a) Temporary and occasional workers

Percentage of employees promoted[a]

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group	2009 Total Group
Managerial	14%	16%	16%	9%	15%	10%	13%	12%	10%
Clerical & technical	16%	16%	19%	8%	12%	14%	12%	10%	10%
Site workers	-	12%	-	4%	-	-	6%	8%	10%
Total	**15%**	**14%**	**17%**	**6%**	**14%**	**12%**	**10%**	**10%**	**10%**

(a) Change of grade

Fairness

"All HR decisions in matters of recruitment, promotion, training and pay, as well as any internal sanctions that are called for, are explained to the parties concerned. Providing clear information is one way to make sure that all job applicants and employees are treated fairly."

Maintaining a proactive pay policy

"Our promotion and pay policy is instrumental to equal opportunity. This gives each employee the incentive to meet individual career development targets. Promotion and pay depend on individual performance and potential as well as market value according to supply and demand. Irrespective of market trends, a strong pay policy is one of our best guarantees of success."

The Group's pay policy is a key factor in attracting, motivating and keeping staff. Proactive and individual, it is based on external elements (rises above the inflation rate, attractiveness to potential candidates) as well as on the company's financial performance.

Specific budgets are earmarked to increase the lowest wages and to equalise pay between men and women.

Wages are supplemented with benefits like profit-sharing, additional social protection, pension savings plans, 13 months' pay, top-up contributions and social and cultural activities. In France, works councils at the Group's largest subsidiaries organise events such as trips and Christmas parties for employees' children, as well as subsidising meals in company restaurants and providing sports facilities for staff.

Several businesses provide each employee with a personalised document summarising all these benefits to give them an overview of their total compensation.

Pay policies in Group businesses

> Bouygues Construction's pay policy and pay scales are significantly higher than the contractual minimum and focus in particular on enhancing low pay, especially for clerical and technical staff and site workers, often by setting a minimum individual increase.

> On 27 June 2011, TF1 concluded a new profit-sharing agreement for 2011-2013. In 2011, the average gross amount of the voluntary profit-sharing bonus was €3,260 per employee (in addition to an average gross amount of €1,542 in respect of compulsory profit-sharing).
TF1 awarded average individual increases of 2.5% in 2011, with an additional 1% for employees earning a gross salary of €2,600 a month or less.

> The average salary increase at Bouygues Telecom was 3.83%.

> On 8 June 2010, Colas and four trade unions concluded a three-year profit-sharing agreement for subsidiaries in mainland France. Under the agreement, 9,417 employees received a profit-sharing bonus in 2011 based on results in 2010.

> In 2011, Bouygues Immobilier focused on employees earning less than €1,870 a month, guaranteeing them a minimum increase of 2.1%, on women returning from maternity leave, and on employees who had changed jobs or line manager during the year. In June 2011, Bouygues Immobilier concluded a supplement to its profit-sharing agreement with the trade unions, incorporating a new qualitative criterion of "better customer satisfaction" as part of its sustainable development policy.

Average annual salary by job category in 2011

Scope: France (€ per year)	Holding company and other	Bouygues Construction	Bouygues Immobilier*	Colas	TF1	Bouygues Telecom
Managerial (excl. senior executives)	78,534	56,949	55,478	51,717	53,196	55,393
Clerical & technical	31,999	30,722	28,348	30,508	36,683	25,659
Site workers	-	25,337	-	23,110	-	-

(*) Excluding sales staff

Amount of profit-sharing payouts[a]

Scope: France (€ '000)	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group	2009 Total Group
Voluntary profit-sharing	664	18,649	2,880	3,160	15,653	28,726	69,732	52,087	49,736
Compulsory profit-sharing	45	24,616	5,632	15,256	7,439	24,119	77,107	77,408	94,346
Total	**709**	**43,265**	**8,512**	**18,416**	**23,092**	**52,845**	146,839	129,495	144,082

(a) Paid in 2011 in respect of 2010

Ensuring equal opportunity

"We are an equal opportunity employer. No applicant or employee receives less favourable treatment because of gender, ethnic background, religion, beliefs, disability, age, sexual orientation or nationality. This is a moral obligation as well as a corporate priority. Each person must be treated like a dignified human being. We owe our success to the creativity of our people, enhanced by the tremendous diversity existing within the Group. We see diversity as a major asset."

All Bouygues businesses have a diversity officer and have continued their many initiatives to encourage diversity and equal opportunity in four areas: disability, gender equality, integration and age management. TF1 and Bouygues Telecom were awarded the Diversity label in December 2010 and June 2011 respectively.

Disability

A structured disability policy is now in place in all business areas, including disability officers to coordinate actions and training for HR managers and managerial staff. Purchases from sheltered workshops and inclusion programmes have increased very substantially across the board as a result of internal and external awareness-raising campaigns, including the professional development of disabled workers in Group businesses.

Specific policies exist to help keep the Group's disabled employees in work and their working hours are adjusted so that they can meet their obligations to fulfil specific administrative formalities.

Disabled workers

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group	2009 Total Group
Number of disabled workers (permanent and fixed-term contracts)	4	793	19	876	71	234	**1,997**	**1,838**	**1,638**
Number of disabled workers hired (permanent and fixed-term contracts)	-	81	8	24	13	38	**164**	**87**	**148**
Sales with sheltered workshops and inclusion programmes	€4,156	€1,574,230	€382,000	€904,655	€319,432	€1,368,000	**€4,552,473**	**€4,386,332**	**€2,877,974**

Equal opportunity in Group businesses

> At Bouygues Construction, 400 HR managers and other managerial staff have been given equal opportunity training by Bouygues Construction University over the last four years, focusing on fighting discrimination and stereotyping. In 2011, training was also provided to executive committee members in group subsidiaries.

> Bouygues Telecom rolled out an e-learning module on promoting diversity, intended for managerial staff.

> At TF1, 400 managers took part in a one-day training course on equal opportunity and non-discrimination.

> Colas provided its 35,000 employees in mainland France with a Diversity brochure setting out the main thrust of its policy.

> Bouygues Immobilier launched an awareness-raising initiative in November 2011 in the form of a learning game entitled "Diversity and Performance" in order to confront employees with their preconceptions about the place of women, older workers and disabled people in the company. The initiative is now part of the induction process.

Disability policy in Group businesses

> Outside France, Bouygues Construction has been committed for several years to integrating disabled workers and keeping them in employment. Following the decision to implement a fully-fledged disability policy, an outside consultancy was commissioned to carry out an audit with the aim of raising awareness among employees and encouraging senior management in all countries to support disability.

> Under its disability agreement, Bouygues Immobilier assumes the full cost of health insurance contributions for its disabled workers. A network of disability officers has also been created.

> Colas has concluded an agreement with Agefiph, a fund to promote the employment of disabled people, under which it is committed to taking on 120 disabled workers over a two-year period.

Agefiph: a fund to promote the employment of disabled people

Gender equality

Equal treatment of men and women is a goal shared by all Group entities. Special budgets are earmarked during wage negotiations to help equalise pay.

The proportion of women in the workforce differs considerably from one line of business to another. The construction industry has always been preponderantly male. The challenge for Bouygues Construction and Colas is to make themselves more attractive to women candidates, and they are carrying out communication campaigns in schools and universities to do this.

All Group companies have conducted an audit of the proportion of women in managerial positions and are taking steps to improve the situation.

Gender equality in Group businesses

> In order to ensure that men and women are paid in the same way for the same work, every year Bouygues Immobilier examines any discrepancies. Within its Programmes activity, the company's core business, 0.3% of the payroll was earmarked for equalising pay between men and women. Women who took maternity or adoption leave during the year received an average pay rise of 3.6%, 0.3% more than the overall average. In order to anticipate the effect of women taking maternity or adoption leave, Bouygues Immobilier has introduced pre- and post-leave interviews at which the employee and her line manager consider the question of who does the work while the employee is away and what arrangements need to be made, if any. Gender equality is making headway at Bouygues Immobilier, where women fill 36% of managerial positions, compared with 32% in the profession as a whole.

> Bouygues Construction opens all positions in the company to women and encourages female employees to aim for managerial and executive positions. A "Women in the Workplace" committee has been set up; its members include a representative from each entity. An action plan has been proposed to entities in order to raise awareness of the issue in the workforce and encourage people to change their mindsets and practices.

> Bouygues Telecom has introduced a "Women in Management" action plan, including a mentoring programme, the creation of a women's network called Bouygt'Elles and awareness-raising workshops for managers.

> At TF1, 0.3% of the payroll was devoted to gender equality in the workplace. All women starting maternity leave during the year received a pay rise of 2.5%.

> In June 2011, the chairman of Colas sent a letter to all managers asking them to integrate and promote more women in all lines of business and functions. Three measures are to be taken: recruiting more women, ensuring equal pay and organising times of meetings in order to ensure a better balance between personal and working life.

Gender equality

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group	2009 Total Group
Percentage of women	**33.9%**	**16.7%**	**48.7%**	**8.4%**	**47.9%**	**47.0%**	18.7%	17.9%	18.2%
Managerial[a]	31.8%	21.7%	36.6%	12.9%	46.1%	34.3%	26.0%	25.2%	23.8%
Clerical & technical[a]	37.7%	31.4%	78.5%	23.3%	54.4%	58.4%	35.9%	35.3%	35.9%
Site workers[a]	-	0.8%	-	0.8%	-	-	0.8%	0.6%	0.6%
Women managers[b]	**20.0%**	**7.8%**	**26.9%**	**6.7%**	**35.5%**	**19.5%**	12.6%	11.2%	-

(a) As a proportion of the total number in the job category concerned (b) As a proportion of employees in supervisory or more senior grades

Integration

Integrating people of all social and cultural origins and backgrounds into the workforce has been a priority in the construction businesses for many years. More generally, it is an essential element of diversity policies in all business areas.

Integration policy in Group businesses

> TF1 hosted the fourth intake of its corporate foundation in 2011: 12 young people from disadvantaged neighbourhoods are taken on contract for two years and given appropriate training.

> As in previous years, all Bouygues Construction entities carried out a large number of integration initiatives with dozens of partners, including Epide (French Defence Ministry integration agency), subcontractors, temporary employment agencies, local integration agencies, schools and charitable organisations. Outside France, the group's UK subsidiaries are also involved in integration initiatives.

> In December 2011, Bouygues Immobilier concluded a partnership agreement to support a Second Chance School to the northwest of Paris which gives young people without qualifications a second opportunity to complete their education.

Age management

Older worker agreements have been concluded in all business areas, generating initiatives in favour of the category. Tutoring helps older workers to pass on their know-how, especially under apprenticeship and professional training contracts (there are over 2,000 tutors in the Group).

Age management in Group businesses

> Bouygues Construction's Age Management committee held wide-ranging discussions and produced an action plan in December 2011 based on four themes: skills management and transfer, employability (pay and mobility), health and working conditions (arduous work and health protection), and support into retirement (end-of-career activity, welfare, retirement management).

Average age and seniority

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group	2009 Total Group
Average age	39	39	39	40	39	34	39	39	39
Average seniority	10	10	8	12	10	7	10	11	10

Workforce by age range

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group
< 25	4.7%	8.8%	5.5%	7.6%	4.8%	11.9%	8.4%	8.1%
25-34	37.1%	32.9%	33.5%	24.9%	33.2%	42.4%	30.4%	30.2%
35-44	25.7%	26.0%	31.5%	27.9%	34.7%	35.7%	28.7%	29.6%
45-54	19.6%	23.6%	20.9%	28.1%	21.4%	8.6%	23.6%	23.1%
55 and over	12.9%	8.6%	8.6%	11.5%	5.9%	1.5%	8.9%	9.0%

Investing in training

"Within the Group, each employee benefits from the exchange of information and career advice to guarantee equal opportunity, open up career prospects and build individual potential. Our training programmes are designed to strengthen professionalism and develop the ability to adjust and innovate, thereby ensuring equal opportunity."

The business areas offer employees a wide range of training courses. A proactive policy in this sphere is reflected in the proportion of the payroll devoted to training, substantially higher than the statutory requirement.

Arrangements are in place, both in France and elsewhere, to provide refresher training to employees who so wish.

All business areas also develop partnerships to help organisations that provide initial training set up courses linked to their activity.

The Gustave Eiffel apprentice training centre, supported by the Group, prepares its students for vocational examinations in construction, electrical engineering and service trades. Qualifications range from the CAP vocational training certificate to BTS and degree-level technical diplomas. The pass rate for the 192 students who took exams in 2011 was 82%. In addition, 30% of apprentices from the Gustave Eiffel centre work in the Bouygues group.

Training and career development in Group businesses

> Bouygues Construction launched a "jefe de area" (area manager) training course in Cuba in 2010. The module is the fruit of cooperation between supervisors and teachers at the Construction Ministry's training centre at Santa Clara. Each student in the course is monitored individually by a tutor.

> RCBT, the Bouygues Telecom stores network, is continuing its career and professional development programmes at its sales school, including a degree-level "Sales Outlet Management" course.

> At Colas, over 50% of training hours are devoted to site workers.

> Each year, over 70% of the workforce at Bouygues Immobilier, whose corporate university offers around a hundred courses, took at least one training course.

Training

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011[a] Total Group	2010 Total Group	2009 Total Group
Percentage of payroll spent on training	2.8%	4.9%	2.2%	4.7%	2.6%	5.8%	4.5%	4.1%	4.59%
Average number of days' training per employee per year	2.24	2.49	2.07	2.41	2.86	4.75	2.77	2.96	2.99

(a) Estimates

Work/study training contract[a]

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group	2010 Total Group	2009 Total Group
Number of apprenticeship contracts	2	551	24	634	29	181	1,343	1,421	1,366
Number of professional training contracts	1	166	19	306	67	380	1,109	939	795
Total	**3**	**717**	**43**	**940**	**96**	**561**	**2,452**	**2,360**	**2,161**

(a) In the company at 31 December 2011

ENVIRONMENTAL POLICY

Bouygues recognises the environmental impacts of its activities and takes steps to limit them, in particular by using ISO 14001 certification. The Group endeavours to reduce its consumption of natural resources and energy, cut waste and CO_2 emissions, evaluate and limit health and toxicological impacts and preserve biodiversity.

Energy/carbon strategy

The Group is convinced that climate change and dwindling fossil fuel resources will have consequences for the entire global economy, such as higher costs, tighter regulation and more taxation. Determined to act responsibly, Bouygues has identified the risks and opportunities connected with these issues and has framed an energy/carbon strategy as one of the priorities of its CSR policy.

Bouygues is also a partner and active member of The Shift Project, a multidisciplinary network of experts and economic players with acknowledged energy and climate change skills. A think-tank, it puts forward proposals stemming from economic and scientific research and summary reports on climate and energy issues.

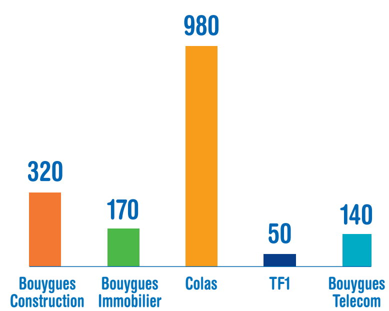
Guided by a concern for transparency, for the last three years the Group has answered the Carbon Disclosure Project questionnaire, the main source of data on how businesses worldwide are addressing the challenge of climate change. The quality of the Group's reporting was recognised for the first time in 2011: a score of 53/100 means that Bouygues can now be assessed on the effectiveness of its strategy.

In order to measure the impacts of its activities and implement priority reduction measures, in 2011 the Group conducted its first voluntary campaign to consolidate greenhouse gas emissions across all its business areas. The following were calculated:

- direct and indirect emissions of energy necessary for its activity (Scope 1: fossil energy, fuels; Scope 2: electricity);
- other indirect emissions (Scope 3: business travel, materials – steel, concrete, bitumen – and service inputs, freight, depreciation of plant and equipment and waste processing). Emissions from the use of products sold were estimated only by some subsidiaries and cannot be consolidated.

THE GROUP'S CARBON INTENSITY
Group average: 500 t CO_2/€m

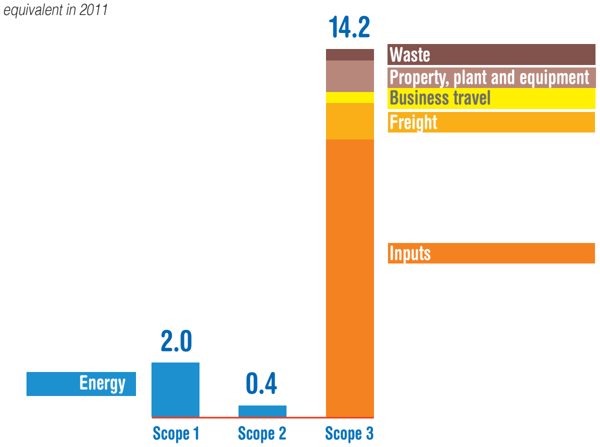
In tonnes of CO_2 equivalent per € million of sales



Carbon intensity: ratio of CO_2 emissions to output (INSEE definition)

CONSOLIDATED EVALUATION OF THE GROUP'S GREENHOUSE GAS EMISSIONS
Group total: 16.6 Mt CO_2 eq.

In million tonnes of CO_2 equivalent in 2011



Scope: In accordance with the ISO 14064 standard, scopes correspond to the extent of operations that an organisation uses to calculate its greenhouse gas emissions.

Decarbonising the economy means developing activities while reducing emissions.

SCOPE 1
The Bouygues group takes several types of action to reduce its fuel consumption, including raising employees' awareness of eco-driving techniques, inspections of plant and equipment, a car-sharing fleet of about 30 electric vehicles and a fleet of about 500 electric light commercial vehicles.

SCOPE 2
Energy management is a major challenge, illustrated by the development by Bouygues Construction subsidiary ETDE of Hypervision®, a building energy management software tool. The Group voluntarily applies the most recent energy efficiency standards.

SCOPE 3
The bulk of the Group's CO_2 emissions are linked to product and service inputs such as concrete, steel, asphalt mix, telephones and services. Action is leveraged in-house by innovations that increase efficiency and externally by partnerships with suppliers (e.g. Thermedia® low-carbon concrete developed with Lafarge).

Energy: emissions linked to the energy consumption of buildings, plant and equipment, etc. (oil, gas, electricity, steam, etc.).
Inputs: emissions linked to materials, consumables and service inputs in the production of products and services sold (concrete, steel, aggregates, mobile phones, audiovisual content, etc.).
Business travel: emissions linked to all business-related personal transport modes (air, train, car), including travel from home to work.
Freight: emissions linked to the upstream and downstream logistics chain (e.g. delivery by suppliers of aggregates, concrete, etc.).
Property, plant and equipment: emissions from the manufacture of infrastructure and capital goods over their lifetime (office buildings, plant, servers, etc.).
Waste: emissions linked to end-of-life waste processing (recycling, landfill disposal, incineration, etc.).

See note on reporting methodology in the *Additional information* section at the end of this document for more details.

Low-carbon solutions

The energy/carbon strategy does not apply to internal processes alone. The Group also endeavours to promote low-carbon products and services to customers. Such solutions reduce CO_2 emissions and generate overall cost savings over the product lifecycle, from production to use. They give a competitive edge that differentiates Bouygues from its competitors on many projects.

Low-carbon solutions for buildings concern the design and construction of new, positive-energy buildings such as Bouygues Immobilier's Green Office® projects, the construction or renovation of BBC low-energy structures and housing and the introduction of Energy Performance Contracts for social housing and private buildings.

In order to offer low-carbon alternatives, subsidiaries have developed specific software to suit their requirements:

> **CarbonEco®:** based on the Bilan Carbone method developed by Ademe, the French environment and energy management agency, it compares different scenarios for building design, use and performance;

> **Seve®:** launched in July 2010, it is the fruit of joint research by companies in the road industry. Colas uses the tool regularly to propose eco-variants in its tenders;

> **Carbon'Clap®:** this tool helps to reduce the environmental footprint of audiovisual productions.

Challenger, headquarters of Bouygues Construction, undergoing environmental renovation

Using resources sustainably

The Group seeks solutions for its activities that use less energy and fewer raw materials.

A Group Eco-design committee was set up in 2011 to investigate how to use resources more sustainably and limit the environmental impacts of products.

The Group is also considering the issue of water management, looking at aspects such as developing a comprehensive approach to the water cycle, limiting consumption, using rainwater and recycling waste water. The renovation of Challenger, Bouygues Construction's headquarters, is a prime example of the approach. The main water management challenge is to reduce consumption by reusing waste water and rainwater.

As a major producer and user of construction materials, Colas endeavours to recycle waste and materials already used in construction or other industries. Through its R&D, the company is gaining new knowledge of techniques for incorporating more recycled materials into asphalt mixes.

Measures taken by Bouygues Telecom include e-billing, the reduction of packaging and eco-design for its stores.

Preventing pollution

Bouygues takes all necessary steps to comply with prevailing environmental regulations and goes further than regulatory requirements in limiting the impacts of its activities, especially all forms of pollution (waste, discharges into the atmosphere, water or soil).

For example, Bouygues and its subsidiaries collect and recycle obsolete computer and electronic equipment. ATG Gaia sorts the waste on the Group's behalf near the collection points for its approved recycling centres, optimising the carbon balance as soon as it takes charge of the equipment. 20,825 items of equipment were collected at the end of their lifetime in 2011. Of the 233 tonnes of waste recovered, 55% was destroyed and 45% reused.

The media and telecoms businesses are major users of electronic products and hence directly concerned by the recycling policy. For sold products, in January 2010 Bouygues Telecom introduced a recycling service for used handsets, whatever the operator or brand.

However, the most important environmental conservation and pollution prevention challenges are in the construction businesses.

In 2010, Bouygues Construction launched the Ecosite® scheme to reduce the environmental footprint of its worksites, focusing on 11 criteria including waste, hazardous products, noise and air pollution, the aquatic environment and biodiversity. An in-house environmental label, it incorporates key elements taken from the most demanding environmental standards and regulations. Bouygues Construction is also working with the CSTB (French building technology research centre) to develop Elodie®, a building lifecycle analysis software application that evaluates the overall environmental quality of a building and its environmental impacts.

Only three Colas sites are Seveso sites; one of them (the Raffinerie de Dunkerque bitumen plant acquired in 2010) is a high-threshold site. The corresponding risks are described in the *Risk factors* section of this document. Going beyond mere compliance, Colas conducts internal audits of its production sites in order to make progress on these issues. A pioneer in the elimination of undesirable chemicals in the manufacture of its products, Colas has defined six priority action areas, including the elimination or recycling of waste oil, the main form of hazardous waste produced by the company. 67% of waste oil worldwide was recovered in 2011.

Interview

Sylvain Couthier, Chairman of ATF Gaia

What is the nature of your partnership with Bouygues?

S.C.: ATF Gaia specialises in the management and collection of professional IT and electronic assets at the end of their life and has supported Bouygues through every stage of the process for the last two years. The partnership, which has both environmental and financial objectives, has its origins in a genuine desire on the part of the Bouygues group. The Group was looking for a partner that would fit in with its corporate culture and values; it found us.

How does the partnership work? What do you get out of it?

It is a balanced relationship; we work hand in hand. Proposals from both sides nourish a continuous improvement process in order to find solutions to the problems that arise. The partnership has helped our company to grow. We adapt our services to meet Bouygues' requirements, which may be those of our future customers. We had to be innovative in order to meet the expectations of Bouygues and its subsidiaries.

What are the most recent features you have developed together?

We have set up an intranet for Bouygues to make it easier to track equipment, with traceability, data removal and reporting features. The interface tells us how many items of equipment have been recycled, the buyback cost and the carbon savings generated. We will extend the intranet to our other customers. We have also developed a website on which Bouygues employees can buy reconditioned computers online. It is currently in the pilot phase with a limited number of users.

Preserving biodiversity

Bouygues Construction and its subsidiaries have entered into several partnerships with biodiversity organisations, including Noé Conservation. Great attention is paid to the preservation of ecosystems on infrastructure projects (see *Bouygues Construction, Business activities and CSR).*

Colas has also addressed the issue of biodiversity for many years now. Far from being an ecological desert, its quarries become niche environments inhabited by endangered species which find refuge and safety there. Colas is committed to fostering and facilitating their presence and living conditions on its production sites.

Environmental management of Group head offices

> Bouygues is able to offer its customers the best that sustainable construction has to offer, because it applies ambitious environmental standards to its own office buildings.
The renovation of Challenger, Bouygues Construction's headquarters, is a case in point, together with the construction and exemplary management of other Group head offices.
Addressing the issues of sustainable development, these buildings need the involvement of staff in order to achieve optimum energy performance. Australia, the headquarters of ETDE at Montigny-le-Bretonneux, southwest of Paris, and Ere Park, the headquarters of Norpac, Bouygues Construction's subsidiary in Lille, northern France, are among the first corporate head offices in France to obtain BBC-Effinergie® low-energy and HQE® High Environmental Quality certification.

IMPROVING PRODUCTS AND SERVICES FOR THE BENEFIT OF CUSTOMERS

Bouygues group companies have an obligation to treat their customers honestly and fairly. They are convinced that customer satisfaction is key to the Group's long-term future. Each subsidiary gives priority to high-quality contact and ensures that product and service quality is constantly improved, paying attention to health and safety in the use of the products it offers.

Ensuring customer satisfaction

Over 90% of the sales[1] of the construction businesses had IS0 9001 certification in 2011. The Group applies stringent standards to the structures it builds, such as the HQE® High Environmental Quality standard, LEED (Leadership in Energy and Environmental Design) and BREEAM (Building Research Establishment Environmental Assessment Method).

Subsidiaries also use various means to measure customer satisfaction, such as regular surveys and databases, and take action on the basis of the results.

Customers are a central concern for Bouygues Telecom. In 2011, the operator came top of the TNS Sofres-BearingPoint customer relations league table for the mobile and fixed/ISP segments. It was the fifth year running that it had achieved the accolade in the mobile phone segment.

Ensuring customer loyalty by listening to what they have to say and building close links through dialogue are principles applied by all Bouygues subsidiaries (see the *Business activities and CSR* section of this document).

Protecting consumer health and safety

QSE departments in all business areas ensure that product and service quality is constantly improved, paying attention to health and safety in the use of the products offered.

Subsidiaries also conduct research into the health aspects of products. Bouygues Construction and Bouygues Immobilier are working on air quality inside buildings, while Colas is developing asphalt mixes that improve road safety. Bouygues Telecom encourages people to use the hands-free kit with their mobile phone and actively contributes to radiofrequency research. TF1 emphasises child protection, both in the programmes it broadcasts and on its websites.

COMMUNITIES AND LOCAL DEVELOPMENT

Local development

Convinced that socially responsible behaviour is a precondition for sustainable long-term economic performance, Bouygues group companies endeavour to forge links between their activities and the places where they operate. Local action and the use of local resources are the key to involvement in local communities.

Colas operates on international markets not in order to relocate its activities but to seek opportunities for growth and to balance country risk. By recruiting locally, Colas brings training and financial support to local people. In Africa, Colas contributes to social development not just through its projects but also in the wider community. Healthcare initiatives such as medical check-ups, dispensaries and AIDS and malaria prevention campaigns benefit whole communities as well as local employees and their families.

The subsidiaries of Bouygues Bâtiment International, itself a division of Bouygues Construction, take part in the economic and social life of the countries in which they operate and forge close links with local charities and educational institutions. Employees in Cuba and Vietnam, for example, teach university courses free of charge. Partnerships have been concluded with several universities in Nigeria. Students are given training and a grant and may join the company when they have finished their course. Internationally, Bouygues Construction is also involved in many charitable initiatives for children, the very poor and the disabled. Specific partnerships have been concluded, including one with Care for the reconstruction of housing in Cuba after the hurricanes there and another with Emergency Architects to enable volunteers from the company to leave on humanitarian missions in disaster-stricken countries, notably Haiti.

(1) excluding the US and Canada for Colas

Sponsorship

Sponsorship policy is implemented at Group level, within business areas and at local level through a large number of community initiatives. This very dense coverage enables the Group to play its part all around the world and to contribute to local life wherever it operates.

At parent company level, Bouygues' sponsorship policy focuses on three main areas: medical research, education and culture. The company helps and supports all kinds of initiatives, small-scale or large, giving priority to long-term actions. It pays particular attention to projects sponsored by Group employees. An Ethics and Sponsorship Committee, created in 2001, meets several times a year to consider applications and issue opinions.

In the medical field, Bouygues gives financial support to a number of charities. It has been helping the Simon de Cyrène charity since 2006. Created by a group of parents of disabled adults and charity workers, it builds structures where people, disabled as a result of an accident, can live in independent studios within shared apartments. The aim is to help them learn to live with a serious disability and to become more independent. The charity receives 5% of the profits from the film *Intouchables (The Intouchables),* released in November 2011 and coproduced by TF1.

In the educational sphere, Bouygues supports nine charities and helps students in difficulty. It has been engaged in a long-term partnership with Sciences Po Paris since 2006, under which high-school graduates from the Seine-Saint-Denis *département* are helped into further education. In 2011, Bouygues gave grants to deserving school leavers from Sciences Po's Priority Education Contracts programme.

The Francis Bouygues Foundation, created in 2005, provides support for motivated school leavers facing financial difficulties in higher education. Each grant holder is assigned a mentor from within the Group. 365 students from seven intakes currently receive a grant.

In the cultural sphere, Bouygues is a friend of the Paris Opera, the Orchestre de Paris and the Théâtre des Champs-Élysées.

Each of the Group's five business areas also carries out its own sponsorship initiatives through their own corporate foundations. Several subsidiaries have made arrangements so that employees can take part in community actions during their work-time (see the *Business activities and CSR* section).

Spending on sponsorship

(€ '000)	Francis Bouygues Foundation[a]	Bouygues SA	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2011 Total Group
Cash donations	875[b]	1,580	2,500	1,110	4,130	1,409	790	12,394
Donations in kind (value in € '000)	-	8	-	18	970	21,066[c]	20	22,082
Total	**875**	**1,588**	**2,500**	**1,128**	**5,100**	**22,475**	**810**	**34,476**

(a) The Francis Bouygues Foundation is funded by an annual grant from Bouygues SA and the companies that head the Group's five business areas.
(b) Total amount of grants paid by the Francis Bouygues Foundation to grant holders in respect of 2011.
(c) Value of advertising slots, cost of trailers, special programmes, donations made during game shows and advertising slots donated to campaigns free of charge.

Financial contributions to sponsorship initiatives

	Francis Bouygues Foundation	Bouygues Construction[a]	Bouygues Immobilier	Colas	TF1	Bouygues Telecom
Long-term initiatives	100%	75%	58%	18%	7%	83%
Occasional initiatives	0%	25%	42%	82%	93%	17%

(a) This breakdown applies only to the budget of the Terre Plurielle corporate foundation, which accounts for 12% of Bouygues Construction's spending on sponsorship.

GROUP-WIDE CSR ACTIONS

Shared and Group-wide initiatives create value for the company. On the basis of that conviction, the Bouygues group has developed a number of projects and resources to enhance interaction between subsidiaries and functions.

Innovation

The Group's innovation policy is based on the development of new environment-friendly products and materials, processes and services. Bouygues can draw on cutting-edge research establishments in its subsidiaries, backed up by the e-lab, a specialist R&D think-tank within Bouygues SA, the parent company. The e-lab's engineers develop innovations for the entire Group, often with a sustainable development slant.

The e-lab operates in the new technology sector, focusing on the design of innovative products and services. Energy and energy-saving are one sphere of action. The R&D team has worked with Bouygues Telecom on consumption meters for base stations (radio masts) in order to reduce their power consumption. The e-lab defined the metering equipment, installed it and carried out some of the analysis. With Bouygues Bâtiment Ile-de-France, it recently developed Energy-Pass®, a cost-control tool for new buildings. In social housing, the Energy-Pass® scheme involves installing a control panel in each apartment that measures and tracks heating, hot water and electricity consumption. The innovative project has been given financial support by Ademe, the French environment and energy management agency.

Decision support is another sphere of action. The e-lab offers to help business areas make complex processes more efficient and to adjust the pricing of offers to the market. It also coordinates the Group's Innovation function, bringing together over 400 employees from the Group's business areas in thematic committees and for information seminars.

It was with a similar aim in mind that in 2011 Alstom and Bouygues, through Bouygues Immobilier and ETDE, created Embix, a company that provides energy management services for eco-neighbourhoods. After a preliminary diagnosis, Embix offers a wide range of high value-added services, ranging from an audit of the eco-neighbourhood according to the most recent environmental and regulatory requirements to optimisation of energy performance through information systems using the latest smartgrid technologies.

In 2010, Bouygues Construction helped to create a research and teaching chair in sustainable construction and innovation in partnership with École des Ponts Paris Tech, École Centrale Paris, Supélec and CSTB (see the *Business activities and CSR, Bouygues Construction* section, entitled *Bouygues Construction forges strong partnerships).*

RESEARCH AND DEVELOPMENT (R&D)

(€ '000)	Bouygues SA and other	B/CW	Property	Roads	Media	Telecoms
Cost of R&D 2011	**1**	**15**	**2**	**69**	**7**	**20**
Cost of R&D 2010	2	15	2	69	6	16

(1) See Glossary in the Additional information section
CSTB: French building technology research centre

INTERVIEW

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

Where does the Group now stand in relation to innovation and new technologies?

A.P.: Digital technologies have considerably enhanced innovation in the Group. They are everywhere these days, to the point where people now talk about "digital life". Increasingly to be found in all areas of daily life, these technologies offer the Group opportunities for growth and diversification. Take the example of cloud computing, the storage of information and services online. Bouygues Telecom now offers its customers cloud services and hosts BYpedia, our collaborative platform. Several Group companies, notably Brézillon, ETDE and Bouygues Telecom, have developed real know-how in data centre design, construction and operation.

What is meant by "energy management" at Bouygues?

Energy is central to our concerns. The Group innovates by designing products and services that help to save, produce and manage energy better. The Energy-Pass®, smartgrids, intermodal transport and using the Bbox router for energy management are just some of the initiatives that the Group is taking, using digital technologies to make our lives less carbon-intensive.

Sustainable development

The Bouygues group's Sustainable Development & QSE Department heads a number of Group-wide committees in addition to overseeing traditional functions. The role of the committees is to inculcate the principles of sustainable development more effectively through shared resources, best practice and specific events, and to coordinate initiatives on specific cross-disciplinary issues.

The Group has devised and implemented a reporting system that gives account of its performance to stakeholders. The system covers all components of the Group's management, whether financial, business, HR-related, social or environmental. The Bouygues group uses a shared non-financial reporting software tool to gather and consolidate CSR performance indicators.

Green IT

Green IT aims to reduce the environmental footprint of information and communication technologies (ICTs). It offers a way of taking the energy requirements and energy costs of ICT equipment into consideration, including both the equipment itself and how it is used.

In 2011, the Green IT committee drew up a white paper setting out measurement and performance indicators common to all subsidiaries. They cover the following areas: workstation energy management, data centre consumption, printing, hardware recycling, video-conferencing and working from home. Indicators of financial cost and CO_2 emissions are defined, measured and consolidated in order to provide the basis for actions plans in 2012.

Group-wide committees with one member from each subsidiary (year of creation)	Main achievements in 2011	2012 objectives
Sustainable development (2006)	> Coordination of common policies > Monitoring of sustainable development issues > Launch of the Eco-design committee	> Implement a water policy > Strengthen the sustainable products and services policy
QSE (2007)	> Coordination of the continuous improvement policy > Tracking of regulatory developments affecting business areas and performance indicators > Awareness-raising and training throughout the QSE function	> Launch a QSE and Excellence training programme for newcomers > Continue to share Group best practice (collaborative site, talks, Lean Six Sigma)
Responsible purchasing (2007)	> Greater use of sheltered workshops and inclusion programmes > Construction of a matrix to assess the maturity of the responsible purchasing policy > Preparation of a self-assessment questionnaire for small businesses (taken up by CGPME, the French small business confederation)	> Continue to carry out supplier CSR assessments > Hold a convention for Group buyers
Non-financial reporting (2007)	> Formalisation of the first reporting guide for the Group and subsidiaries > Introduction of annual thematic reviews of non-financial indicators	> Make data collection more reliable > Identify more operationally relevant indicators following thematic reviews > Prepare an indicator audit
Energy/carbon strategy (2007)	> Measurement of each subsidiary's carbon footprint > Consolidation at Group level > Response to the Carbon Disclosure Project questionnaire (score of 53/100 in 2011 compared with 33/100 in 2010)	> Prepare formal plans to reduce CO_2 emissions > Draw up sales arguments for low-carbon products
BYpedia (2009)	> Roll-out of a Web 2.0 collaborative extranet site for all Group employees > Change management	> Extend the site and add new social network functions
HR reporting (2010)	> Definition of reporting priorities > Map of indicators capable of illustrating them > Data collection review	> Make data collection more reliable > Identify new social reporting priorities where relevant
Electric vehicles (2010)	> Tracking of the tender procedure (UGAP procurement procedure) > Roll-out of car-sharing fleet of electric vehicles for employees	> Roll out electric light commercial vehicles > Consider combined vehicle/building offers
Green IT (2011)	> White paper on Green IT indicators > Data collection and consolidation for indicators	> Complete ongoing action plans in the light of measurements taken
Eco-design (2011)	> Discussion of eco-design-related issues > Sharing of best practice	> Organise training > Make environmental product labelling more transparent
Diversity & equal opportunity (2011)	> Definition of relevant indicators and recommendations at Group level > Provision of a toolkit > Coordination of feedback sessions > Pooling of contributions to charities	> Promote the place of women within the Group
Responsible communication (2011)	> Creation of three working groups: IS0 26000, events, printing	> Continue to make progress on the issues covered by the working groups > Raise awareness of the issues among communicators and give them training

CGPME: French small business confederation - QSE: Quality Safety Environment - CSR: Corporate Social Responsibility - UGAP: Union of public procurement consortia

Sharing knowledge with BYpedia

The Group launched BYpedia, a collaborative extranet site, in 2009. It enables employees from all functions (sustainable development, QSE, HR, etc.) to discuss the problems they encounter, enhance the collective knowledge base, pool know-how and strengthen expert networks. Developed in-house, BYpedia works on the Web 2.0 principle (wikis, forums, self-regulation). In 2011, it had 8,500 registered users, over 500 outside contributors, about 350 articles and 350 online working groups.

Responsible purchasing

Group purchasing departments are key players in the CSR policy. A Responsible Purchasing committee promotes the application of sustainable development principles at all stages of the process: upstream when suppliers are selected, with the help of risk maps and analysis and the application of CSR criteria for products and services; when contractual relations are established, through the inclusion of the Supplier CSR Charter, drawn up in 2009; and when the contract is executed, through supplier CSR performance assessments and occasional audits.

Assessments are conducted using the EcoVadis scorecard. Over 500 suppliers have already been assessed. Bouygues has simplified the scorecard and made it available to CGPME, the French small business confederation, for use in small businesses. As part of the policy of strengthening links between large firms and small businesses, Bouygues Construction, TF1 and Bouygues Telecom have signed a charter for major accounts and SMEs under which they undertake to seek progress in their relations with small businesses.

Bouygues also provides training to its buyers in order to raise their awareness of responsible purchasing and encourages subsidiaries to make use of sheltered workshops and inclusion programmes.

Interview

Jean-François Roubaud, chairman of CGPME

What is the state of relations between CGPME and large industrial firms?

J.-F.R.: Buyers and subcontractors may not share the same interests and their relations may be complex, but those relations have to improve. Large firms need subcontractors with which they can forge a lasting relationship based on trust. There is a real desire now to establish a win-win relationship.

The Bouygues group has developed a scorecard inspired by EcoVadis. What do small businesses make of it?

The Bouygues scorecard, inspired by the EcoVadis model, makes it easier for small businesses because it takes account of the fact that they have limited resources to devote to such matters. It has been simplified, and it enables firms to track their subcontractors and subcontractors to assess themselves: progress is achieved together. The CGPME's Environment and Sustainable Development Committee has circulated the Bouygues scorecard to all its members and it has been well received.

Several Group subsidiaries have signed the charter for major accounts and SMEs. What commitments does that imply?

It's not as if there are large firms on one side and small businesses on the other. We are both involved in carrying out a project. Signing the major accounts – SME charter is consistent with that view and demonstrates Bouygues' desire to apply the principles it contains and move forward in its relations with its subcontractors.

Responsible purchasing

	Bouygues Construction		Bouygues Immobilier[a]		Colas[b]		TF1		Bouygues Telecom	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
Scope (percentage of purchases covered by the responsible purchasing policy)	50%	50%	5%	29%	16%	20%	38%	43%	92%	93%
Percentage of those purchases with assessed suppliers (EcoVadis and small business questionnaires)	14%	24%	100%[(c)]	40%[(c)]	18%	49%	21%	21%	43%	65%
Equivalent in number of suppliers	149	247	39[d]	67[d]	20	54	89	148	114	169
Percentage of buyers having received training in responsible purchasing at end-2011 (identical scope)	-	48%	-	50%	-	100%	-	100%	-	62%

(a) Residential property France, excl. subsidiaries (73% of sales) (b) Mainland France (57% of sales) (c) Including assessments based on specific small business questionnaires (d) Aggregate of tier-one and tier-two suppliers. In its role as a specifier, Bouygues Immobilier systematically implements a responsible purchasing policy for approved tier-two suppliers, i.e. 48 approved suppliers in 2011.

CGPME : French small business confederation

QSE (Quality Safety Environment)

The Bouygues group uses ISO standards to benchmark its managerial performance in relation to quality (ISO 9001), safety (OHSAS 18001 or ILO) and the environment (ISO 14001). The QSE function, with over 1,000 employees, has an organisational role in controlling operating risk (employee health and safety is a priority), helps to improve satisfaction among stakeholders and guarantees the effectiveness of the company's management systems.

The Group's QSE department provides training modules like the QSE and Excellence awareness-raising programme for newcomers and organises web conferences on issues in specific business areas. In 2011, one such conference presented the Lean Six Sigma approach introduced by Bouygues Telecom and now being rolled out in other subsidiaries. Lean Six Sigma is a management method that seeks to improve the effectiveness and quality of business processes with the aim of guaranteeing constant product and service quality in order to increase customer satisfaction while eliminating tasks that add no value.

The Group also organises Abby seminars based on a self-assessment software application developed in-house. It is used by subsidiaries' executive committees to assess their management practices and situate themselves in relation to best practice as defined by the EFQM (European Foundation for Quality Management) model and ISO 26000. The results then help them to decide what strategic action to take as a priority. 50 Abby seminars have been held since 2007.

Outlook

Olivier Bouygues, Deputy CEO of the Bouygues group, in charge of sustainable development

What conclusions can you draw from the past year as far as sustainable development is concerned?

We have continued our efforts to transform the changes taking place in subsidiaries into business opportunities. In order to do so, we have stepped up our investment in R&D and innovation.

In 2011, as the first occupants were moving into Green Office® Meudon, the first large-scale positive-energy building in France, we were developing tools for managing energy performance in new buildings and renovation projects. Furthermore, Bouygues Telecom became Europe's first phone operator to obtain ISO 50001 certification for the energy management system at two of its sites.

Bouygues also conducted its first voluntary campaign to consolidate greenhouse gas emissions across all its business areas. The consolidated carbon footprint on which the Group has worked is published in this document.

What is the outlook for the Group?

Our objectives in 2012 are to roll out a formal eco-design policy and continue implementing plans to reduce energy consumption and CO_2 emissions, both in our internal processes and in our products and services.

Given the complex nature of the issues and their interdependence, we are putting the emphasis on the quest for innovative solutions, drawing on our wealth of experience, and stepping up cross-disciplinary exchanges within the Group. The Group is also attentive to its social impacts.

We would like other subsidiaries as well as TF1 and Bouygues Telecom to obtain the Afnor Diversity label, giving practical recognition to their commitment to diversity. We also believe that it is important to continue training our managers and raising their awareness of how to put CSR into practice on the ground. We will be offering them a new training module for that purpose. 2012 is also the year of the Earth Summit in Rio, to which Bouygues will make a contribution by presenting cutting-edge solutions relating in particular to the development of eco-neighbourhoods.

Business activities and CSR

Innovation. The Group's employees create and innovate for the benefit of customers. Their mindset is more powerful than the company's technical and economic strength alone.

In the tunnel of Line 3, Stadium station, of the Cairo metro in Egypt.

Full-service contractor

Operating in almost 80 countries worldwide, **Bouygues Construction** is a global player in the building, civil works, energy and services markets. It has recognised know-how at all stages of a project, from financing and design to construction, operation and maintenance. Its 52,000-plus employees develop and implement effective and innovative solutions that enhance quality of life and preserve the environment.

The future French Defence Ministry in the 15th *arrondissement* of Paris

Key figures

2011 sales
€9,802m
(+6%)

Current operating margin
3.6%
(+0.2 points)

Net profit att. to the Group
€226m
(+12%)

Order book
€15.3bn
(+8%)

Employees
52,018

Target

2012 sales
€10,000m (+2%)

Highlights

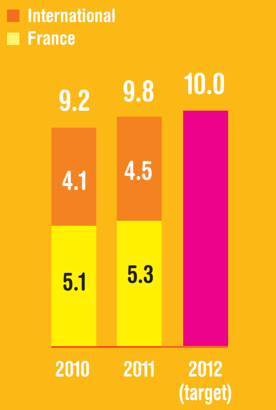
Major contracts concluded:
- New French Defence Ministry complex in Paris (€1.1bn).
- Public lighting in Paris (€117m).
- Blossom Residences in Singapore (€93m).

Projects under construction:
- Port of Miami tunnel (United States).
- The new hospital of Orléans (NHO).

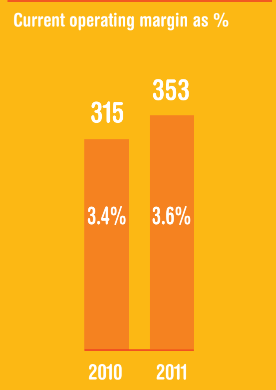
Completed projects:
- Tour First in Paris.
- Olkiluoto EPR nuclear power plant (Finland).

Sustainable construction:
- 55% of building orders covered by an environmental certification or labelling scheme (53% in 2010).

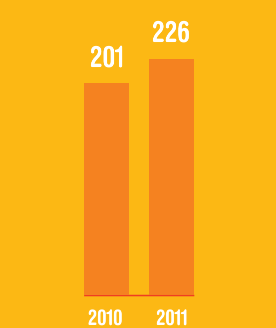
SALES
€ billion



CURRENT OPERATING PROFIT (€ million)

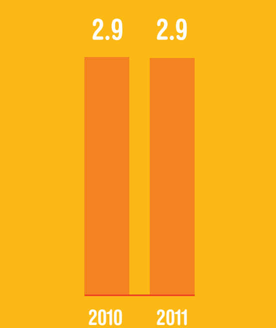


NET PROFIT*
€ million

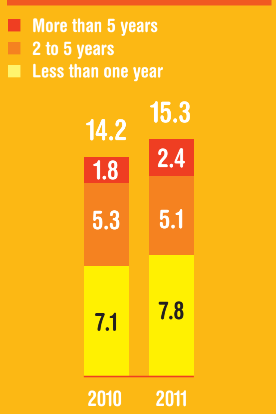


(*) Attributable to the Group

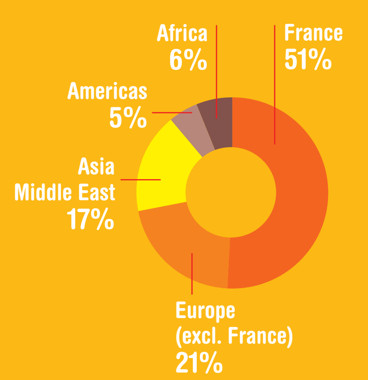
NET CASH
€ billion



ORDER BOOK
€ billion



ORDER BOOK BY REGION



Condensed balance sheet at 31 December

(€ million)	2010	2011
ASSETS		
• Property, plant and equipment and intangible assets	662	763
• Goodwill	417	457
• Non-current financial assets and taxes	413	479
NON-CURRENT ASSETS	**1,492**	**1,699**
• Current assets	3,528	3,722
• Cash and cash equivalents	3,387	3,550
• Financial instruments*	-	-
CURRENT ASSETS	**6,915**	**7,272**
TOTAL ASSETS	**8,407**	**8,971**
LIABILITIES AND SHAREHOLDERS' EQUITY		
• Shareholders' equity attributable to the Group	741	764
• Minority interests	14	15
SHAREHOLDERS' EQUITY	**755**	**779**
• Non-current debt	381	476
• Non-current provisions	782	797
• Other non-current liabilities	35	36
NON-CURRENT LIABILITIES	**1,198**	**1,309**
• Current debt	4	6
• Current liabilities	6,304	6,678
• Overdrafts and short-term bank borrowings	146	196
• Financial instruments*	-	3
CURRENT LIABILITIES	**6,454**	**6,883**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**8,407**	**8,971**
Net surplus cash	**2,856**	**2,869**

(*) Fair value hedges of financial liabilities

Condensed income statement

(€ million)	2010	2011
SALES	**9,235**	**9,802**
• Net depreciation and amortisation expense	(155)	(171)
• Net charges to provisions and impairment losses	(306)	(197)
• Other income and expenses	(8,459)	(9,081)
CURRENT OPERATING PROFIT	**315**	**353**
• Other operating income and expenses	-	-
OPERATING PROFIT	**315**	**353**
• Income from net surplus cash	23	19
• Other financial income and expenses	8	10
• Income tax expense	(133)	(140)
• Share of profits and losses of associates	(10)	(13)
NET PROFIT	**203**	**229**
• Minority interests	(2)	(3)
CONSOLIDATED NET PROFIT (attributable to the Group)	**201**	**226**

Outlook for 2012

In a tough economic climate since 2009, Bouygues Construction has set its sales target for 2012 at €10 billion, 2% higher than in 2011.

Bouygues Construction enjoys good visibility, backed up by:

- orders at 31 December 2011 to be executed in 2012 worth €7.8 billion, covering 78% of forecast sales;
- sustained international activity outside Europe, especially in places less affected by the economic crisis, such as Hong Kong, Singapore and Qatar, etc.;
- a long-term order book (more than five years) worth €2.4 billion at 31 December 2011;
- a sound financial structure, with a net surplus cash of €2.9 billion;
- an expanding range of sustainable construction products and services, with strong energy and environmental performance commitments.

Tight control over the execution of major projects, a selective approach to orders in the face of competitive pressure and obtaining financing for future projects will continue to be central priorities for Bouygues Construction in 2012.

The signing of the Paris law courts complex contract and the fact that a Bouygues-led consortium was named preferred bidder for the Nimes-Montpellier high-speed rail link bypass mean that 2012 has got off to a good start.

Joël Rinnaert, head foreman-mason, member of the Order of the Trident (Norpac)

High-voltage electrification work in Congo

BOUYGUES CONSTRUCTION PROFILE

Strengths

Bouygues Construction has many strengths to draw on:

> **its people** are acknowledged for their know-how and high-level technical skills,

> **its strong international presence** in almost 80 countries enables the company to mobilise rapidly on the most dynamic markets,

> **its robust financial situation and good performance** give it the means to take maximum advantage of new opportunities,

> **its policy of controlling operating and financial risks** ensures that projects can be completed successfully and enables the company to adapt responsively to changing market conditions,

> **its research and development policy and innovative mindset** bring the company solutions that offer a relevant response to changing customer demand,

> **its sustainable development policy** enables the company to address the social and environmental challenges of its activities and to create opportunities for growth.

A glossary can be found in the *Additional information* section of this document.

Growth strategy

Bouygues Construction increasingly operates within the framework of end-to-end contracts, public-private partnerships and concessions, both in its building and civil works activities and in its energy and services business. Its strategic growth priorities are complementary.

International

Bouygues Construction operates on international markets on a long-term basis through local subsidiaries or on one-off major projects. The two approaches are complementary and give the company the necessary flexibility to mobilise its resources quickly on high-potential markets.

Energy and services

Bouygues Construction's energy and services businesses enable the company to design comprehensive solutions and to generate recurring long-term revenue. Bouygues Construction is also strengthening its positions in high-technology segments such as optical fibre and data centres.

High value-added projects

Over the last 20 years, Bouygues Construction has developed high-level expertise in Public-Private Partnerships and concessions, completing over a hundred projects in France and around the world. In the property development segment, it can draw on a network of specialist firms in France and other European countries and on specific investment funds, especially for BBC low-energy and HQE® High Environmental Quality buildings.

Sustainable construction

Sustainable construction is how Bouygues Construction puts its sustainable development policy into practice. Through eco-design, the company can offer solutions that deliver effective environmental and economic performance throughout a building's lifetime. The approach is gradually being extended to neighbourhood and city level. From design to operation, Bouygues Construction companies enter into contractual commitments to meet performance targets set jointly with their customers and partners.

Competitive positioning

Given the organisational structure of its direct competitors, it is difficult to make like-for-like comparisons between them and Bouygues Construction. Based on the ranking published by trade magazine *Le Moniteur* in December 2011, Vinci, through its Contracting division, and Bouygues, through its construction businesses Bouygues Construction, Bouygues Immobilier and Colas, are the two largest players on the European construction market ahead of Hochtief (Germany), ACS (Spain) and Eiffage (France).

2011 KEY FIGURES

Bouygues Construction turned in a very good performance in 2011 despite a still-uncertain economic environment.

Excellent commercial activity, a robust operating margin and a sound financial structure

An excellent order intake: €10,946m

Bouygues Construction took orders worth €10,946 million in 2011, a historically high level close to the record of €11,081 million achieved in 2007. Orders in France amounted to €6,838 million, a substantial 28% increase on 2010, boosted by the conclusion of major PPP contracts such as the future French Defence Ministry complex and the Paris Zoological Park. On international markets, after an exceptional year in 2010 marked by the conclusion of five contracts worth more than €300 million each, the order intake fell 26% to €4,108 million, though business remained buoyant in countries less affected by the economic crisis, such as Switzerland and Singapore. This figure takes account of the integration of Leadbitter, a UK contractor acquired in early 2011. The order intake includes long-term contracts (more than five years) for ETDE worth €854 million, compared with €701 million in 2010.

An order book at a record level (up 8%)

The order book at end-2011 stood at €15.3 billion, 8% higher than at end-2010. 49% of orders are to be executed outside France. The sharp increase in medium- and long-term orders gives greater visibility, especially in energy and services activities.

Rising sales: €9,802m (up 6%)

Sales rose again, after a slight dip in 2010 following six consecutive years of growth, by 6% to €9,802 million. Both France, where sales increased 5% to €5,350 million, and international markets (up 8% to €4,452 million) contributed to this growth, accounting for 55% and 45% of sales respectively. International sales were boosted by the integration of Leadbitter. Like-for-like and at constant exchange rates, sales rose by 2%.

A rise in net profit: €226m (up 12%)

Current operating profit remained satisfactory at €353 million, €38 million more than in the previous year, a rise of 12%, yielding a robust operating margin of 3.6%, up 0.2 points, in a highly competitive environment. Financial income was almost stable at €29 million. It is still hard hit by the effect of low interest rates on Bouygues Construction's cash surplus. After a tax charge of €140 million, net profit attributable to the Group amounted to €226 million in 2011, representing 2.3% of sales.

A very substantial cash surplus: €2,869m (up €13m)

Bouygues Construction had a net cash surplus of €2.9 billion, €13 million more than at end-2010, giving the company a sound financial structure.

Developments in Bouygues Construction's markets and activities

The world's construction needs remain at a very high level, especially for urban amenities, energy infrastructure, schools and universities, and cultural and leisure facilities.

In industrialised countries, Bouygues Construction offers customers innovative financing options that alleviate the potential difficulties of public-sector investors, thanks mainly to its know-how in developing complex major projects. Markets in emerging countries are more buoyant due to factors such as high growth rates and sovereign wealth funds, holding out attractive prospects for Bouygues Construction's businesses.

Demand for sustainable construction is more or less mature depending on the country. It is well-advanced in France, where the government plays a key role in stepping up efforts to make both new and renovated buildings more energy-efficient, and in several other countries of Western Europe (UK and Switzerland), North America (Canada) and Asia (Singapore, Hong Kong). Where countries are less advanced in this sphere, Bouygues Construction takes a proactive stance, especially in promoting the environmental certification of its projects.

Building and civil works

In contrasting markets, commercial activity was buoyant for building and civil works with sales coming to €8,272 million, higher than in 2010. Sales amounted to €4,290 million in France and €3,982 million on international markets (over 70 countries).

In Marseille, Bouygues Construction is renovating the Velodrome Stadium while still in use. The new stadium will be a UEFA category 5 facility. A 100,000-m² eco-neighbourhood will also be developed alongside the stadium.

France

In a French building and civil works market worth around €200[1] billion, Bouygues Construction (excluding the Energy and Services division) is one of the top three French contractors ahead of Eiffage Construction and behind Vinci Construction. There are also many small and medium-sized firms.

In the Paris region, activity on the building market has levelled off over the last two years after six years of growth. The outlook is still bright on the housing market, sustained by private investors and the government. The commercial property market remains well below pre-crisis levels, even though the situation in the Paris region is more buoyant than in the rest of France. However, there is still considerable potential for major projects, especially in the context of investment decisions for the *Grand Paris* project. In the rest of France, building projects are tending to become smaller and there are fewer major projects.

The economic crisis has undermined civil works activity: the civil engineering market is sluggish and there is fierce competition for earthworks contracts.

2011 sales: €4,290m (up 5%)

Bouygues Construction has been able to take advantage of its position as the leading building contractor in the Paris region. Its companies are involved in many construction and renovation projects, including functional buildings such as the National Archives in Pierrefitte, residential complexes (it has signed the first residential Energy

(1) Euroconstruct estimate – November 2011

In Hong Kong, Bouygues Construction and the Japanese company Nishimatsu are building a 10.5-km drainage tunnel that calls for high-order technical skills

Performance Contract in Vitry-sur-Seine, southeast of Paris) and office buildings.

Commercial activity was excellent, resulting in the conclusion of a number of PPP contracts, such as the future French Defence Ministry complex and Paris Zoological Park, and conventional contracts, such as the Paris Philharmonic Hall. Private-sector orders remained buoyant and included a residential complex at Fort d'Issy and the Beaugrenelle shopping centre. The general size of orders is large, illustrated by the fact that six contracts were worth more than €100 million. At the beginning of 2012, Bouygues Construction signed the PPP contract to build the future Paris law courts complex (for more details, see section entitled "Highlights since 1 January 2012" in the chapter on the Group).

(1) Euroconstruct estimate – November 2011

Elsewhere in France, Bouygues Construction's five regional building subsidiaries were involved in the construction of hospitals (the Amiens-Picardie regional hospital and the new hospital of Orléans, which has HQE® High Environmental Quality certification), prisons (handover of Réau prison near Lille in northern France), schools and leisure facilities (reconfiguration of the Velodrome Stadium in Marseille). A gloomy business climate had a dampening effect on the order intake, despite some successes in Bouygues Construction's areas of special expertise, including a PPP contract for two secondary schools in Lorraine (eastern France), prisons in western and northern France and an HQE®-certified headquarters building for the Auvergne Regional Council.

Bouygues Construction operates on civil works markets through regional agencies all over France, specialising in smaller-scale civil engineering projects and earthworks. Drawing on its civil works expertise, Bouygues Construction also participates in complex major projects, like ongoing civil engineering works for the Flamanville EPR nuclear power plant and LNG storage tanks in Dunkirk, for which an order was taken in 2011. The activity generated by these major projects helped to offset a decline in more traditional activities in 2011. In January 2012, the consortium led by Bouygues Construction was named preferred bidder for the PPP contract for the Nimes-Montpellier railway bypass.

Europe

In Western Europe, Bouygues Construction subsidiaries are particularly active in the UK, where the market is worth €162 billion[1], and in Switzerland (€43 billion[1]). In the UK, the business environment is suffering from the recession and austerity measures. In Switzerland, demand from financial investors for long-term investment opportunities remains strong, opening up bright prospects for property development. Business conditions in Eastern Europe have deteriorated significantly but attractive opportunities remain in the medium term.

2011 sales: €1,810m (up 15%)

In the UK, Bouygues Construction can draw on its know-how in Private Finance Initiative (PFI) and Design & Build projects and an extensive presence in London and the south and southeast of England. The company strengthened its coverage with the acquisition in early 2011 of a stake in Leadbitter, an Oxford-based building contractor. In Switzerland, Bouygues Construction takes advantage of its expertise in putting together major property development projects. Commercial activity has flourished and the company has taken orders worth over €650 million for this type of project, the largest of which are the Monthey-Trollietta residential and shopping complex and the Eikenott eco-neighbourhood in Gland.

In Eastern Europe, Bouygues Construction has acquired a number of well-established local firms in recent years, notably in Poland, Hungary and the Czech Republic, which are continuing to expand their building activities.

Elsewhere in Europe, Bouygues Construction is also involved on a one-off basis in major infrastructure projects such as the widening of the Istria motorway in Croatia, completed in 2011, the Olkiluoto EPR nuclear power plant in Finland, delivered for Areva in 2011, and the new confinement shelter for the damaged nuclear reactor at Chernobyl in Ukraine, which is being built in partnership with Vinci.

Asia – Pacific

Construction markets in Asia are particularly buoyant, with continuing high growth rates sustained by effective government intervention.

2011 sales: €1,118m (down 6%)

Activity in Hong Kong was sustained by orders for major projects taken in 2010, including the Civil Aviation Department headquarters, the Kai Tak Cruise Terminal and two sections of the rail tunnel for the future Hong Kong to Canton rail link. Bouygues Construction is also a recognised player in Singapore, building luxury residences, hotels and offices to the most stringent quality, safety and environmental standards. The Sports Hub, the world's largest sports PPP project, is under construction and orders for two residential complexes were taken in 2011. In Thailand, the company specialises in high-rise residential towers and is building The River, a 210,000 m² residential complex in Bangkok.

Bouygues Construction delivered seven buildings in Turkmenistan, including the flagship presidential complex. Orders were taken for four new projects, including the turnkey construction of a five-star hotel.

Africa – Middle East

Despite an expected fall in exports of raw materials and a slight dip in capital expenditure, markets in Africa and the Middle East are still buoyant and have been less affected by the global economic crisis.

2011 sales: €768m (up 25%)

In Africa, Bouygues Construction's building and civil engineering firms are working together on major infrastructure projects in Morocco and Equatorial Guinea, where the government has embarked on a major modernisation of infrastructure. Bouygues Construction is involved in building projects, including the delivery of a five-star hotel in Malabo in 2011, roadbuilding projects, including the Bata motorway currently under construction, and civil engineering projects such as the Oyala bridges currently under construction. Activity in Morocco was buoyant in 2011, both in building (a hotel, housing) and civil works (construction of a second container port in Tangiers).

Bouygues Construction is also involved on a one-off basis on complex major projects such as the Qatar Petroleum District, a vast complex in Doha that includes nine high-rise office buildings, and Line 3 of the Cairo metro. Major projects completed in 2011 included the first stay-cable bridge in the United Arab Emirates linking Hodariyat Island to Abu Dhabi. In South Africa, the Gautrain project, an 80-km railway link between Johannesburg International Airport, Johannesburg and Pretoria, is in its final stages.

Americas – Caribbean

The economic situation in the Americas is contrasted, differing very considerably from one country to another. Bouygues Construction is involved in major equipment and infrastructure projects there.

2011 sales: €286m (up 28%)

Bouygues Construction has long-term operations in Cuba, where it is a recognised specialist in the construction of turnkey luxury hotel complexes. In Jamaica, its civil works subsidiary has been involved in developing the road and motorway network for a number of years. An order for a new section of the 1B motorway was taken in 2011. Having delivered Surrey Hospital in Canada in 2011, Bouygues Construction is working on another PPP contract for a Royal Canadian Mounted Police headquarters building that will have LEED Gold certification. In the United States, the company is building the Miami port tunnel under a 35-year PPP contract.

Energy and Services

Energy and services activities offer ETDE attractive medium-term opportunities in the main countries in which it operates (France, the UK, Switzerland and Canada), especially because of growing demand for energy efficiency. In the short term, the market is more uncertain because of fierce competition and a potential drop in public-sector orders.

Bouygues Construction's energy and services subsidiary ETDE the fourth-largest player in the segment, after Vinci (Vinci Energies, Cegelec, Vinci Facilities), Spie and Eiffage (Clemessy, Crystal, Forclum).

ETDE contributed €1,530 million to Bouygues Construction's consolidated sales in 2011, 1% less than in 2010 (€1,547 million). ETDE has three business lines: network infrastructure (50% of sales), electrical and HVAC engineering (26%) and facilities management (24%).

France

2011 sales: €1,060m (up 5%)

ETDE, through its network infrastructure subsidiary, is a leading player in the development of digital networks in France and is involved in 14 public service delegations, representing 7,600 km of optical fibre serving six million people.

ETDE booked a major public lighting contract with the City of Paris that includes an energy performance commitment. It began three contracts won in 2010, including a 20-year contract in Thiais, a suburb of Paris, with a commitment to cut electricity consumption by a third, and one in Longjumeau, south of Paris, that promises a 35% energy saving, 100% green energy, electric vehicles and a carbon balance every five years.

ETDE is the electrical and HVAC engineering contractor for hospitals in Metz and Amiens. As part of a consortium with the company's building subsidiaries, ETDE has begun work on an 18th data centre in the Paris region.

In partnership with Bouygues Construction's building subsidiaries, ETDE's facilities management subsidiary is involved in a number of PPP contracts, including the future French Defence Ministry, the Paris Zoological Park and two secondary schools in north-eastern France.

International

2011 sales: €470m (down 12%)

ETDE operates in all its lines of business in the United Kingdom, where it has subsidiaries specialising in facilities management, public lighting and HVAC engineering.

Elsewhere in Europe, ETDE has facilities management business in Switzerland and HVAC engineering activities in Hungary.

In Africa, where it has operated for over 50 years, ETDE does most of its business in Congo and Gabon. The company provides a full range of services for the design, installation and maintenance of energy networks, street lighting and electrical and HVAC engineering. Among its major projects, ETDE delivered 500 km of power lines and substations in Congo in December 2011.

In Canada, ETDE has a 30-year facilities management contract for Surrey Hospital and a 25-year contract for the RCMP headquarters.

ENVIRONMENT-FRIENDLY CONSTRUCTION

Facing environmental challenges and rising energy prices, the construction industry has a key role to play. The responses to those challenges are also business opportunities that Bouygues Construction intends to grasp.

A new Innovation and Sustainable Construction department coordinates:

- the Sustainable Development department, to understand what stakeholders expect;
- the Marketing and Planning department, to identify and evaluate new technologies, materials and tools that help to preserve the environment;

CSTB: French building technology research centre

- > the Research & Development and Innovation department, to understand and anticipate changing markets and needs, incorporating a sustainable construction skill centre.

Sustainable construction, a source of innovation

Bouygues Construction is focusing on a number of specific issues in order to design and build solutions that meet its customers' demands:

- > **energy:** reducing the consumption of new and renovated buildings through the use of diagnostic, design and measurement tools that lay the foundations for a genuine commitment to energy performance;
- > **carbon:** CarbonEco®, a software package developed in-house, measures the impact of structures. Research into low-carbon solutions is continuing, including cooperation with Lafarge on low-carbon concretes;
- > **resources and materials:** an eco-product database is available to entities and processes are being implemented to reduce water consumption in buildings;
- > **biodiversity:** methodological guides on urban biodiversity have been prepared and work to optimise offsetting measures is continuing;
- > **health and comfort:** several campaigns to measure air quality within buildings have been carried out in order to reduce levels of pollutants;
- > **usage:** Bouygues Construction is studying the behaviour of building users in order to better control energy consumption;
- > **eco-design:** with the CSTB, the French building technology research centre, the company is developing Elodie®, a multicriteria building lifecycle analysis application;

In their own words

Hervé Charrue, R&D director of the CSTB

"The CSTB is developing a lifecycle analysis (LCA) application for the building sector called Elodie®. On the basis of a multicriteria analysis, it will evaluate a project's environmental impacts at every stage, from design to demolition.

In this context, the CSTB and Bouygues Construction have entered into an R&D partnership in order to strengthen the approach and develop new functionalities.

The data produced as a result of LCA will inform choices relating to building construction, operation and maintenance and integration into the local neighbourhood in order to enhance overall performance in terms of quality of life and usage.

To date, Bouygues Construction has already carried out 40 or so complete LCAs on different types of project and is planning to roll out Elodie® in all its subsidiaries in 2012."

- > **worksites:** a number of innovations have been developed to improve on-site working conditions, including robots for sanding ceilings and cleaning formwork.

Bouygues Construction forges strong partnerships

Bouygues Construction participates in European research programmes such as Clear-up (energy-efficient renovation technologies), Open House (rules and benchmarks for evaluating European buildings) and the Energy Efficient Buildings Association, which it chairs.

In France, Bouygues Construction is engaged in fruitful cooperation with ECP, ENPC, Supélec and the CSTB to support a chair in sustainable building and innovation, which coordinates research on energy efficiency, carbon, usage, lifecycle analysis and innovative materials. In 2011, Bouygues Bâtiment Ile-de-France launched an Eco-Campus chair with the University of Saint-Quentin-en-Yvelines to develop a programme for the campus of the future. Bouygues Travaux Publics and Norpac are involved in the creation of Railenium, the European Institute for Technological Research in Rail Infrastructure at the University of Lille Nord de France, to develop sustainable rail infrastructure.

Sustainable construction at all stages of the lifecycle

Design

In order to reduce the environmental impacts of buildings and structures while seeking to optimise the lifecycle cost, Bouygues Construction:

- > designs energy-efficient projects,
- > incorporates comfort, safety and usage requirements,
- > limits the carbon footprint of its projects,
- > conserves resources and limits waste,
- > seeks environmental certification.

In 2011, buildings under an environmental labelling or certification scheme accounted for 55% of the order intake in France (266 buildings), compared with 53% in 2010.

Construction

Bouygues Construction endeavours to limit the environmental impacts of its worksites. 278 worksites had the Ecosite in-house environmental label at the end of 2011, 76% of the potential total.

- > **Ecosite label:**
  Ecosite assesses the measures taken to reduce a worksite's environmental footprint, wherever it is located, on the basis of eleven criteria derived from the most stringent French regulations and best practice within the company.

Operation and maintenance

Bouygues Construction encourages energy-saving behaviour and supports its customers in their management of consumption in order to achieve predefined levels of performance. The company also aims to ensure that buildings are operated sustainably, through measures such as low-energy buildings for its subsidiaries, energy-efficient renovation, corporate travel plans, green behaviour campaigns and fleets of electric vehicles. On completion of renovation work on Challenger, the company's headquarters delivered in 1988, its energy consumption will have been cut by a factor of ten.

Bouygues Construction's control of environmental impacts is based on an ISO 14001-certified environmental management system that covered 88% of its activity at the end of 2011.

CSR: Corporate Social Responsibility - CSTB: French building technology research centre - ECP: École Centrale de Paris- ENPC: École nationale des ponts et chaussées

Promoting sustainable construction

The Sustainable Construction Club, launched in 2010, is a discussion forum which aims to promote sustainable construction through working groups on issues such as social housing, university campuses, office buildings and renewable energy sources. It enables members to share experience and knowledge while also providing the framework for a multidisciplinary network and stimulating innovation. The Club now has over 300 members, who may be customers or partners, and has held some 15 meetings.

New products and services developed by Bouygues Construction in 2011 include:

- **BeGreen®,** a service package for the private office market to support customers in the sustainable enhancement of their property assets;
- **Energy Performance Contracts,** especially with Exprimm's operation of Green Office® Meudon, a positive-energy office building, and operation and maintenance services for the future French Defence Ministry complex;
- **Energy-Pass®,** a building services management tool which measures consumption of heat, hot water and electricity and helps to guarantee a building's real energy performance;
- **Hypervision®** for the long-term management and real-time tracking of the energy performance of a building in operation;
- **IssyGrid®** in Issy-les-Moulineaux, near Paris, the first neighbourhood smartgrid, designed, installed and managed by ETDE through Embix, a joint venture between Bouygues and Alstom;
- **Alizé,** ETDE's turnkey charging station for electric vehicles;
- **Wood construction,** with over 60 references for both new buildings and renovation projects.

Conserving and restoring biodiversity

In order to preserve ecosystems in their infrastructure projects, DTP Terrassement and Bouygues Travaux Publics can draw on a partnership with Noé Conservation, a specialist association, that began in 2010. ETDE also entered into a partnership with Noé Conservation in 2011, focusing on sustainable lighting in order to reduce light pollution.

Bouygues Bâtiment Ile-de-France has joined Natureparif, Europe's first regional biodiversity conservation agency. Natureparif's ecology engineers raise awareness of urban biodiversity issues in the business community.

PEOPLE, THE COMPANY'S GREATEST RESOURCE

Health and safety

Bouygues Construction's health and safety policy aims to keep worksites accident-free. It is coordinated by a committee which ensures the sharing of best practices and consistency in initiatives for progress and tracking indicators. The total safety management system, implemented in all entities, has OHSAS 18001 certification that covers 89% of activity.

The commitment shown by operational managers and supervisors, coupled with the training and empowerment of staff, have reduced the risk level over the last six years:

- the accident frequency rate for production workers fell from 11.97 in 2005 to 6.13 in 2011;
- the accident severity rate for production workers fell from 0.54 in 2005 to 0.25 in 2011.

All entities organise safety programmes for site workers, supervisors, foremen and managers. Temporary staff and subcontractors are also included. A number of events are also organised, such as the European Safety Day at Bouygues Entreprises France-Europe and ETDE's "Health and safety, count me in" campaign.

Ergonomics are a priority, including a review of working methods, the introduction of a special ergonomics unit, warm-up exercises for site workers and the roll-out of equipment and materials that are easier to use.

The anti-addiction campaign continued in 2011, including training for supervisory staff and awareness-raising for site workers. The company has developed special software to better assess chemical risks and has set up a monitoring unit which has begun to identify and replace all products containing carcinogenic, mutagenic or reprotoxic products or hazardous chemical agents.

Bouygues Bâtiment International is taking steps to standardise the level of social coverage for its employees, whatever the country in which they work, and rolling out vaccination programmes.

Attractiveness and mobility

Bouygues Construction implements a proactive policy to recruit both recent graduates and experienced candidates. Year by year, the company

In their own words

Christian Burnichon, Deputy CEO, Randstad's Construction division

"The safety agreement concluded with Bouygues Entreprises France-Europe in 2011 reflects our joint determination to reduce the number of worksite accidents and to put permanent and temporary staff on the same footing where safety is concerned.

Our temporary employees who are regularly assigned will be given workplace first-aid training and moulded earplugs for maximum auditory protection. Those aged under 25 or with less than two years' experience in the business will be given a two-day training course by Apave* in the basics of safety in the construction industry.

A presentation of Bouygues Construction's anti-addiction campaign will also be given before temporary staff start work."

(*) A private company, Apave is an inspection agency specialising in risk control.

aims to make itself more attractive through events such as the Bouygues Construction Challenge and careers fairs, partnerships with schools and universities and local initiatives, especially via the Bouygues Construction Campus Managers network. Over 2,900 new employees joined the firm in 2011, 45% of them young people, and 2,500 interns were welcomed.

Internal mobility is encouraged by all means and at all levels. Each year, over 13% of the workforce benefits from promotion with a change in grade, representing nearly 3,240 employees in 2011. 85 site workers were promoted to supervisory positions in 2011 and 174 supervisors were promoted to managerial positions.

Training

Bouygues Construction spends nearly 5% of its wage bill in France on training, provided by in-house training centres at both group level (Bouygues Construction University, Gustave Eiffel apprentice training centre) and in subsidiaries (Pro Académie, VSL Academy, Confucius Training Centre, etc.).

Literacy training is provided in several entities; the course offered by GFC Construction won a regional diversity award in 2011. The benefits of these voluntary initiatives soon become apparent in better communication and easier integration of site workers.

Diversity

Age management

In addition to the conclusion of agreements in each entity, an ambitious action plan was framed in 2011, with four main thrusts: skills management, employability, health and working conditions, and support into retirement.

Since 2010, all employees reaching 55 have been offered a retirement training module to inform them about the legal and administrative aspects of retirement and end-of-career management and to give them personalised support if necessary.

Gender equality

In 2011, 21% of managerial staff were women. Various steps to encourage the employment of women have been taken, including a campaign with IMS-*Entreprendre Pour La Cité* to diversify career choices for young women and a "Women in Management" training course to encourage women to aim for managerial positions.

A company-wide action plan to encourage gender equality will be rolled out in 2012.

Disability

Most Bouygues Construction entities have concluded agreements with Agefiph, a fund to promote the employment of disabled people, that include commitments in four areas: raising awareness among staff, recruitment, ongoing employment and subcontracting to the sheltered sector. Over 600 disabled people were employed in Bouygues Construction's French subsidiaries at end-2011.

The use of sheltered workshops and inclusion programmes is managed by two-person teams of HR and purchasing managers in all entities. The proportion of sales subcontracted to the sheltered sector has risen by 17%.

Initiatives to raise awareness of disability proliferated in France in 2011, especially with Handitour roadshows on worksites.

Ethnic and cultural diversity

Bouygues Construction takes diversity issues seriously and develops resources to take advantage of diversity. 400 managerial staff, including HR managers and executive committee members, have been given equal opportunity training over the last four years, with a particular focus on non-discrimination.

Well-being at work

Regular satisfaction surveys are carried out to ensure that employees' expectations are better taken into account and a common core of issues has been defined, against which to measure progress.

In 2011, entities implemented the agreements on preventing psychosocial risks concluded in 2010, including watch and alert arrangements, workplace stress training and a practical handbook for managers. Bouygues Construction is looking at new ways of organising work, including working from home, and at parenting, especially for men (partnership with the Parenting Observatory, circulation of a handbook for managers).

Respect for human rights

Operating in nearly 80 countries, Bouygues Construction encounters a very wide range of economic, social and political situations. Its actions are guided by respect for fundamental values and principles of human rights enshrined in instruments such as the Universal Declaration of Human Rights, International Labour Organisation conventions, OECD guidelines and the UN Global Compact. These principles are echoed in the Bouygues group's Code of Ethics and Supplier CSR Charter, circulated in all subsidiaries.

Bouygues Construction does 77% of its business in OECD countries.

Entities operating in emerging countries take action in various ways:

> enabling local staff to benefit from Bouygues Construction's occupational health and safety standards, which are stricter than local requirements in many countries;

> providing decent working conditions and accommodation while respecting different cultures and communities;

> introducing controls to ensure that subcontractors and suppliers do not use forced or child labour. Bouygues Construction also has very strict procedures in place to combat illegal working;

> transferring skills to local staff, through training and the establishment of schools;

> supporting associations that help the most disadvantaged people in the vicinity of major projects;

> refusing to work in countries under a United Nations embargo.

LISTENING TO STAKEHOLDERS

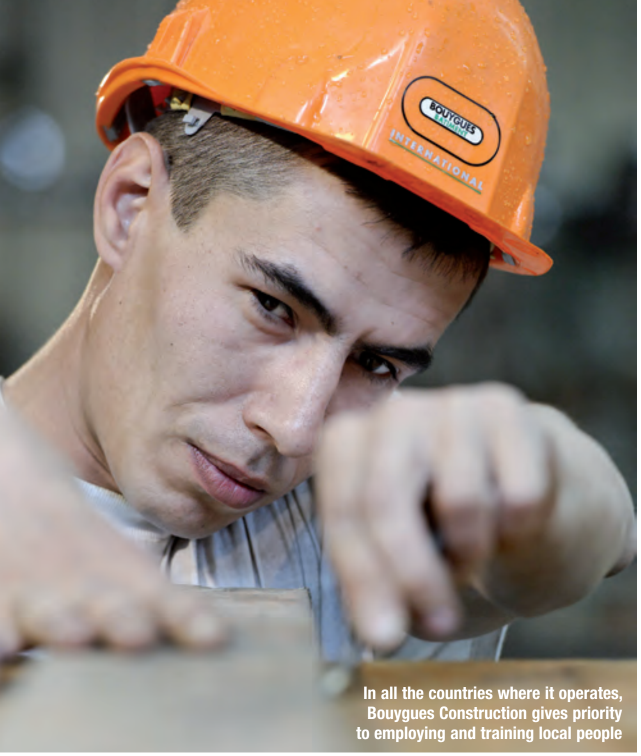
As part of its sustainable development policy, Bouygues Construction has established the conditions for ongoing dialogue with its various stakeholders (see table opposite).

Agefiph: a fund to promote the employment of disabled people - OECD: Organisation for Economic Co-operation and Development

Bouygues Construction - dialogue with stakeholders

Stakeholders	Their expectations	Our responses	Forums and forms of dialogue
Customers	> Service quality > Competitiveness > Innovation > Trust > Consideration > Ethical behaviour	> Quality Safety Environment policy (ISO 9001, ISO 14001, OHSAS 18001) > Sustainable construction research programme > Eco-alternatives > Dissemination of the Code of Ethics and executive training in business ethics	> Customer satisfaction surveys > Conventions, theme days > Newsletters > Organisation of the Sustainable Construction Club > R&D and Innovation Committee
Employees Trade unions	> Working conditions > Health and safety > Labour and union rights > Fairness > Acknowledgment of achievements > Training > Diversity (age management, gender equality, disability, etc.)	> Training: Bouygues Construction University, Pro Académie, QSE Academy, etc. > Internal mobility > Employee share ownership and profit-sharing > Safety training, anti-addiction and workplace stress campaigns > Ergonomics policy > Handitour roadshow to raise awareness of disability among staff	> Employee satisfaction surveys (every three years) > Health & Safety Committee, works councils, elections of employee representatives > Diversity Committee > Health & Safety Committee > Internal communication (intranet, in-house magazines, conferences, poster campaigns) > Information meetings, theme days
Suppliers and subcontractors	> Loyalty > Fairness > Long-term relationships	> CSR Charter for suppliers and subcontractors > Charter for major accounts and small businesses > Partnerships > Welcome pack for new partners > Assessment of suppliers' CSR performance > Social audit of suppliers in emerging countries	> Satisfaction and perception surveys, cooperation reviews > Conventions > Day conferences > Working groups
Local residents	> Control and reduction of worksite impacts	> Software to estimate and model worksite noise levels > Arrangements for consultation, dialogue and information	> Signs providing information > Register of complaints > Freefone number > Worksite websites > Meetings
Civil society incl. local authorities Charities and NGOs (non-governmental organisations)	> Dialogue and transparency > Long-term partnerships > Compliance with regulations, labour laws and human rights > Protection of the environment > Ethical and responsible behaviour	> Environmental measures on worksites with the Ecosite label > Evaluation of carbon emissions with CarbonEco® software > Environmental partnerships with Noé Conservation on biodiversity and WWF on timber sourcing > Partnerships with charities like Care France and Planète Urgence > Community action committee > Contribution to economic development in places where Bouygues Construction operates	> Membership of organisations that encourage dialogue with civil society (Comité 21, Global Compact) > Consultation of stakeholders on biodiversity issues and extra-financial indicators > Terre Plurielle corporate foundation > Mirror committee of external stakeholders to improve Bouygues Construction's sustainable development policy
Scientific community, industry bodies, (Ademe, CSTB, EGF BTP, FNTP, etc.) and educational organisations	> R&D and innovation > Pooling of skills > Sharing of knowledge	> Specialist Master's degree in sustainable construction and housing in partnership with Ensam and ESTP > Participation in research projects with the CSTB focusing on lifecycle analysis in particular > Creation of a chair in sustainable construction and innovation with the CSTB, École des Ponts ParisTech, École Centrale Paris and Supélec	> Participation in sustainable development working groups in industry bodies > Lectures and courses > Participation in careers fairs > R&D and Innovation Committee

Ademe: French environment and energy management agency - CSR: Corporate Social Responsibility - CSTB: French building technology research centre - EGF BTP: French construction industry body - Ensam: Arts et Métiers ParisTech - ESTP: École spéciale des travaux publics, du bâtiment et de l'industrie - FNTP: French national civil works federation



In all the countries where it operates, Bouygues Construction gives priority to employing and training local people

Forging a relationship of trust with clients

Our clients' trust is founded on the quality of our products and production methods, backed up by an integrated Quality Safety Environment management system (87% of sales in 2011 were covered by triple QSE certification).

Within this framework, listening to customers continues to be a priority, reflected in the systematic use of customer satisfaction surveys.

Bouygues Construction has continued to implement an ethics policy designed to raise managers' awareness of compliance issues. Whistleblowing arrangements that also cover anti-competitive practices have been in place since November 2011. The ethics training programme continued throughout 2011 and all members of the executive committees of Bouygues Construction subsidiaries have attended the course, representing about 130 managers.

All existing training programmes for sales staff or to prepare candidates for managerial positions will include an ethics and compliance module. In 2011, Bouygues Bâtiment International appointed a compliance officer to ensure that sales processes comply with international rules of business conduct.

Involving suppliers and subcontractors in the CSR policy

Bouygues Construction subsidiaries seek to ensure that their subcontractors take their social and environmental responsibilities seriously, in areas such as health and safety, quality, the environment and concealed work. To that end, they organise training courses, conventions, satisfaction surveys and cooperation reviews and provide introductory handbooks at the start of projects.

The responsible purchasing policy is coordinated by a special committee which provides buyers with information and training (113 buyers were given training in 2011). The policy is backed up by catalogues of eco-products and eco-materials for technical and works staff. The partnership with the WWF concluded in 2010 led to the framing of a responsible timber purchasing policy in 2011 and to the development of training resources and modules for buyers. 82% of sales are now generated by entities that have incorporated the CSR Charter for suppliers and subcontractors into their contracts.

In November 2011, Bouygues Entreprises France-Europe concluded a major agreement with Adecco, Domitis and Randstad to involve them in safety for their temporary staff employed on worksites. The initiatives include training in first aid and the basics of accident prevention in the construction industry, as well as information about the anti-addiction policy. They will be rolled out in all subsidiaries in France.

Very strict procedures are in place to combat illegal working, including systematic checks of identity documents and work permits in liaison with the authorities, personalised access badges, training for works supervisors, clauses in framework agreements with temporary employment agencies guaranteeing that their employees are legal, and in-house checks.

Participating in the economic and social life of local communities

In its operations, Bouygues Construction takes account of stakeholder expectations relating to both social and environmental issues through its numerous partnerships and exchanges with civil society bodies such as NGOs, associations and local authorities.

Listening to local residents

It is essential to take the expectations of local residents, local authorities and civil society as a whole into account in order to successfully integrate worksites into their environment. In 2011, consultation exercises, communication campaigns or surveys to measure the satisfaction of local residents were conducted for 65% of worksites.

Encouraging local employment

Bouygues Construction has a proactive policy of employing local site workers and managerial staff, thus helping to develop the areas where its entities operate. The local benefits in terms of direct and indirect jobs, transfers of know-how and support to communities provide further evidence of the company's commitment.

Promoting integration

Bouygues Construction also has a proactive policy of partnership with local integration bodies. Examples include Chantiers Écoles, a vocational training programme in partnership with the government employment agency Pôle Emploi and Afpa, an adult training organisation, and the Gateway to Employment programme in the Paris region to help young people and adults find a job.

Each subsidiary offers to include integration clauses in its contracts. On the worksite for the Aubervilliers shopping centre, north of Paris, Bouygues Bâtiment Ile-de-France opened 75% of jobs to local recruitment and awarded 35% of construction, upkeep and maintenance contracts to companies domiciled in the solidarity zone. At Bouygues Entreprises France-Europe, a practical guide to integration has been distributed to HR, sales and works managers.

Socially–responsible

Through Terre Plurielle, its corporate foundation, Bouygues Construction supports projects favouring access to healthcare, education and integration for the disadvantaged in France and abroad. Since its creation in 2009, the foundation has supported 78 projects sponsored by employees in 17 different countries.

In addition to the foundation's work, Bouygues Construction entities engage in community initiatives in the places where they operate, for example with Emergency Architects for intervention in disaster areas. Altogether, 424 charities were supported in 2011 at a total cost of €2.5 million.

CSR: challenges and key indicators

Aim	Indicator*	Unit	2010	2011	Comments	2012 objectives
Environment and sustainable construction						
Innovate for sustainable construction	Research and development budget devoted to sustainable construction	%	50	46[a]	> Stepping up of research into sustainable construction with the creation of a Research, Development and Innovation department to coordinate a network of 150 experts and the development of partnerships, especially with the CSTB on Elodie®, a lifecycle analysis application for the building sector	> Roll out a new research programme on the autonomous building concept (buildings that are self-sufficient in energy, water and waste)
Eco-design and operate high-quality projects for overall performance	Buildings covered by environmental labelling or certification schemes in the building order intake	%	53	55	> Progress of environmental labelling or certification schemes and the strengthening of in-house expertise (10 BREEAM assessors, 10 LEED assessors, 20 HQE® specialists), supplemented by the general use of carbon balances for projects (100 people trained, 1,000 balances carried out in 2011)	> Roll out new energy performance offerings, such as BeGreen® for private-sector office buildings, Energy-Pass® to measure and track consumption, Energy Performance Contracts, new-generation positive-energy buildings and the development of eco-neighbourhoods in France and Switzerland
	CO_2 emissions per million euros of sales	Tonnes CO_2 eq.	n.a.	330		
Ensure high-quality, environment-friendly worksites	Worksites with the Ecosite label (in-house environmental label for worksites)	%	68	76	> Roll-out of the Ecosite scheme to reduce the environmental footprint of worksites, enhanced by a biodiversity partnership with Noé Conservation	> Continue to roll out Ecosite and launch a biodiversity action plan
Customers and partners for a sustainable project						
Foster a trusting relationship with customers	Completed projects for which a customer satisfaction survey has been conducted	%	52	54	> General use of customer satisfaction surveys, backed up by more compliance training for managers	> Step up discussions with customers to stimulate co-innovation within the Sustainable Construction Club's four think tanks on social housing, office buildings, university campuses and renewable energy sources
Involve partners, subcontractors and suppliers in the QSE policy	Sales generated by subsidiaries with an action plan to involve subcontractors in QSE	%	83	89	> Continuation of action to engage subcontractors and suppliers in QSE and human rights through the responsible purchasing policy: supplier CSR assessments with EcoVadis, training for buyers, conclusion of an agreement with three temporary employment agencies to step up accident prevention for temporary employees on worksites	> Apply the responsible timber purchasing policy in the framework of the partnership with the WWF's Global Forest and Trade Network > Step up measures to prevent illegal work; including site access badges, in-house checks and a practical handbook
Social responsibility and commitment to local communities						
Contribute to local development	Projects carried out during the year in cooperation with local integration bodies	Number	277	409	> Continuation of a proactive policy of partnership with local integration bodies (e.g. ETDE with the national committee of local integration agencies, Bouygues Bâtiment Ile-de-France with the Gateway to Employment scheme, etc.)	> Make integration initiatives more effective, including through the conclusion of a two-year partnership with FACE, an anti-exclusion organisation, to promote integration into the workforce in France, and the circulation of a practical handbook for HR, sales and works managers
Conduct dialogue with stakeholders	Worksites covered by consultation exercises, communication campaigns or local resident satisfaction surveys	%	64	65	> Focusing works teams on the management of relations with local residents and provision of a practical guide (local residents pack)	> Provide consultation resources for works teams
Get involved with local communities and civil society	Partnerships with associations, charities and NGOs	Number	439	424	> Commitment by subsidiaries to partnerships with local communities in integration, education and health, and through the Terre Plurielle corporate foundation	> Step up partnerships with local communities in integration, education, health and environmental conservation
		€m	3.1	2.5		

CSR: challenges and key indicators (continued)

Aim	Indicator*	Unit	2010	2011	Comments	2012 objectives
Respect and development of employees						
Guarantee safety	Industrial accidents involving production workers: > Frequency rate[b] > Severity rate[b]	(c) (d)	7.42 0.34	6.13 0.25	> Continuation of accident prevention initiatives with safety training tailored to different categories of worksite operatives, backed up by awareness-raising campaigns (e.g.: ETDE's "Health and safety, count me in" campaign)	> Step up work on the ergonomics of workstations and overall worksite organisation, including the creation of a skill centre > Generalise anti-addiction campaigns
Ensure equal opportunity and fairness	Women in managerial positions in France	%	21	21	> Continuation of initiatives to increase the number of women in the workforce, including a partnership with IMS-*Entreprendre Pour La Cité* to diversify career choices for young women and a "Women in Management" training course > Development of campaigns to raise awareness of disability among employees, such as the Handitour roadshow on worksites	> Continue the diversity policy, focusing on four themes: age management, gender equality, disability, and ethnic and cultural diversity > Continue to provide equal opportunity training for HR and line managers
	Disabled employees on permanent contracts in France	Number	608	676		
Enhance skills	Staff given training during the year	%	48	52	> Continuation of a proactive training policy based on in-house training centres at central level (Bouygues Construction University, which dispenses 28,000 hours of training a year) and in subsidiaries (Pro Académie, VSL Academy, Confucius Training Centre and Safety Training Centre in Asia, etc)	> Provide sales staff with training in sustainable construction
Foster cohesion and well-being in the workforce	Employees receiving a satisfaction survey in the last two years	Number	6,950	20,339	> General use of employee satisfaction surveys and introduction of initiatives on quality of life at work, including agreements on working from home, workplace stress training and the preparation of a practical stress handbook for managers	> Harmonise and establish early warning systems for psychosocial risk and sign charters on the work/personal life balance
	Response rate to satisfaction survey	%	n.a.	73		

(*) Bouygues Construction's reporting methodology is described in the *Note on reporting methodology* section of the *Additional information* section. The same scopes as in the detailed extra-financial indicators table (pages 67-69).

BREEAM: Building Research Establishment Assessment Method - CSR: Corporate Social Responsibility - CSTB: French building technology research centre - HQE®: High Environmental Quality - LEED: Leadership in Energy and Environmental Design - n.a.: not applicable/available - QSE: Quality Safety Environment

(a) This decline is due to the widening of the scope to R&D programmes (holding company alone beforehand). At constant scope, the percentage dedicated to R&D would be 70%.
(b) Indicator subject to possible correction since it has to be validated by the relevant authorities after publication
(c) Frequency rate = number of industrial accidents involving time off work x 1,000,000 / number of hours worked
(d) Severity rate = number of days off work x 1,000 / number of hours worked

Extra-financial indicators at 31 December

Family	Indicator	Scope*	Unit	2009	2010	2011	Reporting framework
Innovate for sustainable construction	Research and development budget devoted to sustainable construction	Global	%	32	50	46 Note 1	Internal ISO 26000 6.5.4 ISO 26000 6.5.5
Design, build and operate efficient buildings to conserve the environment and improve quality of life	Buildings with environmental labelling or certification in the order intake for the year	Building activities, France and international (63% of sales)	Number	148	314	266 Note 2	Internal ISO 26000 6.5.4 ISO 26000 6.5.5
			%	29	53	55	
	Buildings with environmental labelling or certification in the order intake for the year for which Bouygues Construction has design/build responsibility		Number	60	189	130	Internal ISO 26000 6.5.4 ISO 26000 6.5.5
			%	40	73	74	
	Carbon balances carried out	Global	Number	330	377	782	GRI - EN16 ISO 26000 6.5.5
	Total CO_2 emissions		Millions of tonnes of CO_2 eq.	-	-	3.14 Note 3	
	CO_2 emissions per million euros of sales		Tonnes CO_2 eq.	-	-	338 Note 3	
Ensure high-quality, environment-friendly worksites	Sales covered by an ISO 14001 certified environmental management system (EMS)	Global	%	84	83	88	GRI - PR1 ISO 26000 6.5.3
	Sales covered by an ISO 9001 certified quality management system (QMS)			97	96	97	GRI - PR1 ISO 26000 6.5.3
	Worksites with the Ecosite label (in-house environmental label for worksites)[a]	Global (excl. VSL) 96% of sales	Number	-	259	278	Internal ISO 26000 6.5.3
			%	-	68	76	
	Hazardous waste collected	Global	Tonnes	609 (France excl. DTP)	2,342	6,847 Note 4	GRI - EN22 ISO 26000 6.5.4
	Non-hazardous waste collected			185,914 (France excl. DTP)	919,382	1,851,649	GRI - EN22 ISO 26000 6.5.4
	Non-hazardous waste recycled	Bouygues Entreprises France-Europe and Bouygues Bâtiment Ile-de-France (47% of sales)	%	49, (excl. Bouygues UK)	58 (excl. Bâtiment Ile-de-France)	67	GRI - EN22 ISO 26000 6.5.4
	Total fuel consumption (light vehicle fleet)	France (64% of sales)	Million litres	23	23	23	GRI - EN3 ISO 26000 6.5.4
	CO_2 emissions per employee	Global	Tonnes CO_2 eq. per employee	-	-	60 Note 3	GRI - EN16 ISO 26000 6.5.5
	Direct electricity consumption of worksites		MWh	-	-	376,950	GRI - EN3 ISO 26000 6.5.4 ISO 26000 6.5.5
	Direct gas consumption of worksites			-	-	11,760	
	Direct fuel consumption of worksites			-	-	22,320	
	Direct water consumption of worksites	Bouygues Entreprises France-Europe and Bouygues Bâtiment Ile-de-France (47% of sales)	m^3	-	-	466,600	
	Direct electricity consumption of headquarters buildings	Global	MWh	-	-	50,720	
	Direct gas consumption of headquarters buildings			-	-	7,480	
	Direct water consumption of headquarters buildings	Bouygues Entreprises France Europe and Bouygues Bâtiment Ile-de-France (47% of sales)	m^3	-	-	29,100	
Foster a trusting relationship with customers	Completed projects for which customer satisfaction surveys have been conducted	Global excl. ETDE (85% of sales)	%	41	52	54	GRI - PR5 ISO 26000 6.4.4
	Managers given training in business ethics in the last three years	Global	Number	2,117	1,837	1,813	GRI - SO3 ISO 26000 6.6.3 ISO 26000 6.6.5
	Sales covered by triple QSE certification		%	82	82	87	GRI - PR1 ISO 26000 6.6.4

Extra-financial indicators at 31 December (continued)

Family	Indicator	Scope*	Unit	2009	2010	2011	Reporting framework
Involve partners, suppliers and subcontractors in the QSE policy	Sales generated by operating units with an action plan to involve subcontractors in QSE	Global	%	86 (excl. Bâtiment International and VSL)	83	89	Internal ISO 26000 6.6.6
	Sales generated by operating units that systematically include the Sustainable Development Charter in their contracts with subcontractors and suppliers	Global	%	79 (excl. Bâtiment International and VSL)	87	82	Internal ISO 26000 6.6.6
	Frequency rate of fatal accidents to subcontractors	Global	-	-	-	0.06	GRI - LA7 ISO 26000 6.6.6 ISO 26000 6.4.6
Contribute to local development	Projects carried out during the year in cooperation with local integration bodies	France	Number	208	277	409	Internal ISO 26000 6.8.3 ISO 26000 6.8.5
Conduct dialogue with stakeholders	Worksites covered by consultation exercises, communication campaigns or local resident satisfaction surveys	Global excl. ETDE and VSL (82% of sales)	%	62	64	65	Internal ISO 26000 6.8.3
Get involved with local communities and civil society	Partnerships during the year supporting integration, education and health	Global	Number	334	439	424	Internal ISO 26000 6.8.4 ISO 26000 6.8.6 ISO 26000 6.8.8 ISO 26000 6.8.9
			€m	-	3.1	2.5	
Ensure health and safety	Sales covered by a safety management system (SMS) with ILO, OHSAS 18001 or equivalent certification	Global	%	82	83	89	GRI - PR1 ISO 26000 6.4.6
	Frequency rate of industrial accidents involving production workers	Global	-	10.64	7.42	6.13[c]	GRI - LA7 ISO 26000 6.4.6
	Industrial accident frequency rate[b] for all staff	Global	-	-	6.14	5.08[c]	
	Overall industrial accident frequency rate[b]	Global	-	-	18.08	18.13[c]	
	Severity rate of industrial accidents involving production workers	Global	-	0.39	0.34	0.25[c]	
	Industrial accident severity rate[b] for all staff	Global	-	-	0.30	0.22[c]	
	Frequency rate[b] of fatal accidents for all staff	Global	-	0.076	0.02	0.07	
	Frequency rate of industrial accidents involving temporary site workers	Global excl. Bâtiment International (84% of sales)	-	21.12	16.67	19.31	Internal ISO 26000 6.4.6
	Frequency rate of fatal accidents to temporary site workers	Global	-	-	0.06	0.02	
	Frequency rate of road accidents with the company vehicle fleet involving third parties	Global	-	19	13	14	
	Occupational illnesses recognised by social security authorities	Europe (75% of sales)	Number	48 (France excl. Bouygues TP)	77	107	GRI - LA7 ISO 26000 6.4.6
	Employees covered by a major risk, hospitalisation and maternity welfare scheme	France	%	100	100	100	Internal ISO 26000 6.4.4
Ensure equal opportunity and fairness	Headcount	France	Number	23,518	22,936	23,091	GRI - LA1 ISO 26000 6.4.3
		International (26% of sales)		29,081	31,190	28,927	
		Global		52,599	54,126	52,018	
	Women in the workforce	Global	%	n.a.	14	16	GRI - LA13 ISO 26000 6.4.7
		France		15	16	17	
	Women in top management (executive committee level)	France	%	8	9	9	
	Women in managerial positions	France		18	21	21	
	Female clerical/technical/supervisory staff	France		30	32	32	
	Female site workers	France		1	1	1	
	Disabled employees on permanent contracts in France	France	Number	618	608	676	Internal ISO 26000 6.4.7
	Sales of work performed by sheltered workshops during the year	France	K€	1,236	1,345	1,574	

Family	Indicator	Scope*	Unit	2009	2010	2011	Reporting framework
Enhance skills	Employees given training during the year	Global	%	52	48	52	GRI - LA10 ISO 26000 6.4.7
	Site workers given training during the year			45	36	39	
	Managerial staff given training during the year	France		70	74	70	
	Clerical/technical/supervisory staff given training during the year			61	68	64	
	Employees in managerial positions outside France given training during the year	International		48	47	50	
	Proportion of annual payroll spent on training	France		5.40	4.90	-	
	Employees benefiting from regular performance and career development assessments			75	77	77	GRI - LA12 ISO 26000 6.4.7
Foster coherence and well-being at work	Collective agreements negotiated, including mandatory annual negotiations	France	Number	119	109	84	Internal ISO 26000 6.4.5
	Participation rate in most recent elections of employee representatives		%	84.50	84.98	85.39	Internal ISO 26000 6.4.5
	Voluntary profit-sharing payouts (paid in 2011 in respect of 2010)		€ '000	25,450	15,979	18,649	Internal ISO 26000 6.4.3
	Compulsory profit-sharing payouts (paid in 2011 in respect of 2010)			27,294	29,243	24,616	
	Pension savings plan contributions			1,141	1,356	1,402	
	Corporate savings plan contributions			33,777	34,547	33,720	
	Employees receiving a satisfaction survey in the last two years	Global	Number	-	6,950	20,339	Internal ISO 26000 6.4.5
	Response rate to employee satisfaction surveys		%	-	-	73	
	Absenteeism rate[d]	France	%	4.24	4.27	4.32	GRI - LA7 ISO 26000 6.4.3

(*) Bouygues Construction's reporting methodology is described in the *Note on reporting methodology* section of the *Additional information* chapter. The same scopes as in the detailed extra-financial indicators table (pages 67-69).

QSE: Quality Safety Environment (a): not applicable to VSL (b) To comply with standard practice in the industry, Bouygues Construction has changed its way of calculating safety indicators. Indicators are now calculated on the basis of all employees and not only production workers. Frequency rate = number of industrial accidents involving time off work x 1,000,000 / number of hours worked. Overall frequency rate = total number of industrial accidents involving time off work x 1,000,000 / number of hours worked. Severity rate = number of days off work x 1,000 / number of hours worked. Fatal accident rate = number of deaths following an industrial accident x 1,000 / population concerned. (c) Indicator subject to possible correction since it has to be validated by the relevant authorities after publication. (d) Number of days off work (social balance sheet figures) / number of calendar days

COMMENTARY ON TRENDS

Note 1: Research and development budget devoted to sustainable construction

The slight fall in the percentage of the R&D budget devoted to sustainable construction is due to a change in scope. In 2011, the percentage of the budget devoted to sustainable construction was calculated on the basis of all R&D budgets of subsidiaries and the Bouygues Construction holding company. Hitherto, it had been calculated solely for the holding company, Bouygues Construction SA. Like-for-like, the figure would be 70%.

Note 2: Buildings with environmental labelling or certification

The proportion of buildings with environmental labelling or certification in the order intake is continuing to rise, with a more marked contrast between France and international markets this year.

In France, spurred by legislation stemming from the Grenelle Environment Forum, the proportion of buildings with environmental labelling or certification in the order intake rose from 49% in 2010 to 61% in 2011.

On international markets, the proportion of buildings with environmental labelling or certification in the order intake declined significantly, falling from 57% in 2010 to 34% in 2011. This trend does not reflect less customer interest in environmental certification, but rather the exceptional level of orders for buildings with environmental certification in 2010 (a €460-million project in Hong Kong and four projects in Singapore worth €987 million).

Where Bouygues Construction has design/build responsibility, and is hence involved in the project sufficiently early to influence specifications, the proportion of buildings with environmental labelling or certification in the order intake rises to 74% compared with an average of 55%.

Note 3: CO_2 emissions

In 2012, Bouygues Construction carried out a complete quantification (Scope 1, 2 and 3) of its 2011 greenhouse gas emissions, using the CarbonEco® application.

The main consolidated data are as follows: :

- 95% of emissions are linked to project activities (construction and services) and 5% of emissions are linked to tertiary activities (establishments),
- 72% of emissions are linked to inputs (construction materials, purchased goods and services).

Note 4: Hazardous and non-hazardous waste

The sharp rise in the quantity of hazardous and non-hazardous waste collected is due to better tracking of the indicator across the entire international scope and an increase in the number of worksites involving demolition.

France's **leading property developer**

With 35 branches in France and four subsidiaries elsewhere in Europe, **Bouygues Immobilier** develops residential, commercial and business park projects. The company consolidated its leading position on the French housing market in 2011.

Delivery of Green Office® Meudon
in September 2011

Key figures

2011 sales
€2,465m
(+2%)

Current operating margin
8.2%
(-0.2 points)

Net profit att. to the Group
€120m
(+11%)

Employees
1,583

Target

2012 sales
€2,450m (=)

Highlights

Residential:

> 14,723 reservations.
> All programmes awarded BBC-effinergie® low-energy certification.
> Over 2,500 units in urban regeneration zones (5.5% VAT).

Commercial:

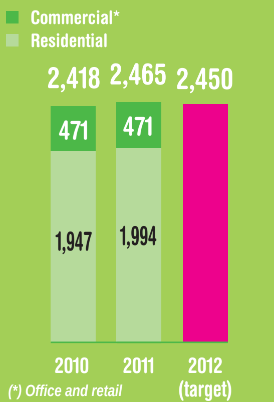
> Validation of the market potential of the Green Office® concept.
> Conclusion of the first private-sector EPC*.
> Sale of Farman (Paris) to institutional investors and of the Orange TPSA headquarters (Warsaw) to Qatar Holding.

CSR:

> 1,200 staff involved in Solid'R, the biggest corporate community day ever held in France (8 April 2011).

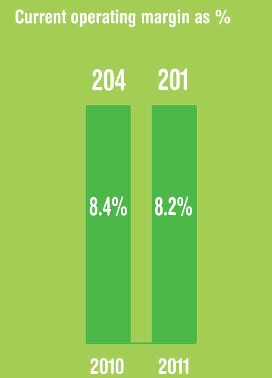
(*) Energy Performance Contract

SALES
€ million

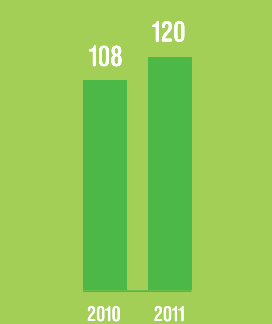


(*) Office and retail

CURRENT OPERATING PROFIT (€ million)

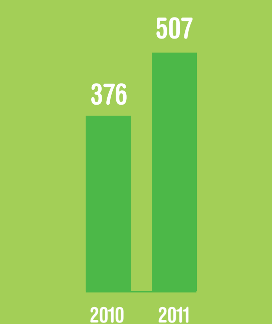


NET PROFIT*
€ million

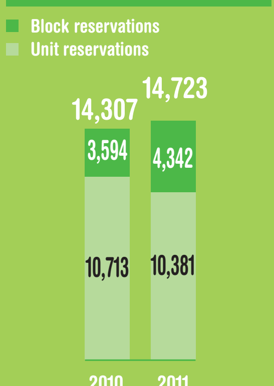


(*) Attributable to the Group

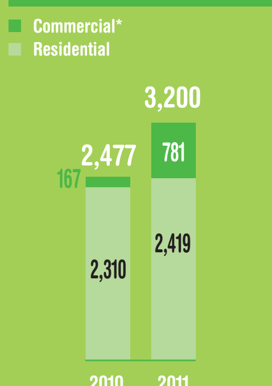
NET SURPLUS CASH
€ million



RESIDENTIAL
number of reservations



RESERVATIONS
€ million



(*) Office and retail

Condensed balance sheet at 31 December

(€ million)	2010	2011
ASSETS		
• Property, plant and equipment and intangible assets	14	19
• Goodwill	-	-
• Non-current financial assets and taxes	54	36
NON-CURRENT ASSETS	**68**	**55**
• Current assets	1,482	1,615
• Cash and cash equivalents	426	537
• Financial instruments*	-	-
CURRENT ASSETS	**1,908**	**2,152**
TOTAL ASSETS	**1,976**	**2,207**
LIABILITIES AND SHAREHOLDERS' EQUITY		
• Shareholders' equity attributable to the Group	541	547
• Minority interests	9	9
SHAREHOLDERS' EQUITY	**550**	**556**
• Non-current debt	43	3
• Non-current provisions	94	96
• Other non-current liabilities	-	1
NON-CURRENT LIABILITIES	**137**	**100**
• Current debt	5	26
• Current liabilities	1,282	1,524
• Overdrafts and short-term bank borrowings	2	1
• Financial instruments*	-	-
CURRENT LIABILITIES	**1,289**	**1,551**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,976**	**2,207**
Net surplus cash	**376**	**507**

(*) Fair value hedges of financial liabilities

Condensed income statement

(€ million)	2010	2011
SALES	**2,418**	**2,465**
• Net depreciation and amortisation expense	(4)	(4)
• Net charges to provisions and impairment losses	(13)	(12)
• Other income and expenses	(2,197)	(2,248)
CURRENT OPERATING PROFIT	**204**	**201**
• Other operating income and expenses	-	-
OPERATING PROFIT	**204**	**201**
• Income from net surplus cash	(2)	2
• Other financial income and expenses	(22)	(18)
• Income tax expense	(67)	(53)
• Share of profits and losses of associates	(1)	(10)
NET PROFIT	**112**	**122**
• Minority interests	(4)	(2)
CONSOLIDATED NET PROFIT (attributable to the Group)	**108**	**120**

Outlook for 2012

Bouygues Immobilier will continue to pursue growth founded on its major strategic priorities of innovation and sustainable development.

- **Residential:** in view of the uncertainties arising from the budget crisis and the forthcoming presidential election in France, when investment decisions traditionally tend to be postponed, Bouygues Immobilier expects the market to contract by 15% in relation to 2011.

  In this context, Bouygues Immobilier aims to preserve its market share, drawing on its proven adaptability and on low-energy certification for all its products, which target the entry-level and mid-range segments.

- **Commercial:** against a background of inexorably rising energy prices, Bouygues Immobilier's highly energy-efficient buildings leave the company well-placed to meet new demands from users and investors.

  Its business in the commercial property segment will focus on three priorities: very high energy performance with Green Office®, turnkey projects and the rehabilitation of office buildings with Rehagreen®.

Bouygues Immobilier's order book is sufficient to ensure stable sales, with a target of €2,450 million in 2012.

Bouygues Immobilier intends to maintain a solid financial structure.

Catherine Gravier, customer relations manager in the Paris region

Hikari, the first positive-energy, mixed-use development in Lyon Confluence

BOUYGUES IMMOBILIER PROFILE

Strategy

Drawing on its expertise in sustainable property development, Bouygues Immobilier now positions itself as a full-service urban operator whose future growth is rooted in three strategic priorities.

Innovation and sustainable development

Since 2006, Bouygues Immobilier has been implementing a strategy based on green property development and reduced energy consumption. It confirmed its leadership in the sector in 2011 with a number of flagship achievements.

> The first deliveries of BBC-effinergie® low-energy residential properties and the construction of two positive-energy residential programmes (L'Avance at Montreuil, near Paris, and Vert Eden at Aix-en-Provence in the south of France) are the culmination of a pioneering sustainable development strategy. BBC-effinergie® low-energy certification was extended to all residential developments in 2010, two years ahead of the new 2012 Thermal Regulations, and is now a signature feature of the Bouygues Immobilier brand.

> The sale to Scor of Green Office® Meudon, entirely let to Steria seven months before handover, proved the validity of the business model of the Green Office® positive-energy office building concept, with building charges guaranteed by an energy performance contract. Two new Green Office® projects are already under construction in the Paris region.

Bouygues Immobilier also delivered its first Rehagreen® project, the renovation of the new La Banque Postale headquarters in central Paris. Rehagreen® is a service package designed to enhance the value of existing office buildings, in particular by making them more energy-efficient.

> Drawing on this expertise in individual buildings, Bouygues Immobilier is now scaling up to neighbourhood level. In September 2011, it launched UrbanEra®, an innovative service package to support local authorities engaged in the design and development of sustainable neighbourhoods.

A number of highly innovative projects were begun within the UrbanEra® framework in 2011:

- IssyGrid®, the first neighbourhood smartgrid created with the municipality of Issy-les-Moulineaux, near Paris. Combining the urban planning, energy management and digital technology skills of major-league players such as Alstom, Bouygues Telecom, EDF, ERDF, ETDE, Microsoft, Schneider Electric, Steria and Total, the smartgrid will help define energy management in the city of the future;
- Wacken in Strasbourg, the first positive-energy neighbourhood in France. An energy partnership with local power utility Electricité de Strasbourg has been concluded to connect the neighbourhood's self-sufficient network to the city network;
- Hikari, a mixed-used development in the Confluence district of Lyon. Self-sufficient in energy terms thanks to the development of energy management systems, the Hikari project is the result of Bouygues Immobilier's partnership with Toshiba and NEDO, a Japanese government agency that supports new energy R&D.

These initiatives are coordinated by Bouygues Immobilier's Innovation and Sustainable Development department, tasked with bringing company-wide in-house skills to bear on strategic, cross-cutting issues such as sustainable neighbourhoods and energy management. The department reports to the Executive Committee, which makes the necessary decisions and choices to ensure progress on each of these issues in relation to the road map.

Technical and architectural quality: a key priority

Using cutting-edge materials and technologies to improve the technical quality of its buildings is an ongoing concern for Bouygues Immobilier. A comprehensive quality management system with ISO 9001 and NF Logement certification and a set of training programmes for technical staff ensure that the company can rapidly adapt to changing markets.

Bouygues Immobilier has also teamed up with leading names in international architecture. Eduardo Souto de Moura, winner of the 2011 Pritzker Prize, has been commissioned to design the second phase of the Ginko eco-neighbourhood on Bordeaux Lake. The Hikari programme in Lyon Confluence was designed by Kengo Kuma, winner of the Architectural Institute of Japan Award and famous for his nature-inspired architectural designs. The Wacken urban development project in Strasbourg was designed by Christian de Portzamparc, winner of the 1994 Pritzker Prize.

Customer satisfaction

Bouygues Immobilier has been committed for many years to putting customer satisfaction at the centre of its concerns.

Pre-handover visits, customer support throughout construction of the programme and the success of the customer call centre (4,000 calls a month) are proof of the ongoing dialogue between Bouygues Immobilier and its customers and help to ensure

A glossary may be found in the *Additional information* section of this document.

compliance with fair consumer information requirements. The policy has achieved higher customer satisfaction rates.

A customer satisfaction criterion has been introduced into the calculation of the voluntary profit-sharing bonus in order to motivate all employees on the issue. It is based on the results of regular customer satisfaction surveys carried out by an independent body.

Advantages and opportunities

Its positioning and product range give Bouygues Immobilier a number of definite advantages that enable it to make the most of any opportunities that arise on its markets.

Operations in all segments of property development

The fact that Bouygues Immobilier operates in all segments of property development (residential, commercial and retail) enable the company to cushion cyclical effects within each segment.

An entry-level and mid-range positioning in the residential property segment

Bouygues Immobilier has sought as a priority to address the housing needs of the middle classes, which account for two-thirds of current demand. It therefore offers a range of affordable products that meet the needs and financial capacity of first-time buyers.

In the collective housing segment, in 2011 Bouygues Immobilier came up with a new type of apartment building to enable low-income families to become home-owners for the reasonable price of €2,000 per m². The first programme of this type was successfully marketed at Saint-Fons, in the Lyon area.

In their own words

Christiane Demontès, mayor of Saint-Fons, Senator for the Rhône *département*

"The Symphony development reflects one of the aims of our urban development plan. With this particularly attractive residential programme, both public and private players have addressed one of the objectives that we set, with the Greater Lyon authority, in our local housing plan: to bring home ownership within the reach of low-income families currently living in rented social housing, and more broadly of young households all over the Lyon area. The programme helps to ensure a mix of housing and populations in the neighbourhood. The municipal council is also supporting the change by investing in the creation of amenities and public spaces. These are all factors that help our community to flourish."

In the detached house segment, the Housing France department created in 2011 has come up with an original concept for BBC-effinergie® low-energy homes with an entry-level, 74-m² wood-frame house priced at €159,000 incl. VAT.

Office buildings tailored to users' new expectations

Bouygues Immobilier's strategy in the commercial property segment is based on three priorities: very high energy performance with Green Office®, turnkey projects and the rehabilitation of office buildings with Rehagreen®.

Green Office®, a concept for international-standard, positive-energy office buildings, has found its business model. Green Office® Meudon and Farman, the first BBC-effinergie® low-energy office building in the Paris region, let to Systra and sold to blue-chip French institutional investors, confirmed the appeal of green property in 2011, for both users and investors.

Turnkey projects with the Clarins group and Schneider Electric begun in 2011, together with projects to rehabilitate existing buildings spurred by the requirements of the Grenelle environment laws, hold out encouraging prospects for the future.

Genuine expertise in sustainable neighbourhoods

With UrbanEra®, a results-driven service package for local authorities seeking to develop sustainable urban projects, Bouygues Immobilier has redefined itself as an urban player and thus acquired a new source of growth that will underpin the company's development in the years to come.

Key figures

In France, total residential property reservations in 2011 were 4% higher than in the previous year despite a 10% contraction in the market, enabling Bouygues Immobilier to consolidate its leading position with a market share of 13.9%. In commercial property, despite a sluggish market, a number of major contracts were concluded, especialy Green Office® and Farman in France and the future TPSA headquarters in Poland. Total reservations (residential and commercial) were worth €3.2 billion.

The order book at end-December stood at over €3 billion, up 34%.

Bouygues Immobilier reported a 2% rise in sales in 2011 to €2,465 million. Growth resumed in residential property sales following the upturn in reservations in 2009 and 2010, rising by 2% to €2 billion. Commercial property sales were stable at €471 million, boosted by the sale of the Green Office® and Farman buildings.

Net operating profit was solid at €201 million, representing 8.2% of sales compared with 8.4% in 2010.

Net profit attributable to the Group amounted to €120 million, 11% up on 2010, and shareholders' equity to €556 million.

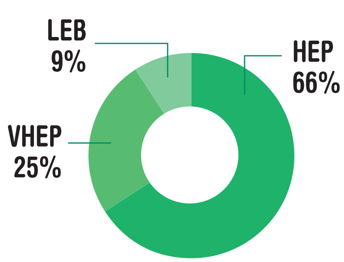
Bouygues Immobilier had a record Net surplus cash surplus of €507 million at 31 December 2011, compared with €376 million at end-2010. These performances enable the company to enter 2012 in sound financial health.

RESIDENTIAL PROPERTY: BOUYGUES IMMOBILIER WINS NEW MARKET SHARE

The residential property market in France contracted by 10% in 2011 (103,300 units reserved, compared with 115,400 in 2010). The decline was mainly due to a fall in reservations by private investors, especially in the first half of the year, following changes to the Scellier tax incentive (reduction in tax deductibility from 25% to 22%, restriction to low-energy buildings, etc.). The economic gloom of 2010 was compounded in 2011 by a Europe-wide budget crisis, which led to a cutback in tax incentives for investment in property and made it harder for private individuals to get a home loan.

Against this turbulent background, Bouygues Immobilier retained its leading position on the French residential property market. Taking 14,314 reservations in 2011, 4% more than in 2010, a record year, Bouygues Immobilier increased its market share to 13.9%, compared with 11.9% in 2010. The total value of residential property reservations in France in 2011 amounted to €2,361 million, 6% more than in 2010. A particularly vigorous commercial performance in 2011 shows that Bouygues Immobilier was right to adopt an entry-level and mid-range positioning and a strategy of constantly adapting to new customer demands in terms not only of products but also of price and customer support.

ENERGY PERFORMANCE OF HOUSING UNITS DELIVERED IN 2011



HEP: High Energy Performance (RT 2005 -10 %)
VHEP: Very High Energy Performance (RT 2005 -20 %)
LEB: Low-Energy Building (50 kWhpe/m²/year, weighted according to climate zone and altitude)
Source: Bouygues Immobilier

Sales to owner-occupiers accounted for about 22% of activity in 2011, with sales to private investors representing 48% and block sales to social landlords the remaining 30%.

Particularly dynamic marketing in the second half of the year

Having shadowed the 20% drop on the market in the first half of the year, Bouygues Immobilier was able to step up its offerings in the second half as a result of the proactive land acquisition policy launched in 2010. The policy enabled the company to take advantage of the situation when private investors returned to the market in order to benefit from the Scellier tax incentive in the last four months before tax deductibility was lowered to 13% in 2012. As in 2010, Bouygues Immobilier was able to demonstrate its capacity to adapt to changing markets and its commercial effectiveness, giving it a lead over its main rivals.

Bouygues Immobilier chalked up a number of significant marketing successes during the year, with the rapid sell-off of programmes such as Vert de Ville in Bois-Colombes, Eurêka in Suresnes, 21 Rue Verte in Rouen, CitiZen in Strasbourg, Villa Caroline in Ermont, Carré 36 in Annecy, Baïopolis in Bayonne, Aix Natura in Aix-en-Provence and Oxygène in Saint-Raphaël. Marketing of the second phase of the Ginko eco-neighbourhood on Bordeaux Lake was also highly successful: 250 apartments were sold, including 150 in unit sales and 100 in a block sale.

Encouraging first-time ownership

Another feature of activity in the residential property segment in 2011 was the number of sales to first-time buyers of units in programmes built in urban regeneration zones, where the lower 5.5% rate of VAT (sales tax) applies. Over 2,500 units in such zones were sold. In view of price rises of 5-6% on the property market over the year, especially in areas where pressure on housing is acute, affordably-priced programmes of this type of have been highly successful. By combining the advantages of urban regeneration zones, where the cost of land is reasonable, with optimised design/build methods, Bouygues Immobilier was able to market apartments at €2,000 incl. VAT per m² at Saint-Fons, near Lyon.

Bouygues Immobilier has also signed a charter with a number of local authorities under which it commits to controlling prices and the cost of land, thus limiting the rise in prices for collective housing. Bouygues Immobilier has entered into such arrangements with the municipal authorities of Rennes, Saint-Denis, Montreuil and Saint-Ouen among others.

The landmark delivery of the first 250 units of the Valnaturéal programme in the north of Marseille, sold off in a few days, was another highlight of 2011. The new eco-neighbourhood will ultimately comprise 950 housing units with Habitat & Environment (H&E) certification, including 330 two- to five-room apartments for first-time buyers, 310 social housing units, a residence for students and young workers and a care home for the dependent elderly. Valnaturéal qualifies for home-ownership support measures, including 5.5% VAT (it is within an urban regeneration zone), a first-home cheque from the city of Marseille and other incentives such as the Pass-Foncier Collectif® scheme. The combined effect of all these measures has yielded an attractive average price of €2,350 incl. VAT per m².

Detached houses

In 2011, following the creation of the new Housing France department, Bouygues Immobilier introduced a new range of low-energy detached houses, including affordably-priced, wood-frame houses (€159,000 incl. VAT for 74 m²) particularly well-suited to young, first-time buyers.

The strategy of re-entering the market for detached houses was rewarded in 2011 by the conclusion of a preliminary agreement, in partnership with SNI (France's leading social landlord and subsidiary of Caisse des Dépôts), for the delivery of 3,000 homes within four years to house employees of EDF, the electricity utility. The agreement concerns the development of 200 real-estate projects around EDF production sites. SNI will be the investor and the landlord for a renewable 12-year period.

Bouygues Immobilier intends to expand further on this buoyant market.

Noveom, a new generation of adaptable serviced residences

In November 2011, Bouygues Immobilier launched Noveom, a new generation of adaptable serviced residences. Designed with the help of an occupational therapist, the residences combine convenience with comfort, design and accessibility. With Noveom, Bouygues Immobilier has sought to develop accommodation and services suited to all stages of life. The first two Noveom projects have already been launched, in Tours and near Angers, with work due to start in the first quarter of 2012 for delivery in the last quarter of 2013. Four more projects are under consideration, in Aix-en-Provence, Marseille, Metz and Rennes.

Personalised customer support

In 2010, Bouygues Immobilier introduced a policy of personalised customer support, from first contact to handover of the property. Each customer is thus in direct contact with a person responsible for the customer relationship. There are three types of contact person, according to the state of progress on the project:

- **the customer adviser,** until financing arrangements are complete;
- **the customer relations manager,** who supports the customer throughout the project, in cooperation with technical staff, from reservation to handover and the end of the defects liability period;
- **the after-sales manager** after the defects liability period, for any claims under the 10-year guarantee.

The Mediation department may step in at any time if problems arise.

Bouygues Immobilier has also entered into partnerships with Crédit Lyonnais and Crédit Foncier to offer its customers advantageous financing solutions. The service is greatly appreciated, especially when credit is tight, which could well be the case with the banking industry in troubled waters and facing the requirements of the Basel III accord.(1)

COMMERCIAL PROPERTY: GREEN PROPERTY COMES INTO ITS OWN

Closely correlated to conditions in the global economy, international investment and financial markets, the commercial property market in France has been sluggish for two years. However, the fundamentals remain sound:

- the vacancy rate has stabilised at a reasonable level;
- there is active take-up at still-low rents;
- there is real demand for international-standard, high energy performance buildings.

Three main trends emerged in demand for commercial property in 2011:

- **Optimised operating costs.** Companies are rationalising their relocation strategies by seeking to cut operating costs, which is the first reason why a company decides to move;
- **Reduced carbon footprint.** The Grenelle environmental targets require companies to reduce their carbon footprint by upgrading their existing property to meet the new standards or by investing in new, more energy-efficient buildings;
- **Optimised working space.** Changing working methods and new workstation designs have a major impact in terms of how space is used and the flexibility of office buildings.

In this context, Bouygues Immobilier has completed a number of landmark transactions, proving that its products and services meet market expectations, especially with regard to sustainable property. Most sales in 2011 concerned very high environmental quality or even positive-energy buildings (Green Office®).

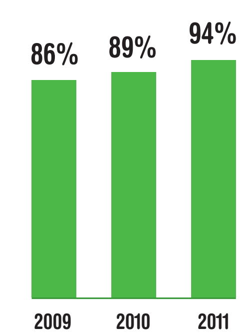

Farman, Systra's headquarters in Paris

Bouygues Immobilier took total commercial property reservations worth €781 million.

Bouygues Immobilier's performance in 2011 shows that it has the right policies in place. One element consists in tried and tested know-how in the development of energy-efficient buildings and an innovation strategy on the commercial property market that truly sets the company apart from its rivals, with the design of positive-energy buildings combined with energy performance contracts.

PROPORTION OF SALES COVERED BY AN ENVIRONMENTAL CERTIFICATION SCHEME (H&E, BBC OR HQE®)

Source: Bouygues Immobilier – 2011



(1) Basel III is a set of capital adequacy rules for banks adopted on 12 September 2010 by the central banks and regulators of the 27 countries that make up the Basel Committee. (Source: banque-info.com)

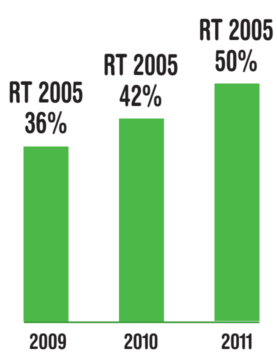
The other element is a highly personalised approach to customers, emphasising close commercial relationships and the early identification of companies' real needs.

Green property, a step ahead

- The development of positive-energy buildings incorporating an energy performance contract that guarantees controlled building charges over time is a major advantage on the commercial property market. Companies have clearly identified the benefits, as shown in 2011 by the lease of Green Office® Meudon to Steria and its sale to Scor. Two new Green Office® projects are already being developed in the Paris region.
- The Farman building provides another example of the importance companies attach to sustainable development. In 2011, Bouygues Immobilier equipped the building with a geothermal heating system that reduces its energy consumption and operating costs and qualifies it for BBC-effinergie® certification. The move was crowned with success, since the building has been leased to Systra and sold to blue-chip French investors.
- The delivery of the headquarters of La Banque Postale in Paris marked the completion of the first renovation project using the Rehagreen® service package introduced by Bouygues Immobilier in 2009 and opens up new prospects for the renovation of existing office buildings.

ENERGY SAVINGS OF OFFICE BUILDINGS DELIVERED OR UNDER CONSTRUCTION IN THE PARIS REGION

On average, for all Bouygues Immobilier's output (building delivered or under construction during the year)



In their own words

Olivier Vallet, CEO of Steria France

"Green Office® has turned us into pioneers. Bouygues Immobilier has created an innovative working environment that will become the norm within a few years. It is a place where people feel happy, where it is good to live and work, but where no resources are wasted thanks to high-quality construction and smart technologies like energy management. It didn't take long for our people to feel at home in the Green Office® building and to appreciate it. Together, we are learning how to be environment-friendly and make better use of our resources in our daily life and work. We had no hesitation in choosing Green Office®. As a company we are committed to sustainable development. With Green Office®, we are practising what we preach."

Landmark launches

Bouygues Immobilier supports companies in their relocation plans over the long term by developing turnkey projects.

The success of this strategy was underlined in 2011 by the conclusion of contracts to develop the 12,000-m² headquarters of Banque Populaire Provençale et Corse in Marseille, the 11,000-m² future headquarters of the Clarins group in Paris, the 14,400-m² extension of Schneider Electric's headquarters in Nanterre and the 8,758-m² Paris Bar Law School in Issy-les-Moulineaux, near Paris.

Bouygues Immobilier is also co-developing the Tour D2 in La Défense. The 180-m tower, with its highly innovative metallic exostructure, will provide 54,000 m² of office space and meet HQE® High Environmental Quality standards. Located in the municipality of Courbevoie (near Paris), its 37 floors will be able to accommodate up to 3,700 employees. Work started in 2011, for scheduled completion in late 2014.

INTERNATIONAL DEVELOPMENT

Outside France, Bouygues Immobilier experienced contrasting fortunes depending on the economic situation of the country in which it operates.

Belgium: expansion of residential property business

An increase in the availability of land for development has enabled Bouygues Immobilier to consolidate its position on the residential property segment and to target a 10% share of the residential property market in the Brussels region in 2012.

Poland: cruising speed

Bouygues Immobilier's Polish subsidiary, created 10 years ago, recorded very satisfactory performances on its various markets in 2011.

In residential property, it built 380 apartments in 2011 and is looking into the possibility of extending its business beyond Warsaw.

In commercial property, the landmark event of the year was the lease of the headquarters of Orange TPSA, France Télécom's Polish subsidiary, in Warsaw and subsequent sale of the building to the Qatar Holding investment fund. The sale was the largest commercial property transaction in Poland in 2011. The 44,000-m² Orange TPSA building will have BREEAM Gold certification.

Portugal: delivery of the Aqua Portimão shopping centre

The Aqua Portimão shopping centre in Portugal, developed by Bouygues Immobilier and inaugurated in April 2011, accommodates 117 stores, 21 restaurants and a hypermarket. With a total surface area of 47,250 m² on three levels, the shopping centre has a 1,800-space car park that includes charging stations for electric vehicles. With a 94% occupancy rate on opening, the centre is home to brand stores such as H&M, Primark, Massimo Dutti, Pull&Bear, Kiko and Seaside as well as an 11,750-m² Jumbo hypermarket (Auchan group).

CORPORATE SOCIAL RESPONSIBILITY

2011 was a watershed year for human resources at Bouygues Immobilier. Outstanding features of HR policy in 2011 included the high level of recruitment, the overhaul of the integration process, ongoing efforts to integrate disabled employees and the launch of the second employee perception survey (the first took place in 2006).

On the CSR front, Bouygues Immobilier stepped up its involvement in community associations in 2011, including by mobilising employees for the national corporate community action day on 8 April 2011, and increased its support for the Médiaterre project run by Unis-Cité, the pioneer of voluntary community service in France.

CSR: mobilisation on all fronts

A highly active recruitment policy

Bouygues Immobilier recruited 386 new employees in 2011 to cope with the high level of activity in the residential property segment, representing a 10% net increase in the workforce and increasing the headcount to 1,583 at 31 December 2011.

The policy was backed up by an entirely online recruitment campaign and employee experiences, introducing Bouygues Immobilier and its work to a wider and more diverse audience. Gender equality is also making headway at Bouygues Immobilier, where women account for nearly 49% of the workforce and 36% of whom in managerial positions, representing a 10% increase in three years in a growing workforce.

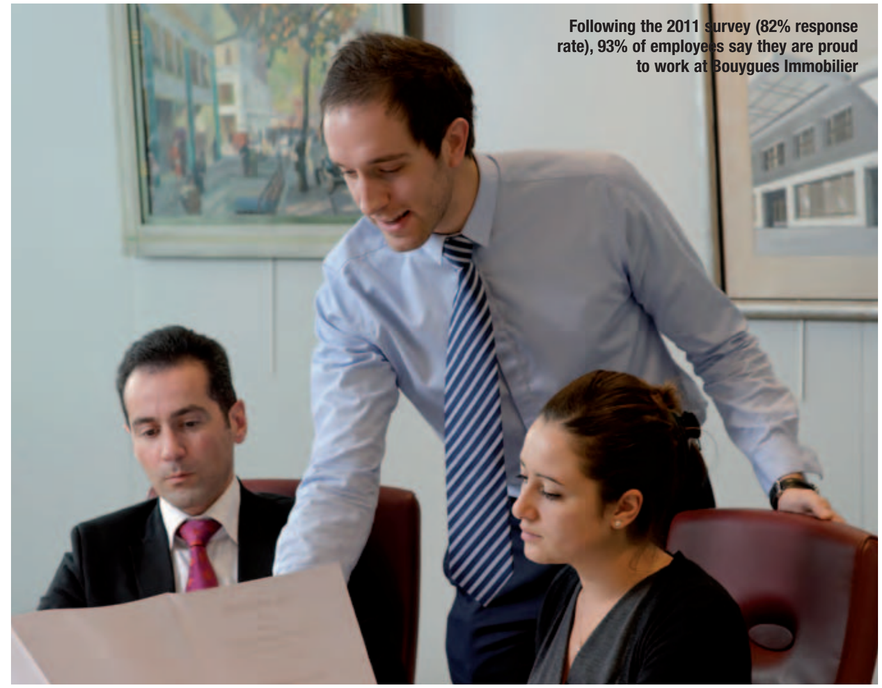
Overhaul of the integration process

With managerial staff accounting for 70% of the workforce and a service activity closely linked to the quality of its human capital, Bouygues Immobilier aims to attract and keep the most talented people in its line of business. The quality of initial reception and the first few months of integration are essential in order to meet this challenge. That is why Bouygues Immobilier has redesigned the integration process for new employees so that they can find out all about the business through teamwork in an innovative and interactive way, whatever their job, in a Serious Game Session®. As well as helping them to develop their in-house network, it gives them an overview of the whole business, opening up possibilities of crossovers between jobs.

A human resources development department has also been created in order to make Bouygues Immobilier more attractive as an employer, enhance its CSR policy and build its talent management policy.

Employee perception: a very good workplace atmosphere

The second employee perception survey, carried out by Ipsos in October 2011, showed a high level of satisfaction with working conditions in the company and of employee ownership of its values and strategy. Conducted by an independent organisation using an anonymous questionnaire proposed to all employees, the participation rate was 82%. 97% of respondents said they were confident in the future and 93% that they were proud to work at Bouygues Immobilier. 83% thought they had the necessary resources at their disposal to perform high-quality work.


Following the 2011 survey (82% response rate), 93% of employees say they are proud to work at Bouygues Immobilier

In the framework of the survey, and for the first time, Bouygues Immobilier sought to establish a barometer to measure work-related stress. The average stress level is 6.5, consistent with the national average for private-sector firms in France (Ipsos Loyalty 2011 Red® survey). Bouygues Immobilier is also continuing to invest in giving its managers training in workplace stress prevention: 75% of respondents to the perception survey said that their line manager was attentive to the well-being of his or her team.

Bouygues Immobilier, a disability-friendly company

Some 46 volunteer employees were appointed disability officers in 2011, ensuring that there is at least one on all the company's sites.

These volunteers, in cooperation with human resources managers and with the support of the HR department's Disability taskforce, created in 2011, are responsible for facilitating in-house dialogue on issues such as the recognition of disability, the adaptation of workstations and the adjustment of working conditions for disabled people.

For the Solid'R Community Day, employee volunteers gave over 8,400 hours of their time to community projects

Another aspect of their assignment is to develop purchasing from companies in the sheltered sector, which rose by over 50%, from €253,000 in 2010 to €382,000 in 2011.

23 people recognised as having a disability were integrated into the workforce during the year.

Commitment to CSR

Solid'R: a high level of involvement among staff

With an 82% participation rate among Bouygues Immobilier employees, the first Solid'R corporate community action day on 8 April 2011 was the biggest community event ever organised by the Unis-Cité organisation in a French company. For one day, 1,200 employees got involved in grassroots projects alongside previously selected charities and associations. In partnership with Unis-Cité, 49 community associations and charities were identified for the event, enabling employees to take part in practical initiatives such as renovating premises, helping people with reduced mobility, leading workshops for people with Alzheimer's and cleaning up natural sites.

Médiaterre: reducing energy poverty

In 2011, the Bouygues Immobilier Corporate Foundation extended its support for the Médiaterre programme to five cities (Lille, Nantes, Bordeaux, Grenoble and Marseille). The programme, launched by Unis-Cité in 2010, aims to raise awareness of green behaviour among residents of disadvantaged neighbourhoods in order to help them reduce their energy bills, amongst other things. In 2011, families accompanied by Unis-Cité's volunteers reduced their electricity bills by an average of €12 a month, cut their water consumption by 3,000 litres a month (a saving of €9) and made five times fewer mistakes when sorting their domestic waste. A 70-m² space in one of the buildings in Bouygues Immobilier's Valnaturéal programme in Marseille was made available to Unis-Cité volunteers free of charge.

Creation of links between neighbourhoods

Support for neighbourhood residents is now an integral part of Bouygues Immobilier's major programmes. In 2011, in the Ginko programme in Bordeaux, Bouygues Immobilier's Corporate Foundation, in partnership with ADIE (Association pour le Droit à l'Initiative Economique), a French association promoting individual business initiatives, supported the creation of micro-businesses in the nearby Les Aubiers neighbourhood to encourage local urban integration. At Valnaturéal in Marseille, consultation with shopkeepers in nearby neighbourhoods helped to integrate new shops and businesses.

Reduce greenhouse gas emissions

Bouygues Immobilier's first comprehensive carbon balance

Continuing its efforts to reduce its greenhouse gas (GHG) emissions, in 2011 Bouygues Immobilier used its recently introduced an in-house reporting system to carry out the first comprehensive carbon balance of its activity. The scope included activities at the Issy-les-Moulineaux headquarters and at local branches and those related to residential and office projects. Comprehensive and transparent, the initiative was designed to give the company a cross-section view of the GHG emissions generated by all its activities.

> GHG emissions linked to the operation of the headquarters building and branches amounted to 13,067 tonnes CO_2 eq. per year. Identifying the sources that emit the most GHG will provide the basis for a reduction plan from 2012. A 7% increase in videoconferencing in 2011 in relation to 2010 (corresponding to almost 7,200 hours) produced a 21% decrease in the number of kilometres per employee for business travel by air and rail.

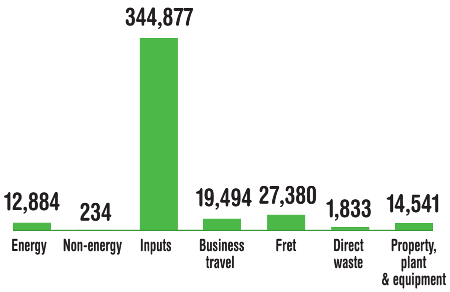
> Since 2010, Bouygues Immobilier has carried out a comprehensive carbon balance of its GHG emissions from all residential property projects and the main office building projects under construction. As well as identifying the sources that emit most GHGs (inputs: concrete and steel, freight), the initiative will help to locate and enhance best practice in order to reduce emissions.

> Bouygues Immobilier carried out more than 210 carbon balances in 2011 and is implementing the policy in its subsidiaries, carrying out a carbon balance of an Urbiparc office project and an Urbis residential programme.

GREENHOUSE GAS EMISSIONS IN 2011
(in tonnes CO_2 eq.)

Source: Bouygues Immobilier – 2011

Total: 421,243



Responsible purchasing

A signatory of the UN Global Compact and the Bouygues group Supplier CSR Charter, Bouygues Immobilier expects all its partners to commit to taking the necessary steps to preserve the environment and comply with rules relating to labour relations and working conditions. CSR clauses are included in contracts with suppliers and will become systematic in 2012 for all contractors working on worksites.

Tendering procedures use multicriteria analysis incorporating a CSR component. This analysis is backed up by a product-by-product assessment of health impacts, especially on air quality according to the materials used in a residential programme.

Bouygues Immobilier introduced a CSR assessment policy in 2009. Now, all industrial partners in the residential segment, especially those listed in nationwide catalogues, are assessed by EcoVadis on the basis of 21 criteria adapted to purchasing risks and challenges. In 2011, Bouygues Immobilier initiated a new approach to small businesses involved on worksites, in the form of a self-assessment questionnaire under the supervision of the tender manager. The questionnaire was drawn up within the Bouygues group.

CSR: Corporate Social Responsibility

Sustainable neighbourhoods: a new source of growth

In 2011, Bouygues Immobilier launched UrbanEra®, an innovative and pragmatic approach to sustainable urban planning. Drawing on its wide experience and long-standing commitment to sustainable innovation, Bouygues Immobilier has taken another step towards becoming a full-service urban operator by:

- inventing the standards of the future for office buildings, residential property and sustainable urban development,
- forging long-term partnerships with local authorities,
- creating the eco-system that supports the business model for these new concepts, including energy performance contracts, urban PPPs, etc.
- enhancing its property development business with urban services management.

With UrbanEra®, Bouygues Immobilier offers local authorities a comprehensive, tailored service package for a new generation of mixed-use, positive-energy sustainable neighbourhoods. It represents a commitment given to local authorities on the basis of measurable indicators and precise targets, defined in consultation with them, around seven pillars: urban energy efficiency, integrated water management, waste recovery and recycling, eco-design, eco-mobility, biodiversity and health, and local services.

Bouygues Immobilier is thus asserting its leading position in new spheres of innovation for the construction of cities that are balanced, adaptable, fluid, efficient, alive and smart.

Initial achievements

Proving that it provides an appropriate response to local authorities' needs, UrbanEra® has enabled Bouygues Immobilier to win three projects in 2011.

- Hikari in Lyon Confluence is a 12,660-m² mixed-use residential and commercial development that is self-sufficient in energy terms. With a design that incorporates pooled energy production and consumption, it will offer an energy saving of 60%. The project is being developed in partnership with leading Japanese players like Toshiba and NEDO, a Japanese government agency that supports new energy R&D. Environmental excellence is combined with exacting architectural standards, with particular attention being paid to the quality of life for residents. The buildings, designed by the Japanese architect Kengo Kuma, use glass, stone and wood to achieve an effect of lightness and transparency.
- Wacken in Strasbourg, involving the development of a 100,000-m² zone, will be France's first positive-energy neighbourhood. The aim is to strike a balance between energy production, consumption and storage in order to reduce consumption in the neighbourhood by 20-30% in partnership with Électricité de Strasbourg.
- A 12,000-m² mixed-use development at Châtenay-Malabry, near Paris, will be the first positive-energy neighbourhood in the Paris region. Designed by Atelier d'Architecture Brenac et Gonzalez, it is a forerunner of the sustainable neighbourhoods of the future.

At the same time IssyGrid®, the first neighbourhood smartgrid, will enable Bouygues Immobilier, from 2012, to demonstrate the feasibility of neighbourhood energy management. For the IssyGrid® project involving the Issy-les-Moulineaux municipality, major industrial firms have worked together to produce a model for energy production and management at neighbourhood level. The project provides Embix, a joint venture between Alstom, Bouygues Immobilier and ETDE, with its first full-scale opportunity to build a smartgrid.

For each UrbanEra® project, a technology consortium uniting all the necessary skills is formed, with Bouygues Immobilier at the hub, according to the specific requirements of the site. Economic partnerships and local or national industrial innovation platforms are established with specialists involved in future urban management.

UrbanEra® marks a transition in Bouygues Immobilier's business model. The new positioning clearly represents a source of growth for the company in the years to come.

Dialogue with stakeholders - Bouygues Immobilier

Stakeholders	Their expectations	Our responses	Forums and forms of dialogue
Customers	> Attentiveness > Competitive, high-quality products and services > Innovation > Respect for the environment > Ethical conduct	> Quality system with ISO 9001 and NF Logement certification > Environmental certification of programmes (H&E, HQE®, BBC-effinergie®, etc.)	> A personal customer adviser and a dedicated call centre > Regular contact while work is in progress until handover of the property (new customer support process in place since 2010) > Website > Customer satisfaction surveys
Partners Contractors Suppliers	> Loyalty > Fairness > Long-term relations	> Partnerships > Code of Ethics > Supplier CSR Charter > Assessment of suppliers' CSR performance	> Regular meetings with operators throughout the project > Management of relations with suppliers through an annual assessment and progress plans overseen by the group technical department > Assessment of contractors through quality reviews
Central government Local government Public bodies	> Dialogue and transparency > Long-term partnerships > Compliance with regulations > Environmental conservation > Ethical and responsible conduct	> Property development projects with environmental certification > Sustainable development projects and eco-neighbourhoods > Contribution to economic development and social integration in areas where the company operates (sustainable neighbourhoods)	> Participation in working groups to prepare draft laws and directives (e.g. joint coordination of Grenelle Building Plan strategic committee) > Grassroots dialogue between Bouygues Immobilier branches (regional divisions, branch managers) and local authorities
Associations Non-Governmental Organisations (NGOs)	> Dialogue and transparency > Long-term partnerships > Environmental conservation > Ethical and responsible conduct	> Corporate foundation > Observatorie de la Ville > Partnership with Unis-Cité > Solid'R community action day > Membership of the Global Compact	> Regular steering committee meetings for initiatives supported by the Bouygues Immobilier corporate foundation > Press releases, press conferences, breakfasts with bloggers, etc. > Website, social media (Twitter, Facebook, etc.)
Local residents	> Control and reduction of worksite impacts	> Arrangements for consultation, dialogue and information	> Consultation and information meetings with local residents > Information panels at worksites
Employees Trade unions	> Working conditions, health and safety > Listening and dialogue > Respect, labour and union rights > Fairness, diversity > Recognition of achievements, training	> Training > Annual assessments (skills ad performance) > Employee share ownership (Bouygues Partage and profit-sharing) > Fringe benefits > BI & Me programme: quality of life at work and prevention of workplace stress	> Health and safety committee, works council, elections of employee representatives > Internal communication: in-house magazine BIM, intranet site > Information meetings: day conference for managers, breakfasts with senior executives, intranet chat rooms > Employee perception survey
Industry bodies Scientific and academic community	> R&D and innovation > Pooling skills > Sharing knowledge	> Participation in green property working groups in industry federations > Participation in research projects with the CEA, Ines, CSTB, Afnor, Ademe, etc. > Co-founder of the specialist Master's course in sustainable construction and housing at Ensam and ESTP > Internships and work/study training courses > Conferences and courses in schools and universities	> Bouygues Immobilier employees elected to FPC national and regional executive committees > Innovation and sustainable development department within Bouygues Immobilier > Schools officer in the human relations department, participation in school careers fairs

Ademe: French environment and energy management agency - Afnor: French standardisation authority - BBC-effinergie: Maximum consumption for new residential buildings is 50 kWh pe/m²/year on average - CEA: French Atomic Energy Commission - CSR: Corporate Social Responsibility - CSTB: French building technology research centre - Ensam: Arts et Métiers ParisTech - ESTP: École Spéciale des Travaux Publics, du Bâtiment et de l'Industrie - FNTP: French national civil works federation - FPC: French property developers federation - Ines: French National Solar Energy Institute

CSR: challenges and key indicators

Aim	Indicator	Unit	2010	2011	Comments	2012 objectives
Promote green property as a driver of growth	Sales covered by an environmental certification scheme (H&E, HQE®, BBC-effinergie®)	%	89	94	> BBC-effinergie® low-energy certification for all residential programmes since July 2010 > BBC-effinergie® low-energy certification for the Farman office building in Paris	> Extend BBC-effinergie® low-energy certification for office buildings
	Housing units with BBC-effinergie® certification marketed	Number	6,000	11,150	> As a result of BBC-effinergie® certification for all residential programmes in France since July 2010 and excellent commercial results in the residential property segment in 2011, the number of housing units with BBC-effinergie® certification rose by 86% in 2011	> Validate the positive-energy building model in the residential property segment, with the delivery of two positive-energy programmes in Aix-en-Provence and Montreuil
	Surface area of positive-energy office buildings under construction or delivered during the year	m^2	23,000	23,000	> Delivery of the first Green Office® in Meudon, with BREEAM Excellent certification	> Develop more Green Office® buildings (two under construction in the Paris region)
Favour diversity within the company	Women as a proportion of all managerial staff	%	34.7	36.5	> 12% increase in three years in the number of women in managerial positions, in a growing workforce	> Continue action to favour gender equality
Step up commitments in the diversity policy	People with disabilities in the company (all types and lengths of contract)	Number	18	23	> Establishment of a network of 46 disability officers in regional branches > Nearly 400 employees given disability awareness-raising training through the Diversity & Performance learning game and workshops during Disability Week	> Continue to encourage the integration into the company of disabled people on all kinds of contracts. Target: 30 new recruits in three years (2011, 2012, 2013)
	Amount of purchases with the sheltered sector	€ '000	253	382	> Purchases from the sheltered sector rose 51% in 2011, boosted by the appointment of disability officers in regional branches	> Continue a proactive policy of supporting the sheltered sector
Improve the quality of life at work	Participation rate in the Well-being & Performance survey	%	67[a]	82	> The very high participation rate ensures that the results are representative. 92% of respondents said they were generally satisfied to work at Bouygues Immobilier	> Inform all employees of the results of the 2011 survey at local meetings. Roll out local and national action plans based on the results
Manage and enhance employees' skills	Employees receiving training during the year	%	78	70	> Despite an increase of close to 20% in spending on training and a rise in the number of older employees given training in 2011, these two indicators have fallen due to the high level of recruitment during the year and the focus on overhauling the integration session introduced in the last quarter	> Train all new recruits within the framework of the new integration programme within six months of their arrival
	Training per employee (average)	Number of days	2.4	2.1		
Reduce the environmental impact of business operations, including greenhouse gas emissions	Carbon balances of property development programmes	Number	149	210	> Completion of the first comprehensive carbon balance of all Bouygues Immobilier's business operations and programmes > Update of the software to systematically carry out carbon balances of all residential property programmes	> Expand the conduct of carbon balances in the commercial property segment and draw up a first plan to reduce greenhouse gas emissions
	Videoconferencing to limit travel	Number	6,734	7,195	> A 7% increase in videoconferencing was accompanied by a 21% reduction in business travel by air and rail (average kms per employee)	> Continue to use videoconferencing and mobile working tools to encourage distance working

Anru: French National Agency for Urban Regeneration - BBC-effinergie®: maximum consumption for new residential buildings is 50 kWh pe/m²/year on average – CSR: Corporate Social Responsibility - H&E: Habitat & Environment - HQE®: High Environmental Quality - n. a.: not applicable

(a) According to the previous survey in 2006

CSR: challenges and key indicators (continued)

Aim	Indicator	Unit	2010	2011	Comments	2012 objectives
Develop energy management at building and neighbourhood level	Housing units under construction equipped with panels to monitor energy consumption	Number	n. a.	491	> Equipment of housing units with tools to measure energy consumption	> Install tools to measure energy consumption in all new housing units in anticipation of 2012 Thermal Regulations (RT 2012) > Study the roll-out of energy management tools and energy coaching services
	Surface area of offices under construction, delivered or renovated during the year equipped with a system to measure and manage energy consumption	m^2	n. a.	23,000	> Development of SI@GO software to measure and manage energy consumption in office buildings > Roll-out of SI@GO and the first energy performance contract at Green Office® Meudon > Launch of IssyGrid® at Issy-les-Moulineaux (Paris region), the first smartgrid for energy production, management and storage at neighbourhood level	> Roll out SI@GO energy management software in commercial property projects – new buildings and renovation projects – in France
Develop sustainable neighbourhoods	Surface area of sustainable neighbourhoods planned, under construction or completed	Net floor area in m^2	328,264	560,924	> Four sustainable neighbourhoods are currently under construction: Ginko in Bordeaux, Valnaturéal in Marseille, Fort d'Issy near Paris and Roquebrune Cap Martin in the south of France, which won an innovation award from the Ministry of Ecology, Sustainable Development, Transport and Housing in the Environmental Performance category of the 2011 national eco-neighbourhood awards > Launch of UrbanEra® in 2011 and the first three contracts: - Hikari in Lyon Confluence: first mixed-use positive-energy city block - Wacken in Strasbourg: first positive-energy neighbourhood - Châtenay-Malabry: mixed-use positive-energy development in the Paris region	> Complete the sustainable neighbourhoods now under way and develop new UrbanEra® projects
Encourage first-time buyers and help to increase the amount of social rental housing	Housing units reserved by first-time buyers	%	19	20	> Three-quarters of owner-occupiers are now first-time buyers > Over 2,500 units have been marketed in Anru urban regeneration zones	> Develop apartments and detached houses for first-time buyers
	Housing units sold to social landlords	Number	2,931	3,421	> The number of housing units sold to social landlords increased by 17% in response to constantly growing demand for social housing	> Continue to develop our partnerships with social landlords
Implement an active sponsorship policy in architecture, sustainable development and community action	Budget devoted to sponsorship and community action	€ '000	816	1,330[a]	> Organisation of the biggest corporate community action day in France, mobilising over 1,200 employees (82% of the workforce) alongside 49 community charities and associations, in partnership with Unis-Cité	> Develop urban community actions within the Bouygues Immobilier Corporate Foundation
Encourage partners and suppliers to adopt a CSR approach	Suppliers undergoing an EcoVadis assessment of their CSR policy	Number	39	67	> All approved suppliers[b] (Bouygues Immobilier purchases from manufacturers) have undergone an EcoVadis assessment of their CSR policy	> Use an in-house questionnaire to extend CSR assessments to contractors operating on worksites

(a) Incl. the value of employees' voluntary work (not counted in the sponsorship table in The Group section) (b) Aggregate of tier-one and tier-two suppliers

Extra-financial indicators at 31 December

Family	Indicator	Scope	Unit	2009	2010	2011	Reporting framework
Quality	ISO 9001 certified book sales	France and Europe	%	96.2	91.5	94.2	GRI 3.2 ISO 26000 6.7
Environmental Management System (EMS)	Book sales covered by an environmental certification scheme (H&E, HQE®, BBC-effinergie®)		%	85.9	89.1	93.7	GRI 3.2 ISO 26000 6.4
Women	Women in managerial positions	France and Europe	%	33.1	34.7	36.5	GRI LA13 ISO 26000 6.4
	Women in senior management positions		%	20.9	23.5	26.9	
Disability	Disabled people recruited (all types of contract)	France	Number	5	18	23	GRI LA13 ISO 26000 6.3
	Sales with the adapted and sheltered sector		€ '000	224	253	382	GRI LA13 ISO 26000 6.6
Training	Employees given training	France and Europe	%	71	78	70	GRI LA10 ISO 26000 6.4
	Days of training per employee		Number (average)	2.0	2.4	2.1	Internal ISO 26000 6.4
	Proportion of annual payroll spent on training		%	1.9	2.0	2.2	
Labour relations	Collective bargaining agreements in force	France	Number	6	12	14	GRI LA14 ISO 26000 6.4
	Participation in most recent works council elections		%	75.6	76.2	76.2	
Quality of life at work	Absenteeism	France	%	2.4	2.1	3.1	GRI LA7 ISO 26000 6.4
Older workers	Employees aged 55 and over	France and Europe	Number	105	121	130	GRI LA13 ISO 26000 6.3
	Employees aged 50 and over given training during the year		Number	109	127	142	GRI LA11 ISO 26000 6.4
Sponsorship and community action	Expenditure	France	€ '000	499	816	1,330	GRI SO1 ISO 26000 6.8
Energy	Direct electricity consumption	France (consumption billed only)	kWh per employee	3,564	2,411	2,912	GRI EN3 ISO 26000 6.5
Water	Water consumption per employee	Headquarters	m^3 per employee	13.6	9.1	7.4	GRI EN8 ISO 26000 6.5
CO_2	Average emissions of company vehicles	France	g CO_2 per km	133	134	123	GRI EN29 ISO 26000 6.5

BBC: Low-energy building - H&E: Habitat & Environment - HQE®: High Environmental Quality

The world's leading roadbuilder

With operations in 50 countries, **Colas** is a leader in transport infrastructure construction and maintenance. The group also spans the full range of upstream industrial activities relating to its lines of business.

Lowering the A29 motorway near Licourt, northern France

Key figures

2011 sales
€12,412m
(+6%)

Current operating margin
3.8%
(+0.7 points)

Net profit att. to the Group
€336m
(+50%)

Order book
€6.5bn
(+5%)

Employees
62,886

Target

2012 sales
€12,500m (+1%)

Highlights

A63 motorway (France):
> Concession and start of works.

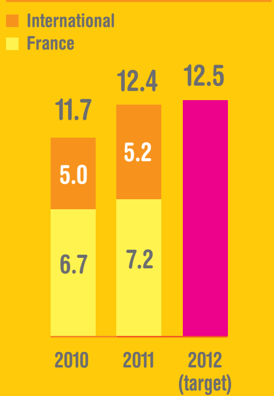
PPP* road contracts in France:
> Vichy bypass.
> Plessis-Robinson roads and street lighting.

Other major contracts:
> Highways in Canada.
> Airport in Mauritius.
> Tramways in Tours, Dijon, Besançon (France) and Casablanca (Morocco).
> Metros in Caracas (Venezuela) and Kuala Lumpur (Malaysia).
> Railway maintenance in the UK.

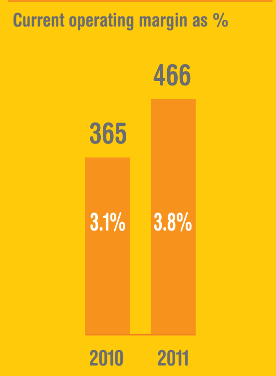
Acquisition of a 50% stake in Gamma Materials Ltd (Mauritius).

(*) Public-Private Partnership

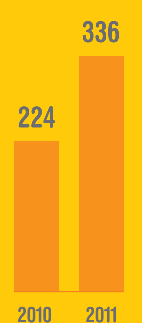
SALES
€ billion



CURRENT OPERATING PROFIT (€ million)

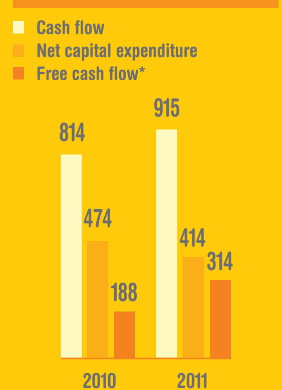


NET PROFIT*
€ million



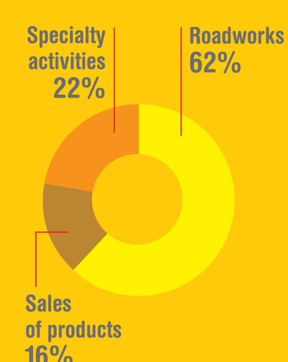
(*) Attributable to the Group

CASH FLOW
€ million

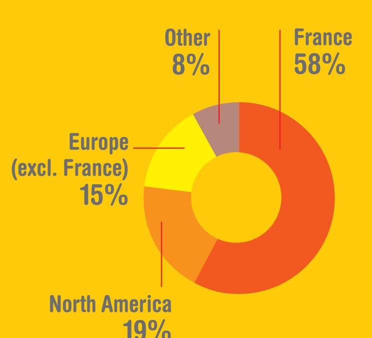


(*) Before change in working capital requirement

SALES BY SEGMENT



SALES BY REGION



Condensed balance sheet at 31 December

(€ million)	2010	2011
ASSETS		
• Property, plant and equipment and intangible assets	2,525	2,614
• Goodwill	445	450
• Non-current financial assets and taxes	734	817
NON-CURRENT ASSETS	3,704	3,881
• Current assets	3,548	3,910
• Cash and cash equivalents	411	446
• Financial instruments*	13	18
CURRENT ASSETS	3,972	4,374
TOTAL ASSETS	7,676	8,255
LIABILITIES AND SHAREHOLDERS' EQUITY		
• Shareholders' equity attributable to the Group	2,345	2,494
• Minority interests	30	34
SHAREHOLDERS' EQUITY	2,375	2,528
• Non-current debt	200	242
• Non-current provisions	750	750
• Other non-current liabilities	95	110
NON-CURRENT LIABILITIES	1,045	1,102
• Current debt	50	48
• Current liabilities	3,975	4,431
• Overdrafts and short-term bank borrowings	209	114
• Financial instruments*	22	32
CURRENT LIABILITIES	4,256	4,625
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,676	8,255
Net surplus cash	(57)	28

(*) Fair value hedges of financial liabilities

Condensed income statement

(€ million)	2010	2011
SALES	11,661	12,412
• Net depreciation and amortisation expense	(470)	(461)
• Net charges to provisions and impairment losses	(173)	(114)
• Other income and expenses	(10,653)	(11,371)
CURRENT OPERATING PROFIT	365	466
• Other operating income and expenses	(52)	-
OPERATING PROFIT	313	466
• Coût de l'endettement financier net	(30)	(24)
• Other financial income and expenses	(7)	3
• Income tax expense	(122)	(163)
• Share of profits and losses of associates	69	59
NET PROFIT	223	341
• Minority interests	1	(5)
CONSOLIDATED NET PROFIT (attributable to the Group)	224	336

Outlook for 2012

The order book at end-December 2011 stood at €6.5 billion, 5% higher than at the end of 2010. The high level of orders provides a solid foundation for 2012.

Another plus factor is the provisional award of the PPP contract for the Nimes-Montpellier high-speed rail bypass to a consortium which includes Colas.

However, trends on the many markets on which Colas operates are difficult to predict. In France, major projects are getting under way or starting up and there is no shortage of other projects. The uncertainty arises from local authorities' difficulty in financing them. North American subsidiaries should continue to benefit from markets that are either buoyant (Canada) or resilient (United States), sustained by a recovery, albeit modest, in the US economy. The outlook for business in Western Europe seems stable and the aim of approaching the break-even point in Central Europe has been maintained. Business is likely to remain steady in Africa and the Indian Ocean region and buoyant in Asia and Australia.

Against a background of economic uncertainty, extreme vigilance will be the strategic watchword for all Colas' senior managers, with profitability being favoured over volume. Colas has many advantages, not least the extensive geographical scope of its operations.

On the basis of available information, an initial sales target of €12.5 billion for 2012 has been set.

Alexandra Vajsman, R&D engineer

COLAS PROFILE

A leader in transport infrastructure construction and maintenance

With 800 profit centres and 1,400 materials production units in 50 countries around the world, Colas operates in all areas of transport infrastructure construction and maintenance, from roads, road safety and signalling to waterproofing, civil engineering, railways, pipes and mains, services and concessions.

Employing almost 63,000 people and completing around 110,000 projects worldwide each year, Colas reported consolidated sales of €12.4 billion in 2011. International operations accounted for 42% of the total and roads for almost 80%. With an international network of 680 quarries and gravel pits, 140 emulsion plants, 580 asphalt plants and two bitumen production plants, Colas spans all production and recycling activities relating to its businesses (aggregates, asphalt mixes, ready-mix concrete, binders and emulsions, bitumen, waterproofing membranes, road safety equipment, etc.).

Activities

Colas' **roads** business is highly diversified, covering both large-scale and smaller-scale projects and spanning a wide range of skills and know-how. It involves the construction and maintenance of transport, urban and leisure infrastructure and amenities (motorways, national and local road networks, airports, seaports, railway hubs, reserved-lane public transport, etc.) and civil engineering projects, including complex structures in some countries. Upstream, the group produces and recycles aggregates and makes roadbuilding materials such as asphalt mixes, binders, emulsions, ready-mix concrete and bitumen, for its own use or for sale. The roads business is highly seasonal, both in France and elsewhere, although the seasonal influence is more marked in some countries than others.

Colas has a number of **specialty activities** to complement its roadbuilding activities. **Road safety and signalling** comprises the manufacture, installation and maintenance of safety equipment, road marking, lights and traffic/access management systems. The **pipes and mains** business includes the laying and maintenance of large- and small-diameter pipes for transporting fluids (oil, gas, water). **Waterproofing** comprises the production and sale of waterproofing membranes, the waterproofing of roadways and the waterproofing, cladding and roofing of buildings. The **railways** activity comprises the design and engineering of complex, large-scale projects, the construction, renewal and maintenance of rail networks (including high-speed and conventional lines, tramways and metros), electrification, signalling, specific works and a rail freight business. **Building** comprises construction, rehabilitation, deconstruction and demolition. Colas also **produces and sells refined oil products** (bitumen, oils, waxes, paraffins and special fuel oils).

Market position

In **France,** Colas leads the field in roadbuilding[1] and railways and is in second place for waterproofing and in third place for the production of aggregates. On roadbuilding and civil engineering markets, Colas subsidiaries are in competition with Eurovia (Vinci group), Eiffage TP (Eiffage group), NGE, large regional firms and 1,600 small and medium-sized regional and local firms. Cement makers like Lafarge, Cemex and Ciments Français are competitors on the aggregates and ready-mix concrete markets. The specialty subsidiaries compete with the specialist units of French and international construction firms, plus a host of specialist French and foreign firms of all sizes.

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.

Strategy

Colas' strategy of profitable and controlled long-term growth, incorporating a sustainable development approach, remains unchanged. It is based on a number of priorities:

- strengthening and extending a network of profit centres in France and around the world in order to establish and consolidate long-term leading positions on local markets through the right mix of local businesses and geographical coverage and to achieve a degree of geographical diversification that helps to spread risk;
- controlling supplies of the materials and resources it needs for its activities (aggregates and bitumen) in a process of optimised industrial integration that will increase security of supply, generate more value-added, improve competitiveness and allow quality control of products and materials;
- extending its core roadbuilding business to complementary and adjacent activities in terms of the type of business and customers, enhancing the range of products and services offered to customers, developing synergies and gaining

A Glossary can be found in the *Additional Information* section of this document.
(1) Le Moniteur ranking

a foothold in new markets with bright prospects for the future, such as railways;

- developing end-to-end services, such as Public-Private Partnerships, concession projects and network management, that incorporate all Colas' technical skills from analysis and specification to financing, design, construction and maintenance;
- building major projects that are complementary to the traditional core business so that the company can serve its customers better;
- developing an extended and innovative range of products and services that meet sustainable development needs.

Strengths and opportunities

Colas has a number of strengths on which to build its growth:

- a **network of over 800 profit centres and 1,400 materials production units** in 50 countries around the world, some of them dating back over a hundred years;
- a **decentralised organisation** with strong local roots that is flexible, responsive and adapted to market needs;
- a group that has grown up around a **strong core business,** namely the construction and maintenance of transport and other infrastructure, especially roads, covering all aspects and components;
- a **wealth of collective intelligence,** with values and a passion shaped by a long common history shared by nearly 63,000 employees, handed down from one generation to the next and enhanced by an appropriate human resources policy;
- **technical and innovation skills** developed by an extensive international network of 2,000 researchers and technicians, 45% of them in France, who work in close synergy with operational staff. The network comprises a Campus for Science and Technology (CST), the road industry's first and largest private research centre, about 50 laboratories with some 1,000 staff and 100 engineering consultancies with a further 1,000 employees. With a portfolio of over 130 patents, Colas has pioneered new road technologies adapted to the different requirements of local markets, guided at all times by an overriding concern for quality, safety, environmental protection (energy efficiency, reduced greenhouse gas emissions, reduced materials consumption) and cost;
- **vertical integration upstream** and a policy of controlling supplies of materials such as aggregates, binders, asphalt mixes, ready-mix concrete, bitumen, waterproofing membranes and road safety equipment;
- a capacity to **meet all transport infrastructure needs,** whether new construction or maintenance, major projects or small local contracts, through local operations and the capacity to mobilise the entire Colas group.

Opportunities for growth include:

- **mobility** (roads, railways, public transport, airports) and an **improved living environment** (urbanisation), which will require responses worldwide;
- **complex projects** which offer an effective response to such needs, by optimising them, and to financing constraints. Colas has acknowledged expertise in concessions, PPP, PFI, MAC and other forms of long-term maintenance contract, both in France and around the world. Examples include the Rheims tramway concession, a concession for a section of the A63 motorway in France, the Vichy bypass PPP, a roads and street lighting PPP in Plessis-Robinson, near Paris, the Portsmouth PFI and MAC road and rail maintenance contracts in the UK, network management in Canada and the M6-M60 motorway PPP in Hungary;
- **network maintenance,** an area that is likely to become more important than new construction in many countries, and for which Colas has acknowledged skills and an appropriate organisational structure;
- **sustainable development products and services** incorporating innovations in areas such as environmental conservation, health and safety and CSR.

PPP: Public-Private Partnership - PFI: Private Finance Initiative - MAC: Managing Agent Contractors (UK)

BUSINESS ACTIVITY AND SUSTAINABLE DEVELOPMENT IN 2011

A year of adaptation and transformation

Colas turned in a solid performance in 2011, in a relatively unfavourable global economic environment.

Sales at end-December 2011 amounted to €12.4 billion, 6.4% up on 2010 (5.1% like-for-like and at comparable exchange rates).

The sales performance differed from one region to another. Sales rose in mainland France, North America, Asia, Australia and Northern Europe, dipped in Africa, the Indian Ocean region, North Africa and the French overseas *départements* and fell more sharply in Central Europe.

Current operating profit rose 28% to €466 million at end-December 2011, compared with €365 million a year earlier, as a result of factors including (i) a strategy of favouring margins over volume, (ii) the many measures to adapt and move forward taken not only in Central Europe (where the current operating profit improved by €78 million) but also in French overseas *départements,* mainland France and all Colas profit centres, and (iii) the pursuit of targeted growth. In the absence of non-current charges, operating profit rose 49% to €466 million, compared with €313 million at end-December 2010.

Net profit attributable to the Group amounted to €336 million, 50% up on the previous year's figure of €224 million.

Colas confirmed its very robust financial structure, with net cash of €28 million at end-December 2011, compared with net debt of €57 million at end-December 2010, and shareholders' equity (attributable to the Group) of €2.5 billion.

Colas performed well in terms of commercial activity in 2011. While sales rose by 6.4% over the year, a good order intake boosted the order book by 5% to €6.5 billion at end-December 2011, with orders rising both in France (4%) and on international markets (7%).

France

Consolidated sales in France rose 8% on 2010 to €7.2 billion.

Mainland France

The roads market remained stable by volume in relation to 2010, sustained by roadworks linked to the many reserved-lane public transport projects, although there were very considerable differences in capital spending by local authorities, especially between rural areas and urban centres, small communes and major conurbations.

The 16 regional **roads subsidiaries** reported a 9% rise in sales on 2010, with higher construction costs, especially for energy, bitumen and other raw materials, accounting for about 5%. Business was boosted by particularly fine weather throughout the year. A number of contracts were obtained for complex projects such as the A63 motorway concession in south-western France, the Vichy bypass PPP and a roads and street lighting PPP in Plessis-Robinson, near Paris. Price levels, pushed down by fierce competitive pressure, seem to have bottomed out in 2011. Subsidiaries continued their efforts to adapt, rationalise and cut costs in order to become more competitive and responsive to conditions on their regional and local markets. Technologies, products and processes developed to favour sustainable development made progress: recycled pavement as a proportion of sales of asphalt mixes produced by Colas rose from 7% in 2010 to 9% in 2011 (scope: mainland France). Warm asphalt mixes as a proportion of all asphalt mixes produced by Colas in mainland France remained stable at 4%.

Safety and signalling subsidiaries reported a 5% rise in sales[1] on 2010, in a market characterised by declining volumes and rising raw materials prices. Evesa, a consortium which includes Aximum, concluded a ten-year street lighting Energy Performance Contract with the City of Paris.

Sales in the **pipes and mains** segment fell 5% on 2010, reflecting a decline in the core business of laying pipelines in mainland France.

Waterproofing subsidiaries reported a 13% rise in sales[1] following an upturn in the construction market in the first six months and particularly favourable weather in the early part of the year, despite a downturn in the last quarter and a sharp fall in business related to the installation of photovoltaic panels.

Railway subsidiaries reported a 7% increase in sales[1] on 2010, in a very buoyant but highly competitive French market boosted by the construction of new tramway lines and the renovation or maintenance of track in France. The freight business continued to grow.

SRD in Dunkirk produced 260,000 tonnes of bitumen, 270,000 of base oils, 360,000 tonnes of fuel oil and 55,000 tonnes of paraffin from 950,000 tonnes of crude oil. Colas distributed 60% of production. Sales[1] of **refined products** (excl. bitumen) amounted to €300 million[1] compared with €150 million in 2010, reflecting a full year's activity (only six months in 2010).

French overseas *départements*

Sales in French overseas *départements* were 3% lower than in 2010.

On Reunion Island, sales levelled off after falling for two years as the building market started to pick up again. Business in Mayotte was hard hit by a wave of strikes that paralysed the island in October and November. Warm asphalt mixes are now used for most pavement projects.

The market in the French West Indies remained sluggish, although there was a slight upturn in public-sector spending on road maintenance in Martinique and some site development work linked to residential property projects in Guadeloupe in the second half of the year. Adaptation measures were continued. Sales contracted in French Guiana following the completion of some major projects.

International markets and French overseas territories

Sales on international markets and in French overseas territories amounted to €5.2 billion, an increase of 4% on 2010 (3% like-for-like and at comparable exchange rates).

En Europe

Sales in Europe (excluding France) amounted to €1.9 billion, stable in relation to 2010.

Sales in **Northern Europe** rose 10% (1% excluding sales of refined products), with business in Belgium and Switzerland offsetting the effects of spending cuts in Ireland and the UK.

In the **UK,** in a difficult environment marked by the introduction of an austerity programme, the roads subsidiary Colas Ltd reported a high level of sales, albeit slightly lower than in 2010, supported by a business mix that combines MAC long-term road and motorway network management and maintenance contracts with a strong materials production activity and an expanding airport runway maintenance business. The Portsmouth PFI is continuing to the satisfaction of both customers and users. Sales in **Belgium** rose significantly on the back of a public spending programme to repair the road network, which had deteriorated as a result of harsh winters in 2009 and 2010. Sales in **Switzerland** remained at the same high level, driven by ongoing road, motorway and railway projects. Sales rose in **Denmark** and remained stable vs. 2010 in **Ireland.**

Sales in **Central Europe** fell by 17% on 2010, representing a 57% drop in three years. The decline is due to an across-the-board reduction in public spending, especially in **Hungary,** the **Czech Republic** and **Slovakia,** though not in **Poland,** and a policy of favouring profitability over volume in a context of fierce competitive pressure. Within that strategy, subsidiaries are continuing to take measures to adapt to the market situation. In **Romania,** Colas decided to terminate the contract for a section of the A2 motorway between Cernavoda and Constanta because of contractual issues that made it impossible to carry out the work under normal conditions. The disposal of SCCF Iasi was concluded in late 2011 and submitted to the Romanian competition authorities for approval. In **Croatia,** Colas acquired the remaining capital of its subsidiary Cesta Varazdin.

Sustainable development technologies continued to make headway. A number of asphalting projects using plant-based binders were carried out in Belgium, Switzerland and the UK. Significant strides were made with noise-reducing surfaces in Switzerland, Denmark and Poland, while cold recycling techniques made progress in Switzerland.

North America

Sales amounted to €2.36 billion, up 7% on 2010 (8.5% like-for-like and at constant exchange rates).

In the **United States,** in a tougher environment, subsidiaries achieved higher sales than in the previous year, partly due to the full-year consolidation of two acquisitions in 2010. The first-half deceleration in activity due to particularly adverse weather conditions was caught up in the second half of the year. Subsidiaries performed well, particularly in their ongoing efforts to improve organisational structures, control operating costs, promote inexpensive road maintenance techniques, diversify their business activities (civil engineering) and customer base, source bitumen supplies from a network of depots and set up a structure devoted to complex, PPP-type projects.

In **Canada,** despite adverse weather conditions in the first half of the year, sales grew strongly

PPP: Public-Private Partnership - PFI: Private Finance Initiative - MAC: Managing Agent Contractors (UK)
(1) Incl. international activity

as a result of an ongoing programme to upgrade infrastructure in Quebec, a recovery in private investment in the west of the country driven by the mining sector and the energy sector in Alberta, and acquisitions in Quebec and British Columbia. Thanks to the quality of its extensive network of contractors and its vertically-integrated business model, ColasCanada completed another good year in a buoyant economy.

In the United States, warm asphalt mixes accounted for 32% of output in 2011, compared with 14% in 2010, and aggregates from recycled pavement for 20%, compared with 22% in 2010. In Canada, the use of warm asphalt mixes and cold in-place recycling of aggregates is continuing to grow.

Rest of the world

Sales fell slightly in **Morocco,** in a context of lower levels of activity and fierce competition, in **West Africa** (Benin, Togo and Gabon) and in the **Indian Ocean region,** with the exception of Mauritius, where the market remained buoyant and Colas took a 50% stake in Gamma Materials Ltd, a company that produces construction materials. In **New Caledonia,** activity continued to benefit from a vigorous economy in the North province. In **Asia,** where Colas operates in eight countries and focuses on the production, distribution and sale of bitumen products, all units reported an increase in sales on 2010 in a shrinking bitumen market. Subsidiaries in **Australia** reported strong sales growth.

Warm asphalt mixes continued to make progress in the Indian Ocean region and were used in over 25% of surfacing projects in Mayotte. In Asia, in-place recycling is continuing to increase in Thailand.

Projects

112,300 projects were completed in nearly 50 countries in 2011.

France

> Lowering of a 1.2-km section of the A29 motorway to allow for the crossing of the future Seine-Nord Europe canal and construction of a temporary section of motorway; resurfacing of sections of the A11, A23, A36 and A48 motorways and construction of the Montluçon, Fleuré and Chanos-Curson bypasses using recycled pavement; maintenance of sections of the RD388 and local roads in south-western France using warm asphalt mixes.

> Upgrade of city entrance roads in Lyon, Marseille and Saint-Brieuc; creation of carriageways for the Toulon tunnel; development of access roads to the future Lille Stadium using recycled warm asphalt mixes and noise-reducing, skid-resistant surfaces, with people in integration schemes being hired to work on the project.

> Continuation of construction work on the T1, T2, T3, T5 and T6 tramway lines in the Paris region, including the hiring of people in integration schemes. Start of construction work on the Tours tramway using warm asphalt mixes. Laying of track for tramway lines in Dijon and Lyon.

> Installation of sound barriers on the A31 motorway.

> Construction of the Hauterives and Beynes gas storage plants as turnkey EPCC projects.

> Night-time resurfacing of platforms on lines 1 and 13 of the Paris metro using low-temperature asphalt, with specific measures being taken to protect workers and the environment.

> Waterproofing, cladding and roofing of the buildings of the Georges-Frêche secondary school in Montpellier.

> Provision of 90,000 m^2 of Coletanche® waterproofing membranes for a mining project in Chile.

> Closed-line turnkey upgrading of the Siorac-Sarlat and Bergerac-Sauveboeuf railway lines.

> Start of work on the Majicavo prison in Mayotte, a design-build project.

International

> Refurbishment of the main runway at Manchester airport and the relaying of track under multiyear MAC contracts and a MAFA maintenance contract in the south-west of England.

> Resurfacing of the E34 motorway in Belgium.

> Construction of a section of the new tramway line in Geneva, Switzerland.

> Construction of sections of the M3 and M0 motorways in Hungary, a section of the D3 motorway in the Czech Republic and the Poznan motorway bypass in Poland.

> Resurfacing of Interstates 90 in Wyoming and 26 in South Carolina; resurfacing of the runway at Anchorage airport in Alaska (United States).

> Construction of Highway 85 on the Trans Canada Highway and Highway 73 in Quebec; construction of an intermodal rail logistics hub at Calgary in Alberta (Canada).

> Earthworks for the Tangiers-Kénitra high-speed rail link and construction of a 9-km section of the Casablanca tramway in Morocco.

> Extension of the runway at Port-Gentil airport in Gabon.

Building tramway infrastructure in Angers, western France

EPCC: Engineering, Procurement, Construction and Commissioning - MAC: Managing Agent Contractors (UK) - MAFA: Multi Asset Framework Agreement

- Construction of the Port-Louis bypass and extension of the airport runway in Mauritius.
- Construction of the new Los Teques metro line in Venezuela.
- Construction of the extension of the Kuala Lumpur light railway in Malaysia.

Production and recycling of construction materials

Total output of aggregates amounted to 101 million tonnes in 2011, compared with 102 million in 2010, from 680 quarries and gravel pits spanning the full range of the group's operations.

Colas either directly owns or has rights to reserves totalling 2.7 billion tonnes, equivalent to 25 years' production. Colas also produced 47 million tonnes of asphalt mixes (the same as in 2010) from 580 asphalt plants. The average rate for recycling bituminous asphalt mixes exceeded 12%.

1.6 million tonnes of emulsions and binders were produced from 140 emulsion plants, making Colas the world's leading producer, and 560,000 tonnes of bitumen were also produced.

Sustainable development

Colas' sustainable development policy (see www.colas.com) is founded on the conviction that its businesses can and must behave responsibly in helping to meet essential needs and aspirations. The policy must be able to embrace the issues and contradictions of contemporary life, such as social cohesion, climate change, travel needs and better quality of life.

In order to set this policy on a firm foundation, Colas has mapped the interactions between its stakeholders (see table). Three main conclusions may be drawn:

- its teams on the ground play a key role for Colas' image in society;
- environmental issues are central to Colas' reputation in society;
- customers are a major local opinion-shaping force in Colas' dialogue with civil society.

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

- The three strategic challenges are of crucial importance for the development of Colas, which has real freedom of action and initiative in each area. They are: (1) renewing and enhancing human resources, (2) securing acceptance of production sites, and (3) business ethics.
- The five additional challenges are safety, social responsibility in southern hemisphere countries, energy and greenhouse gases, recycling and chemical hazards. Colas does not always have the same freedom of action in these areas even though some, like energy, are equally important. This ranking of priorities reflects a maturing of Colas' approach to sustainable development issues over the last ten years or so. It does not precisely match the thematic organisation of the ISO 26000 standard, though there are correspondences with the standard's seven topics and two practices.

A policy for progress has been drawn up for each of these challenges and is coordinated at every level of the company. Most indicators and targets are defined at global level. The aim of the policy is to secure long-term improvements on the ground, at the heart of the Colas network.

The policy was given an AA+ rating in 2010 by the extra-financial rating agency BMJ, which specialises in assessing sustainability and corporate social responsibility. Bearing witness to support from within the workforce, Colas branches and subsidiaries also carry out a wide range of actions according to their local context.

This policy of taking ownership of CSR at all levels of the company thus enhances and transforms the entire vision of Colas' businesses.

Few issues in the dialogue with non-contractual stakeholders call for a global policy, though discussions constantly take place at local level with local residents, authorities, schools and universities, players in the social sector, etc.

Colas maintains a strong grassroots presence within its global network and conducts local dialogue with stakeholders.[1] At global level, it is still difficult to identify key groupwide issues that would justify dialogue with global (i.e. international) stakeholders. Only the issue of bitumen fumes has so far seemed relevant at this level and Colas has greatly contributed to discussions with customers, scientists, employees, labour authorities and occupational health bodies.[2] In order to enhance discussions, Colas takes part in forums, commissions and strategic committees bringing together stakeholders in other institutions, such as CORE (Research and Expertise Guidance Committee) at Ineris, the French environmental safety institute, the Strategic Guidance Council (COS) at FRB, the French Biodiversity Research Foundation, and the Environment and CSR Strategic Committee at Afnor, the French standards body. Colas also seeks to make its sponsorship[3] actions increasingly meaningful.

Issues in the dialogue with stakeholders

Stakeholders	Customers	Human resources	Civil society	Environment and audit bodies	Suppliers	Shareholders
Customers	n.m.	● Average risk	● Major impact	● Important impact	● Low risk	● Average risk
Human resources	● Major impact	n.m.	● Strategic issue	● Strategic issue	● Major impact	● Average risk
Civil society	● Average risk	● Low risk	n.m.	● Major impact	● Low risk	● Average risk
Environment and audit bodies	● Average risk	● Low risk	● Strategic issue	n.m.	● Average risk	● Low risk
Suppliers	● Low risk	● Low risk	● Average risk	● Average risk	n.m.	● Low risk
Shareholders	● Average risk	● Average risk	● Major impact	● Low risk	● Important impact	n.m.

● Strategic issue ● Major impact ● Important impact ● Average risk ● Low risk n.m. : non-meaningful

Sustainable development organisation

In 2011, Colas' Environment department was tasked with a more cross-disciplinary responsible development mission. In that context it engages in dialogue with other support and operating units to analyse and verify the results of reporting, prepare a detailed synthesis for line managers at the 67 lead entities (subsidiaries or country divisions) responsible for the first level of internal control,

CSR: Corporate Social Responsibility

(1) See the section on the acceptance of production sites and the related local dialogue indicator (2) See Chemical hazards and Business-specific risks (3) See Dialogue with civil society section

IN THEIR OWN WORDS

Vincent Laflèche, Director General of Ineris

"Ineris recently strengthened its governance by creating a Research and Expertise Guidance Committee (CORE) as an offshoot of its Scientific Council. Committee members include elected officials, trade unions, NGOs and representatives of the business and academic communities and government. The committee helps to define Ineris' programmes of work, and I particularly appreciate Colas' commitment and assiduity. The committee enables Ineris to discuss issues more widely upstream. It helps us to ensure that we are in tune with what society expects and encourages a climate of trust and attentiveness when we present our results. Colas' involvement also provides an opportunity for elected officials and NGOs to better understand – and in some cases find out about – the viewpoints, questions and expectations of industry representatives, and vice versa. It lays the foundations for developing relations of trust that are essential where risk is concerned."

and renew and update action plans. Specific objectives and more precisely targeted feedback are defined with some of them. Operating managers are backed up by managers responsible for occupational safety, energy, environment, quality, health, diversity, road safety, etc. in accordance with Colas' decentralised organisation. The organisational challenge is to strike a balance between contributions from staff and the necessary coherence ensured by senior management. In 2011, consideration was given to the vitality and renewal of formal quality management systems.

Reporting software was rolled out worldwide in 2010 to unify all indicators throughout the 770 legal entities represented in Colas' extra-financial reporting software. 2011 was dominated by improvements in the use of the software, which precisely defines the indicators:[1]

> minority interests are taken into account,

> the reliability of figures was improved with a view to their subsequent certification,

> new indicators were added (alternative transport, biodiversity, etc.) and their reliability is being verified.

Colas' three strategic challenges

Renewing and enhancing human resources[2]

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

Recruitment

Colas continued to recruit in 2011, hiring over 5,700 new employees (4,500 in 2010), including nearly 3,000 in mainland France. The recruitment policy is backed up by communication campaigns, regular contact with educational institutions at all levels in the countries where Colas operates, and tracking tools currently being implemented in the human resources information system. People often join Colas after initial experience with the company, as interns (2,136 in 2011, 488 of them outside France; the equivalent figures for 2010 were 2,260 and 275), on work/study contracts at all levels of qualification (559, compared with 380 in 2010) or on temporary contracts. This enables the company and the potential candidate to get to know and assess each other before entering into a more permanent relationship.

Workforce

The total headcount fell by 3.9% in 2011. Staff mobility and the synergies achieved in recent years, together with the signing of several major contracts, enabled structures to adapt in order to keep downsizing to a minimum.

In France, Aximum is implementing a job-saving plan in its electronic products division. Following the transfer of 37 jobs from one site to another, seven employees agreed to move. The remainder were offered other jobs in the Colas group.

In Central Europe, ongoing organisational adaptation measures due to a further decline in business resulted in 997 redundancies (131 in Croatia, 211 in Hungary, 30 in the Czech Republic, 606 in Romania and 19 in Slovakia). In Romania, 80 employees were redeployed within the Colas group. The sale of SCCF Iasi to a local firm, concluded in late 2011, included a guarantee to keep staff.

In Benin and Togo, following a sharp fall in activity, Colas introduced support measures for a redundancy plan involving 42 employees, going further than statutory requirements.

Diversity

Diversity is a key priority for progress. The action plan launched in 2010 was continued and extended. Initiatives included brochures, poster campaigns, the appointment of diversity officers in subsidiaries and training for managers.

> **Integration:** Colas continued its partnership with Epide (a French Defence Ministry integration agency) and maintained integration contracts with local bodies, on tramway projects, for example, in mainland France and French overseas *départements*. Outside France, many subsidiaries are stepping up their efforts to recruit in employment black spots and to integrate the long-term unemployed, especially in Australia, Belgium, Benin, Djibouti, Madagascar, Switzerland and the United States.

> **Disability:** a preliminary agreement was concluded with Agefiph, a fund to promote the employment of disabled people, in 2009, with the aim of raising the employment rate (direct and indirect) of disabled workers to 3.5% by early 2013. After an initial audit phase and the preparation of action plans for subsidiaries in mainland France, a two-year agreement with Agefiph was signed in May 2011, providing amongst other things for awareness-raising initiatives, measures to integrate disabled workers and keep them in employment and the expansion of contracts with the sheltered sector.

Afnor: French standards body - COS: Strategic Guidance Committee of the French Biodiversity Research Foundation - CORE: Research and Expertise Guidance Committee at Ineris - Ineris: French environmental safety institute – Epide: French Defence Ministry integration agency, under the aegis of the Defence, Employment and Urban Affairs Ministries – FRB: French Biodiversity Research Foundation
(1) Guide to extra-financial reporting methodology available on the Colas website (2) Key element for Colas of ISO 26000 Core Subject 4 (Labour Practices)

The transmission of know-how begins with the induction process and continues throughout working life

- **Gender equality:** women accounted for 8.3% of the workforce in France and 10.6% outside France in 2011, compared with 8.1% and 10.2% in 2010. Actions for improvement have been defined, drawing on the results of a study of women's career paths in French subsidiaries. Senior management has asked for action to be taken to increase the number of women, even in traditionally male jobs, and for practical measures in areas such as the organisation of work, equal treatment and equal promotion.
- **Older workers:** Colas subsidiaries in mainland France have taken steps to favour the employment of older workers following an agreement with the social partners concluded in late 2009. Under the agreement, the minimum employment rate of employees aged 55 and over is set at 9%.

Loyalty

In France as elsewhere, employees are paid more than the minimum wage.[1] Depending on local legislation, they also receive benefits in areas such as retirement, welfare, healthcare and employee savings. Pay is performance-related, with a fixed part and a variable component linked to assessment interviews. Profit centres are free to adapt this policy to their local market, subject to centralised monitoring. In France, profit-sharing agreements give employees a direct stake in the success of Colas and the Group. Outside France, work on harmonising benefits within each major region continued.

To enhance the labour relations dialogue beyond the representative bodies established under each country's labour laws (336 works councils in France and 20 central councils, for example), new HR management positions have been created in non-French subsidiaries and innovative initiatives such as employee satisfaction indices and discussion forums on HR issues are encouraged.

Training, mobility and internal promotion

As in 2010, the training budget represented 4% of the payroll in France and 2.5% of the payroll outside France. Training plans cover all categories of staff, whatever their level, including temporary staff, and all spheres of activity. In addition to basic training, content is constantly evolving in support of current action plans relating to issues such as contract-based management, safety, individual assessments, ethics, diversity and the environment. The members of a training group develop exchanges with each other that strengthen the corporate culture. Colas' substantial and proactive investment in training helps to convey a whole set of values. The transmission of know-how begins with the induction process and continues throughout working life with tutoring, mentoring and the development of work experience accreditation certificates (79 employees in 2011, up from 61 in 2010). The 924 members of the *Compagnons de la Route* guild ensure that the values and techniques of the Colas group are transmitted to field workers.

Internal promotion and mobility are an integral part of Colas' managerial culture. Mobility is both the condition for adaptation to changing markets and, through broader experience, a key aspect of career development. In order to strengthen mobility, the Executive Committee introduced a questionnaire in 2011 to inspire vocations and help circulate information better. Annual individual assessments are a priority for organising career paths and preparing future senior executives: their effective use is now one of the criteria for assessing managers' performance, along with their safety record.

Securing acceptance of production sites

Colas manages a large number of sites producing construction materials such as aggregates, ready-mix concrete, asphalt mixes, bitumen and emulsions. Acceptance of production sites, especially by local residents, is a highly sensitive issue. Action plans focus on two aspects in particular.

Exemplary behaviour

Each site has a duty to take action for progress that goes beyond mere compliance with the regulations. The preferred way of achieving this outcome is through environmental certification, such as ISO 14001. Progress is measured and documented by means of environmental checklists that form an integral part of the operational internal control system, covering most materials production worldwide. 1,700 Colas sites and plants around the world conduct an annual assessment of their progress based on a questionnaire containing over 100 factual questions on matters such as conditions for storing chemicals and liquids, risk prevention measures (water, air, waste, safety, noise) and formal procedures for dialogue with local stakeholders. Colas' Environment department consolidates and analyses the answers and communicates the results and the action plans derived from them, helping to drive continuous improvement within individual operating units and in overall performance.

At end-2011, 80% of sales from Colas' industrial output worldwide were covered by either a certification scheme or an environmental checklist and the aim is to increase the coverage rate to 90% in the near future.

Construction materials produced (aggregates, binders, asphalt mixes, concrete, mastic asphalt,

Agefiph: Fund to promote the employment of disabled people
(1) See Extra-financial indicators below p. 98-99

bitumen, paints, etc.) comply with the relevant standards or certification schemes in all countries (MSDS, CE Marking and REACH in the European Union, etc.) and are also covered by voluntary certification schemes such as Eco-Profiles.

A new programme was launched in 2011 to strengthen and enhance the contribution to biodiversity made by quarries and gravel pits. Each active site identifies an endangered species found there and undertakes to favour its development and study it in partnership with scientists, transparently with regard to local residents (the gravel pits at Naujac-sur-Mer and Hinguer are examples of this approach).[1] If no endangered species are identified, bee-hives are installed. A quarter of sites are now estimated to comply with the key elements of these criteria.

Initiating dialogue with local residents[2]

Dialogue with local residents is a means of listening to expectations, explaining the practical requirements of operating production sites and achieving better mutual understanding in order to head off crisis situations. In 2011, 44% of sales from Colas' industrial output were covered by a local dialogue structure (46% in 2010 on a smaller scope). This still falls short of the objective of exceeding 50% in the near future.

The direct environmental impacts of Colas' worksites activities are relatively slight:

- New work accounts for less than 20% of total works sales. The environmental impact is assessed at the design stage and Colas' action is generally limited to implementing and improving customers' environmental protection plans during the construction phase.
- Regular business (the average amount of a Colas project is under €100,000) involves maintaining or redeveloping existing roads or railway track. In surroundings that are already man-made, environmental issues are mostly limited to the management of liquid products and waste, most of it inert.

In addition to initiatives designed to encourage peaceful coexistence between industrial sites and local residents, some construction techniques and methods for rehabilitating pipes and mains without digging have been developed, along with noise-reducing surfacings such as Nanosoft® and Rugosoft®. Popular with local residents and users (surface noise is recognised as having the biggest environmental impact), nearly 1 million m² of the surfacing were laid in 2011.

Business ethics

Compliance with business ethics is an inalienable principle at Colas and a key element[3] of the internal control system. The overriding necessity of applying ethical principles is regularly reaffirmed at meetings with staff most exposed to the risk of ethical failings in their line of work. A systematic policy of executive training is in place and updated each year and the Bouygues group Code of Ethics is circulated to all employees. Fair and open competition offers the best conditions for Colas to promote its know-how and develop long-term partnerships with its customers. Transparency and the circulation of information are also guarantees of effective cooperation and fulfilment at managerial level: loyalty and motivation are stimulated when individual and corporate values coincide.

Colas takes a range of practical measures, often teaming up with independent partners. With AQP it has introduced a secure weighing system at French asphalt plants to ensure the traceability of deliveries, while auctions of pre-owned civil engineering equipment take place under the supervision of Tracfin, the French money-laundering watchdog, to avoid illegal cash transactions and money laundering.

The five other major challenges

Safety

Safety[4] has been a top priority for Colas for many years.

Preventing industrial accidents

The targets set in 2005 were achieved in 2010 and new targets have been set for 2015: reducing the accident frequency rate[5] for permanent staff to under 5 in France and 3 elsewhere, halving the frequency rate for temporary staff, increasing the number of profit centres with no industrial accidents to more than 300 in mainland France and increasing the number of employees with workplace first-aid training to more than 35% of the headcount worldwide, ensuring that there are at least two employees with first-aid training on each worksite. Colas' accident prevention policy is supported by a host of initiatives backed up by coordinators with a day-to-day accident prevention role on the ground. They include risk assessment, awareness-raising campaigns using software applications and other resources, safety competitions, presentations of safety instructions, video analysis of behaviour and a unit to monitor serious and fatal accidents. Safety indices deteriorated in 2011, despite the efforts of management and prevention coordinators, to 5.50 in mainland France and 1.42 outside France. As a result, each subsidiary has been instructed to draw up new action plans. Many units have safety certification (OHSAS 18001, MASE, ILO, etc.), accounting for 37% of sales (mainland France and international), the same as in 2010. First-aid training benefits colleagues, family, friends and society in general while also raising awareness of safety issues. 19,946 employees had workplace first-aid certificates in 2011, representing 32% of the workforce (31% in 2010).

Road safety[6]

Colas has taken a highly proactive approach to preventing road accidents since 1997, when it signed the first road safety charter in France. The charter has been renewed three times and supplemented by a European charter that has also been renewed. A network of over 500 road safety officers pass on safe driving and accident avoidance advice and help with the organisation of work. Over 33,000 handbooks on safe and fuel-efficient driving were issued to plant operators and vehicle drivers in 2010 and 2011, while an energy-saving campaign provided an opportunity to remind drivers of the safety benefits of eco-driving.

The accident frequency rate involving company vehicles in France was virtually stable in 2011 at its lowest level since 1997 (0.083 in 2011, 0.082 in 2010). The frequency rate has fallen by 62% in 14 years even while the plant and vehicle fleet has increased by 98%. The road safety policy is gradually being extended to all the countries where Colas operates.

Health

Colas has a health protection policy designed to encourage healthy living, including measures like a back clinic at Colas Belgium and healthcare partnerships in the United States. The Ergomat project to improve equipment design and adapt plant for older workers has been launched in France and is being rolled out elsewhere. In France, Colas is playing an active part in identifying factors in each type of job that make work arduous, such as noise,

AQP: Association Qualité-Pesage - MSDS: Material Safety Data Sheet, used mainly in OECD countries - REACH: EU Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals - Tracfin: French money-laundering watchdog

(1) See also the video on biodiversity in quarries in the interactive version of Bouygues' In Brief on the bouygues.com website (2) Key element for Colas of ISO 26000 Core Subject 6 (Community Involvement and Development) (3) Key element for Colas of ISO 26000 Core Subject 2 (Fair Operating Practices) (4) Key element for Colas of ISO 26000 Core Subject 4 (Labour Practices) (5) Number of industrial accidents involving time off work x 1,000,000 / number of hours worked (6) A highly relevant issue for Colas for ISO 26000 Core Subject 7 (Consumer Issues), also relevant to Core Subjects 4 (Labour Practices) and 6 (Community Involvement and Development)

vibration and working posture. Dust reduction and stress programmes are continuing. In France, an anti-addiction toolkit has been developed and circulated. Random workplace drug and alcohol testing is carried out in those countries that permit it. The chemical hazard prevention policy is dealt with in the *Risk factors* section of this document.[1]

Social responsibility in southern hemisphere countries

Infrastructure is not exportable. It is built locally, with local human resources. Infrastructure work is highly sensitive to the cost of transporting heavy plant and subject to very short lead times (a few hours for laying concrete or applying asphalt mix). For Colas, the aim of its international presence is not to relocate operations to low-cost countries but to seek opportunities for growth and to balance country risks.

In Morocco and Madagascar, where the group has had extensive operations for over 50 years, and countries like South Africa, Benin, Djibouti, Indonesia, Togo and Gabon, where its operations are more recent or on a smaller scale, Colas contributes to economic, social and cultural development, growth and environmental protection in addition to carrying out its regular projects.[2]

> **Labour relations:** Colas implements a pro-active human resources policy in terms of pay and benefits, training and promotion, etc.

> **Health:** initiatives focus not only on staff and their families but also on local populations, including health visits, dispensaries, HIV/AIDS prevention, anti-malaria campaigns, etc.

> **Environment:** priority is given to protecting biodiversity, combating deforestation and cutting waste.

> **Society:** Colas sponsors educational projects and participates in water distribution and installation of main services during its operations, and provides assistance when disasters like fires or floods hit local populations.

> **Human rights:** Colas' policy is based on dignity and recognition of local staff and ethical behaviour towards local people, especially subcontractors and suppliers.[3] If staff are themselves respected, they naturally promote human rights in their professional relations with the rest of society.

Energy and greenhouse gases[4]

The carbon constraint will affect the entire economic environment. Aware of the need to adapt, Colas offers a range of lower-carbon products and technologies and is rolling out action plans to improve its own energy efficiency.

Energy consumption and efficiency

> **Overall assessment:** Colas finished calculating its consolidated global carbon footprint in 2010 (Scope 3a, internal and upstream, using the ISO 14064 methodology). The updated figure in 2011 was stable at 12 million tonnes of CO_2 equivalent, consistent with expectations and with segmentation, in which bulk materials continue to dominate. It is important to bear in mind that there is still a 20% margin of error with this kind of consolidated figure, despite the quality of the work carried out and the fact that vertical integration gives Colas relatively easy access to most upstream data. However, the calculation gives a useful and necessary order of magnitude for evaluating the amount of CO_2 emissions avoided by the Colas group through precise, measured actions (160,000 tonnes in 2011 compared with 130,000 tonnes in 2010, representing 1.5% of the total). It also provides a better foundation for the segmentation of the carbon footprint from which action plans can be drawn up.[5]

> **Measurement:** making Colas more energy-efficient means measuring its fossil fuel consumption (electricity accounts for only a small proportion of its energy footprint). While it is relatively simple to monitor the burner consumption of Colas' 580 asphalt plants, it is much more complicated to track the consumption of the 70,000 vehicles and items of plant used in 800 profit centres and 1,400 production sites. Colas has equipped 2,000 machines and vehicles with tracking devices and held discussions with equipment suppliers on transmission standards and real-time data recovery.

> **Workforce mobilisation:** Colas has set a target for vehicle drivers and plant operators to reduce fuel consumption by 20% through eco-driving techniques and by encouraging drivers not to leave engines idling. The campaign has a "three times better" theme: better for efficiency, better for safety, better for the environment. Measurement remains difficult, but the level of commitment is obvious and the campaign is making headway in the workforce.

> **Asphalt plants:** burner fuel consumption rose by 3% (18,000 tonnes of CO_2 equivalent) but remained stable like-for-like.

More broadly, energy efficiency is now a well-identified issue at Colas. A project team was set up in early 2012 to give further impetus to efforts

In their own words

Jim Melius[1]. DrPH, MD (medical practitioner and public health expert)

"People working in the asphalt paving industry should not be concerned about this new IARC[2] classification. The two key animal studies on paving asphalt did not show any evidence of cancer risk, and the major IARC cancer study of people working in the paving industry in Europe did not show any increased risk for cancer. In conclusion, a possible hazard but no indication of any risk."

(1) After working at the National Institute for Occupational Safety and Health and serving on various committees of the National Academy of Sciences in the United States, Dr. Melius, an occupational health expert, joined LIUNA, the Laborers International Union of North America, affiliated to AFL-CIO, as Administrator. He also chairs the Steering Committee of the WTC Medical Monitoring and Treatment Program set up after the collapse of the Twin Towers in September 2001. He was one of the experts to contribute to the IARC monograph on bitumen published in October 2011.
(2) International Agency for Research on Cancer, an agency of the World Health Organisation (WHO)

(1) See Chemical hazards and Business-specific risks (2) A particular aspect of ISO 26000 Core Subjects 3, 4 and 6 (3) ISO 26000 Core Subject 2 (Fair Operating Practices) (4) Key element for Colas of ISO 26000 Core Subject 6 (Community Involvement and Development) (5) For the corresponding diagrams, see the Energy/Carbon section in Corporate, social and environmental responsibility in The Group section of this document.

to reduce energy consumption and generate tracking indicators.

Energy content of products and services

- **Eco-alternatives:** through the trade body USIRF, Colas and the rest of the roads industry in France have developed a shared extranet eco-comparer in order to evaluate eco-alternatives. Called Seve®, it came online in 2010 and was opened to customers in late 2011. The scheme received official encouragement from the French Ecology Ministry with the signature of a charter in March 2009. In 2011, eco-alternatives proposed by Colas and accepted by customers represented 29,000 tonnes of CO_2 not emitted (21,000 in 2010); the take-up rate for proposed eco-alternatives was 16% compared with 28% in the previous year. Outside France, in 2011 Colas embarked on a plan to adapt the software for Indian Ocean countries and territories, since it has been designed for easy translation and its database can be easily adapted from one country to another.
- **Néophalte BT®, 3E® asphalt mix, Ecomat®**, etc. Industrial production of low-temperature mastic asphalt and asphalt mixes rose from 6% of total output in 2010 to over 12% in 2011, meaning that subsidiaries exceeded their target of almost doubling output to 11% on a consolidated basis. The highest levels of production as a proportion of total output were achieved by American roads subsidiaries (32%) and Smac (100%). As well as offering energy savings of 10 to 30%, the products also cut emissions of fumes by 70 to 90%. A target of over 50% in 2018 is regarded as achievable.
- **Végéroute products** use plant-based instead of oil-based components which cut application and manufacturing temperatures and even reduce the quantities required. The range includes Végéflux®, a fluxing agent, V and Végéclair® binders, Ostréa®, a hot road marking product, Neogreen emulsion and various asphalt mixes such as Compomac V®. With each usage the carbon sink effect ensures a positive CO_2 balance.
- **Photovoltaic roofing:** electricity purchase prices were slashed in 2011, with the result that installed capacity fell from 18.5 MWp in 2010 to 8.8 MWp. Smac is now focusing on developing products that reduce building energy consumption, especially innovative *façades*.

Recycling

Recycling is a natural growth area: Colas is a major producer and user of construction materials, since the civil engineering industry is a particularly large consumer of bulk materials. Roadbuilding is therefore an important area for the use of recycled materials. As well as being a key part of ISO 26000 Core Subject 3 (Environment) for Colas, it is also in the economic interest of customers – one of the three pillars of responsible development – since they benefit from cheaper materials.

Recycling platforms

Production of recycled materials rose by 17% in 2011, while output from Colas quarries and gravel pits rose by only 9%.[1] 11 million tonnes of materials (spoil, mastic asphalt from pavements, concrete demolition rubble, slag and clinker) were recycled in 2011 compared with 9 million tonnes in 2010 and 8.7 million tonnes in 2009, equivalent to 14% of Colas' total production of aggregates (11% in 2010) or the output of 32 quarries.[2] Production of recycled materials is rising faster than that of new materials.

Asphalt mixes

Colas' production of asphalt mixes incorporated 12% of recycled asphalt pavement on average (10% in 2010), representing a saving of almost 5 million tonnes of aggregates and about 230,000 tonnes of bitumen, equivalent to the output of a medium-sized refinery and 87,000 tonnes of CO_2 not emitted. Recycling rates vary considerably, from 17 to 22% in Belgium, Switzerland and the United States to 9% in France (7.2% in 2010), a significant advance (the target for France is 12% in 2012). Given that a rate of 20 to 25% would mean that all the asphalt mix that could be recycled had been recycled, Colas is half-way to the theoretical maximum.

In-place recycling

In-place recycling continued to make progress, representing over 8.6 million m² of road surface in 2011 (7.8 million m² in 2010), mostly in North America, the United Kingdom and West and Central Africa, using a whole range of techniques (Valorcol®, Recycold®, etc.). This represents the equivalent of a two-lane motorway from Bordeaux to Brussels.

Chemical hazards

Colas aims to actively control the risk of chemical hazards and has set itself a number of priorities.

- **Solvents:** scrapping the use of solvents in laboratories, solvent-based degreasing fountains in workshops and toluene in road paints.
- **Pigments:** scrapping the use of heavy metal-based pigments in paints, research into a non-powder formulation.
- **Non-stick products:** scrapping the use of fuel oil for the application of asphalt mix and replacing it with plant-based alternatives.
- **Bitumen fumes** (see also *Business-specific risks* in the *Risk factors* section): Colas proactively promotes warm asphalt mixes, which generate virtually no fumes and save energy: the percentage of warm asphalt mixes jumped from 6% in 2010 to over 12% in 2011, driven by the United States, where the figure now exceeds 30%. Roll-out is under way in North America, South Korea, Western and Central Europe, France (mainland and overseas *départements)*, Gabon, Madagascar, Morocco, Mauritius, etc.[3]
- **Resins:** Greencoat research project with several partners and support from ANR, the French national research agency, in the context of the ChemSuD foundation and chair.
- **Waste oil:** control over disposal or recycling in all countries, since oil waste is the main form of hazardous waste produced by Colas. Consolidated global figures indicate that 67% of waste oil is recovered (56% in 2010). The optimum figure is estimated to be around 80%, taking account of inventory effects and the amount consumed by plant and machinery.

Dialogue with civil society[4]

In addition to these strategic and major challenges, Colas is attentive to issues that have caught the attention of society at large and engages in debate on them.

The road-rail debate

As Colas has a substantial share of the market for both road and rail works in many countries, including France and the UK, it is able to see both sides of the debate between the two forms of transport. Colas also uses alternative transport modes – rail or waterway – for its own needs, representing over 1 billion tonne kilometres[5] in 2011. Since the real

ANR: French National Research Agency
(1) Based on comprehensive proportional consolidation, not a notional "Group share" of output (2) On the basis of the average output of a Colas permanent quarry producing more than 100,000 tonnes per year (3) See Business-specific risks *(4) For Colas, whose businesses are at the heart sustainable development issues, this is an integral part of ISO 26000 Core Subject 6 (Community Involvement and Development). See www.colas.com for a fuller analysis. (5) Tonnage transported multiplied by the distance covered in kilometres*

Colas is rehabilitating pathways in the grounds of the Château de Versailles under a skills sponsorship agreement

scope for any transfer between the two is rather limited, Colas' priority is to improve the situation in each one, applying a policy of technical and methodological innovation that favours balanced, multimodal transport.

Lifecycle cost of public infrastructure

Colas defends a partnership approach that focuses on lifecycle cost and favours innovative forms of public procurement like PPP, PFI, MAC and concessions. Infrastructure that is designed and built for the long term and regularly maintained offers the best return on investment and reduces the consumption of resources. Contracts in various stages of completion and operation include concessions for the Rheims tramway and the A41 and A63 motorways in northern and south-western France respectively, PPP contracts for the M6-M60 motorway in Hungary, the Vichy bypass, public lighting and roads in Plessis-Robinson, near Paris, and public lighting in Libourne (France), a PFI contract for urban road maintenance in Portsmouth (UK), an EPC for public lighting and traffic lights in Paris, four MAC maintenance contracts in the UK covering a third of the national road network, five similar CMA contracts in Alberta and Red Deer County in Canada and two MAC-type rail contracts in the UK.

Responsible purchasing

Colas' network of more than 100,000 suppliers and subcontractors around the world can be divided into six categories: local subcontractors, local materials suppliers, global raw materials suppliers, national or international equipment suppliers, national or international service providers and miscellaneous suppliers.

Work has been carried out to identify each category and the extent of freedom in relation to them, and to define responsible purchasing priorities such as safety, quality, controls of illegal labour, regulatory compliance, design and proper use of equipment, etc. Colas is trying out various methods for rating suppliers, though it is not possible to cover all of them. Supplier audits are being introduced in France. A risk assessment is also being conducted to target priority categories of purchases.

As far as purchasing from southern hemisphere countries is concerned, the question of transferring production is of negligible importance for Colas because of the nature of its business, though its presence in these countries is an issue.[1]

Involvement in community life, support for projects

Sponsorship initiatives are mainly local, managed by subsidiaries and their profit centres. In mainland France, Colas again spent €2.5 million on sponsorship, mainly sporting (50%) or cultural (40%). Outside France the proportions are different: 30% for sport, 20% for humanitarian aid, 15% for education and 10% for culture, in a budget that also remained unchanged at €1.1 million.

The parent company rehabilitated pathways in the grounds of the Château de Versailles Palace under a skills sponsorship agreement, commissioned paintings for the Colas Foundation and sponsored Akram Khan, an international dance company, and the GoodPlanet Foundation's "On the Road to School" initiative for access to education, at a total cost of €1.5 million.

In their own words

Kadarusman Loba, lecturer at Apsor[1]

"I could never have imagined what is happening to me, even in my dreams: I am preparing a doctoral thesis at Paul Sabatier University in Toulouse.

My thesis is on the rainbow fish, a species that has almost disappeared. It was found in a karst zone of Papua (Indonesia) during the Lengguru mission, a major multi-disciplinary scientific expedition.

The mission was instigated by the IRD[2] with other international and local institutions like Apsor.

Each year from 2007 until the last expedition in 2010, ABS and Wasco[3] generously supported this scientific biodiversity research mission. It was the first time we came into contact with each other on the long path that has led me to an international project to protect the rainbow fish.

I know the managers and people of ABS and Wasco well and I keep them regularly informed of the results of our expeditions and my research. They are genuinely interested in protecting the environment."

(1) Sorong Fishery Academy, Indonesia
(2) French Development Research Institute
(3) Colas subsidiaries in Indonesia

CMA: Contract Maintenance Area (Canada) - EPC: Energy Performance Contract - MAC: Managing Agent Contractors (UK) - PFI: Private Finance Initiative - PPP: Public-Private Partnership
(1) See Social responsibility in southern hemisphere countries

CSR: challenges and key indicators

Aim	Indicator	Unit	2010	2011	Comments	2012 objectives
Promote local dialogue and the acceptance of materials production sites	Sales from industrial output covered by a local dialogue structure (scope: global)	%	46	44	> Change of scope in 2011 > Policy now well-accepted everywhere, especially for quarries and gravel pits	> Achieve 50% coverage
In most countries, propose alternatives that reduce greenhouse gas emissions	Greenhouse gas reductions proposed to customers as alternatives	Tonnes CO_2 eq.	75,000	180,000	> After the development of ÉcologicieL®[(a)], subsequently incorporated into Seve®[(b)], an eco-comparison tool shared by the entire roads industry, a year of stabilisation for the tool and its acceptance by users	> In France: step up the use of Seve® (roads) and Éco-Cana (pipes and mains) > Internationally, roll out the multilingual version of Seve® in at least one country
	Greenhouse gas reductions accepted by customers	Tonnes CO_2 eq.	21,000	29,000		
Encourage the recycling of asphalt mix during production to save aggregates and bitumen and reduce greenhouse gas emissions	Recycled asphalt pavement as a proportion of Colas' global production of asphalt mixes (scope: global)	%	10	12	> Now-rapid increase in the proportion, catching up with the leading countries	> Continue catching up to achieve an average recycling rate of 15% in Colas' production of asphalt mixes by 2015
Promote warm asphalt mixes and mastic asphalt (3E®, EcoMat, etc.) to save energy and reduce exposure to fumes	Warm asphalt mixes as a proportion of Colas' global production of asphalt mixes	%	6	12	> Technique relatively widely used in the United States and making significant progress in the rest of the world	> Maintain strong growth and aim for all-warm asphalt mix production at some sites in North America and Europe
Give staff first-aid training	Percentage of the workforce with a workplace first-aid certificate (scope: global)	%	31	32	> Programme has reached a certain stage of maturity > 2011 target achieved: almost 19,950 employees have a workplace first-aid certificate	> Continue the training programme to reach 35% of the workforce in 2015, focusing in particular on worksite managers

(a) eco-comparison software
(b) software used by the roads industry that allows customers to evaluate eco-alternatives during calls for tender

Extra-financial indicators at 31 December

Family	Indicator	Scope	Unit	2009	2010	2011	Reporting framework
Quality	Sales covered by a quality certification scheme	Global (excl. United States and Canada[a])	%	92	90	90	GRI PR5 ISO 26000 6.7
Lifecycle cost	Public-Private Partnerships (PPP) and concessions: contracts concluded or in progress favouring a lifecycle cost approach for the benefit of customers	Global	Number	13	17	20	GRI EC9 ISO 26000 6.7
Eco-alternatives	Number of proposals with eco-alternatives and eco-comparison	France	Number	1,055	1,157	1,148	
	Take-up rate of eco-alternatives with eco-comparison		%	7	28	16	
Workforce	Average headcount	France	Number	38,896	38,367	37,892	GRI LA1 ISO 26000 6.4
		International		32,422	30,528	28,310	
		Global		71,318	68,895	66,202	
Women	Site workers	France	%	0.56	0.57	0.51	GRI LA1 ISO 26000 6.4
		International		4.35	5.77	6.09	
	Managerial staff	France		18.85	18.74	18.83	
		International		24.63	23.07	22.77	
	Total	France		8.21	8.12	8.25	
		International		9.16	10.23	10.56	
Recruitment	Site workers	Global	Number	3,645	2,930	3,608	Internal ISO 26000 6.4
	Managerial staff			2,125	1,608	2,103	
	Total			5,770	4,538	5,711	
	Interns			2,495	2,258	2,136	
Pay	Total workforce in the country	France	Number	38,896	38,367	35,429	GRI EC5 ISO 26000 6.4
	Average pay, Colas plant operator		Multiple of statutory minimum wage	1.48	1.51	1.53	
	Average pay, Colas site manager			2.04	2.12	2.04	
	Total workforce in the the country	United States	Number	4,518	4,548	4,815	
	Average pay, Colas plant operator		Multiple of statutory minimum wage	3.48	3.59	3.65	
	Average pay, Colas site manager			4.99	4.07	4.2	
	Total workforce in the country	Madagascar	Number	4,817	2,839	2,382	
	Average pay, Colas plant operator		Multiple of statutory minimum wage	4.94	3.43	2.28	
	Average pay, Colas site manager			9.74	7.82	5.92	
	Total workforce in the country	Morocco	Number	2,223	1,941	1,785	
	Average pay, Colas plant operator		Multiple of statutory minimum wage	2.4	2.43	3.1	
	Average pay, Colas site manager			6.28	5.93	5.29	
Training	Training dispensed	France	Number of actions	29,500	30,200	34,138	GRI LA10 ISO 26000 6.4
		International		64,300	71,900	72,320	
		France	Hours	530,000	490,600	580,072	
		International		454,100	484,800	493,156	
	Site workers	France	% of hours dispensed	51	52	51	
	Clerical/technical/supervisory			27	27	28.5	
	Managerial			22	21	20.5	
	Safety			32	38	39	

Family	Indicator	Scope	Unit	2009	2010	2011	Reporting framework
Safety	Occupational safety index	France	-	4.06	4.79	5.5	GRI LA7 ISO 26000 6.4
		International	-	1.14	0.97	1.42	
	Road accidents (number of accidents involving a third party per vehicle)	France	%	0.084	0.082	0.083	Internal ISO 26000 6.4
	Employees with up-to-date occupational first-aid training	Global		29	31	32	
Society	Sales from materials production sites covered by a local dialogue structure	Global	%	32	46	44[b]	GRI SO1 ISO 26000 6.5
Certification	Sales from materials production sites covered by an environmental certification scheme	Global	%	57	58	59	ISO 26000 6.5
Control	Sales from materials production sites covered by an environmental certification scheme or a formal internal control system (self-assessment checklists combined with validated action plans)	Global	%	-	77	80	
Recycling	Proportion of raw materials recycled in Colas plants in relation to output from Colas quarries and gravel pits	Global	%	10	11	14	GRI EN2 & EN27 ISO 26000 6.5
	Proportion of planed materials in production of asphalt mix			9	10	12	
	Pavement recycled in-place		Million m^2	7.6	7.8	8.6	
Greenhouse gas	Carbon footprint (Scope 3a: cradle to gate)	Global	Million tonnes CO_2 eq.	-	12	12	GRI EN16 ISO 26000 6.5
	Gain in greenhouse gas emissions from quantitatively measured actions		Tonnes CO_2 eq.	190,000	128,000	160,000	GRI EN5, EN6 & EN18 ISO 26000 6.5
	Eco-comparer: savings proposed to customers			175,000	75,000	180,000	ISO 26000 6.5
	Eco-comparer: savings accepted by customers			13,000	21,000	29,000	
	Emissions avoided by recycling asphalt mix			70,000	76,000	87,000	
	Emissions avoided in asphalt plant burners			100,000	-16,000[c]	-4,000	
	Emissions avoided by the use of Végécol® and Végéflux®			7,000	6,000	5,000	
	Emissions avoided by the production of warm asphalt mix			-	7,000	13,000	
	Emissions avoided by in-place recycling of pavement			-	31,000	34,000	
	Emissions avoided in plant operation			-	4,000	4,500	
Energy and health	Production of warm asphalt mix (3E®, EcoMat, Asphalte BT, etc.)	Global	Tonnes	750,000	2,375,000	4,400,000	GRI EN5 ISO 26000 6.4 ISO 26000 6.5
	Warm asphalt mix (3E®, EcoMat, Asphalte BT, etc.) as a proportion of Colas' total production of asphalt mix		%	-	6	12	
Waste	Waste oil recovery rate	Global	%	-	56	67	GRI EN22, EN26 ISO 26000 6.5

(a) Excluded on account of dissimilar reporting frameworks, certification rules and legal doctrine
(b) Change of scope
(c) Changes in scope at international level, adverse weather conditions in France, specific energy cost of recycling more asphalt mix, decline in activity, data entry errors in some countries

The leading private television group in France

The corporate mission of the TF1 group, in the freeview television market, is to inform and entertain. It is also present in the pay television sector and has diversified on the web and in audiovisual rights, production and licences.

Key figures

2011 sales
€2,620m
(=)

Current operating margin
10.8%
(+2 points)

Net profit att. to the Group
€183m
(-20%)

Employees
4,122

Target

2012 sales
€2,620m (=)

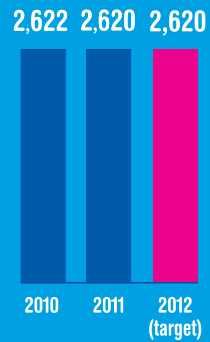
Highlights

- The TF1 channel scored **99 of the top 100 audiences**[1] in 2011.
- **Best ratings score in 2011,** all channels combined: 15.4 million[1] TV viewers for the France/New Zealand match in the **Rugby World Cup** (23 October).
- Digital multi-screen offer grouped under **MYTF1.**
- 17 million tickets sold for the film ***The Intouchables***[2]**.**
- Continued efforts as part of the **Diversity label** (Afnor Certification).

(1) Médiamat 2011 by Médiamétrie
(2) Écran Total at 4 January 2012

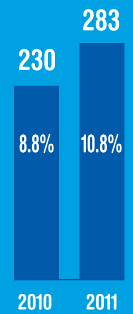
Rugby World Cup on all TF1 screens

SALES
€ million

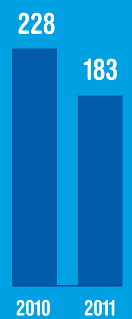


CURRENT OPERATING PROFIT (€ million)

Current operating margin as %

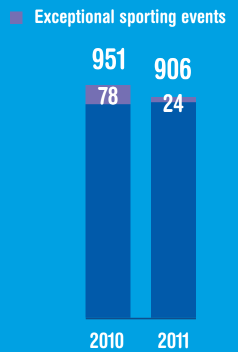


NET PROFIT*
€ million



(*) Attributable to the Group

COST OF PROGRAMMES
€ million



GROUP AUDIENCE SHARE*
Individuals aged 4 and over

(*) Médiamétrie

FREE VIDEOS WATCHED ON CATCH-UP TV

Million per month

CONDENSED BALANCE SHEET AT 31 DECEMBER

(€ million)	2010	2011
ASSETS		
• Property, plant and equipment and intangible assets	333	373
• Goodwill	884	874
• Non-current financial assets and taxes	198	175
NON-CURRENT ASSETS	**1,415**	**1,422**
• Current assets	1,871	1,896
• Cash and cash equivalents	39	36
• Financial instruments*	-	-
CURRENT ASSETS	**1,910**	**1,932**
TOTAL ASSETS	**3,325**	**3,354**
LIABILITIES AND SHAREHOLDERS' EQUITY		
• Shareholders' equity attributable to the Group	1,539	1,575
• Minority interests	9	12
SHAREHOLDERS' EQUITY	**1,548**	**1,587**
• Non-current debt	16	18
• Non-current provisions	44	40
• Other non-current liabilities	11	10
NON-CURRENT LIABILITIES	**71**	**68**
• Current debt	4	4
• Current liabilities	1,700	1,641
• Overdrafts and short-term bank borrowings	2	54
• Financial instruments*	-	-
CURRENT LIABILITIES	**1,706**	**1,699**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,325**	**3,354**
Net surplus cash/(Net debt)	**17**	**(40)**

(*) Fair value hedges of financial liabilities

CONDENSED INCOME STATEMENT

(€ million)	2010	2011
SALES	**2,622**	**2,620**
• Net depreciation and amortisation expense	(91)	(78)
• Net charges to provisions and impairment losses	(14)	(30)
• Other income and expenses	(2,287)	(2,229)
CURRENT OPERATING PROFIT	**230**	**283**
• Other operating income and expenses	83	-
OPERATING PROFIT	**313**	**283**
• Cost of net debt	(18)	1
• Other financial income and expenses	(3)	5
• Income tax expense	(69)	(89)
• Share of profits and losses of associates	6	(14)
NET PROFIT	**229**	**186**
• Minority interests	(1)	(3)
CONSOLIDATED NET PROFIT (attributable to the Group)	**228**	**183**

OUTLOOK FOR 2012

The economic environment remains unstable in 2012 and the resulting uncertainties are generating significant volatility in decision-making by advertisers.

Given the situation, TF1 is **forecasting stable consolidated revenues in 2012.**

The TF1 group nevertheless has some substantial assets. It has completed an in-depth transformation and is ready to take on new challenges.

- ➔ The group will continue **to develop its freeview multi-channel offer,** for the benefit of TV viewers and advertisers.
- ➔ TF1's ambitions in **new media** remain strong in 2012, notably based on a robust and tried-and-tested digital development model.
- ➔ The Group has **secured** its pay-TV **business model** for the coming three years and streamlined most of its diversification activities.
- ➔ **Cost control** in general and programming costs in particular remain a priority. The Group's healthy **financial situation** is a strength in today's uncertain environment.

The TF1 group will continue its work as a responsible corporate citizen with a range of social and diversity initiatives.

TV host
Denis Brogniart

TF1 PROFILE

TF1 is France's leading mainstream television channel. It is also an integrated media group that has built up a range of activities in high-growth segments alongside its core business. Its corporate mission is to inform and entertain

In **freeview television,** it is present with:

> TF1, the channel for major events, ranked no.1 in France;
> TMC, the leading digital terrestrial channel and fifth nationwide, and NT1.

It is also present in **pay-TV,** with:

> Eurosport, the leading pan-European sports broadcasting platform, received by 129 million households;
> TV Breizh, the no. 1 cable/satellite channel;
> the Discovery Division (Ushuaïa TV, Histoire, Stylía), which sets the standard for multi-channel offerings in France;
> LCI, a news and current affairs channel;
> TF6 and Série Club, owned 50% with M6.

Since 1987, when it was privatised and became part of the Bouygues group, TF1 has created new, high value-added activities in its main business of producing and broadcasting TV programmes.

The TF1 group's activities now span the entire value chain in the broadcasting industry:

> **upstream in:**
- audiovisual and film production;
- the acquisition and trading of audiovisual rights;
- movie distribution;

> **downstream in:**
- the sale of advertising slots;
- DVD and music CD publishing and distribution.

TF1 has also created a broad range of merchandising spin-offs from its main channel, covering home shopping and e-tailing, catch-up TV and video on demand content, licences, musicals and board games.

Harnessing the growth of the internet and new technologies, TF1 produces, develops and publishes new interactive content and services for the web, smartphones, tablets, connected TV and freesheets.

Strategy

TF1 has since 2007 adapted its strategy to trends in the television and advertising markets and regulatory changes. This strategy is based on four key points:

Developing the core business

The TF1 group boasts an unrivalled offer in the freeview television market in France, consisting of the TF1 channel – the undisputed leader – and the fast-growing TMC and NT1 digital terrestrial channels acquired in 2010.

The group's strategy is to reinforce its positions in this competitive market, maintaining the power of TF1 and continuing to develop the newly acquired channels. This strengthening of the freeview offering is materialised via a quality and complementary programming schedule made available on the group's channels, in line with the commitments made to the regulatory authorities in 2010.

Adapting the offer to digital uses

The TF1 group has for several years now been adapting its content to new media consumption modes, developing its multi-screen TV offer (television, web, smartphones, tablets) to match new TV viewer behaviour. This approach is also reflected in the relationship between the TF1 group and its audiences on all platforms, particularly social networks.

Diversifying sources of revenue

To reduce the impact of the cycles of the advertising market on which it largely depends, the TF1 group is developing a range of activities based on its core business, including pay-theme channels, distance selling, board games, music and the sale of online videos (VOD) and DVDs.

Developing sustainably to satisfy stakeholders

Corporate social responsibility (CSR) is at the heart of the TF1 group's strategic policy choices and the company is attentive to the needs of all stakeholders. It is a proactive player that pioneers relevant initiatives in its sector. TF1's CSR policy now involves each department according to the issues in question. Group efforts are based on the policy areas described in the "CSR Policy" section.

Strengths in a competitive market

With a workforce of over 4,100, the TF1 group makes 57% of its sales from advertising airing on the TF1 channel and 85% of its consolidated revenues in France. Its main market is unscrambled television in France, a sector that today consists of 19 freeview channels available to 99.8% of the French population.

The TF1 channel competes against the channels of French public television (France 2, France 3, France 4, France 5, France Ô) and those of private

A glossary can be found in the *Additional Information* section of this document.

groups such as M6, Canal+, Bolloré and NRJ. These channels are a source of strong competition.

Yet thanks to its popular and diverse content, the TF1 group, with the TF1, TMC and NT1 channels, remains the leading private player with a 29.1% audience share[1] at 31 December 2011 in the "individuals aged 4 and over" category, compared with 14.2% for its main private rival. Audience share in 2011 was stable compared with 2010.

The pay-TV offer has expanded through cable, satellite and ADSL offers. The TF1 group has powerful brands in this sector, including TV Breizh and Eurosport. More broadly, it competes against other media such as the press, radio, internet, billboards and cinema. But television remains the number-one media in terms of advertising investment and the TF1 channel the only mass media to have daily contact with nearly 30 million people.

TF1 is innovating in digital media and keeping a close eye on the potential arrival of the major web players in the TV market. It is working with French and European authorities to enable the regulatory environment to evolve in step with these new market trends.

The TF1 group has developed a range of activities to increase revenues and today works in audiovisual rights, distance selling, board games and the distribution of DVDs and online videos, including catch-up TV and video on demand.

TF1 REINFORCES ITS LEADERSHIP IN 2011

TF1 is France's number-one TV channel, having scored 99 of the top 100 audiences in 2011, all channels combined[1]. It claimed a 23.7% audience share in the "individuals aged 4 and over" demographic and 26.7% in the "women under 50, main household shoppers" category. TMC confirmed its position as the number-five freeview TV channel, for the second consecutive year, while NT1 reported strong increases in share on its target advertising markets. These two channels enabled TF1 to meet its two objectives of reinforcing its position in its core business and establishing a strong position in the digital sector.

In the digital sector, TF1 strengthened its position on all screens (internet, mobile, tablets and connected TV) by grouping its digital offer under a unifying brand, MYTF1. It demonstrated the power of its free, cross-cutting and complementary offer with more than two million[2] downloads of the MYTF1 mobile app and 547 million[3] free videos watched in catch-up TV.

The group's other streamlined diversification activities were robust sources of growth in 2011 as part of a reorganised group.

Concerning its work as a responsible corporate citizen (see the CSR Policy section), TF1 was ranked in the top ten[4] European companies on diversity.

Key figures

Stable consolidated sales

The TF1 group held up well against very strong competitive pressure in 2011 in what was a difficult economic environment, especially in the second half. It reported sales of €2,620 million for the year, stable on 2010. On a like-for-like basis, sales fell 2%.

Advertising sales for the TF1 channel came to €1,504 million, down 3%. Sales from diversification activities rose 4% to €1,116 million.

Advertising sales for the TF1 group as a whole improved 2% to €1,822 million thanks to the contributions of TMC and NT1, growth in the web business and the integration of Metro France on 28 July 2011.

TF1 group sales were generated 85% in France, 13% in Europe (outside France) and 2% in other countries.

Continued cost control

TF1 continued its work on optimising costs in 2011. For the year as a whole, the programming costs of the TF1 channel, including one-off sports events, came to €906 million, compared with €951 million in 2010, equating to a €45 million (5%) improvement. This was primarily a result of the 2011 Rugby World Cup being less expensive to broadcast than the 2010 Soccer World Cup.

TF1 made a €13 million reduction in other expenses (lower distribution costs, renegotiated supplier contracts, excluding rights and interruptions in activity).

Rise in profitability

TF1 reported current operating profit of €283 million in 2011 compared with €230 million in 2010. Operating margin was 10.8%, up from 8.8% a year earlier.

In 2010, in addition to €96 million generated by the remeasurement of previously held equity interests following the takeover of TMC and NT1 on the basis of the fair value of the companies, operating profit was impacted by an expense of €13 million, resulting notably from the goodwill depreciation of the SPS and 1001 Listes businesses. Operating profit totalled €283 million in 2011 compared with €313 million in 2010.

The cost of net financial debt came to €1 million in 2011 compared with €18 million in 2010, with the TF1 group having paid off its bond issue in late 2010. The tax charge rose by €20 million. The contribution from associates to net profit was down by €20 million versus 2010, since AB Group ceased to be accounted for as an associate and TF1 recognised an impairment loss at 30 June 2011 against the interest in Metro France.

Net income, TF1 group share, totalled €183 million in 2011 compared with €228 million in 2010. Excluding exceptional items, growth would be 25%.

Robust financial structure

Standard & Poor's revised its rating for the TF1 group on 22 July 2011 from BBB/Positive Outlook to BBB+/Stable Outlook, reflecting the group's sound financial structure.

Shareholders' equity attributable to the Group stood at €1,575 million at 31 December 2011, for a total assets of €3,354 million.

(1) Médiamat 2011 by Médiamétrie (2) iTunes data (3) eStat Streaming TV (4) Vigeo study, September 2011 - Source: Les Échos

Net financial debt came to €40 million, compared with a net cash position of €17 million at end-2010.

An unrivalled television offer

(Source: Médiamat by Médiamétrie)

The competitive environment was transformed in 2011 by an increase in the number of players and the end of the switch from analogue to digital broadcasting, broadening the freeview TV offering for French households. But TF1 confirmed its leadership with a 23.7% share of the "individuals 4 and over" audience and a 26.7% share of "women under 50, main household shoppers".

TF1 also claimed 99 of the top 100 TV audience ratings in 2011 across all programme types, faithful to its remit as a mainstream, family television channel. TF1 scored the best audience rating in 2011 with the Rugby World Cup final between France and New Zealand, attracting 15.4 million viewers.

TMC reported a 3.5% share of the "individuals 4 and over" demographic in 2011 compared with 3.3% in 2010, making it France's leading DTT channel and fifth overall. NT1 continued to grow, achieving a 1.9% share of the "individuals 4 and over" audience, up from 1.6% in 2010.

The overall advertising market, all channels combined (incumbent, DTT and cable and satellite), rose 7% in 2011 to €9 billion, driven by strong growth in DTT revenues, making television the most number-one advertising media in France (source: Kantar Média).

Gross income for the TF1 channel fell 2% year on year. The channel took a 37% share of the market, all channels combined.

Net sales for the TF1 channel decreased 3% year on year to €1,504 million, mainly owing to the economic downturn that led to a fall in advertising volumes for the incumbent channels.

The theme channels in France (freeview and pay) generated sales of €309 million in 2011, up 22%, notably resulting from the full consolidation of TMC and NT1 on 1 July 2010 and from the performances of LCI and TV Breizh. Advertising income grew €55 million to €185 million. The division reported an €11 million increase in current operating profit to €39 million.

The TF1 group safeguarded the distribution of its pay-TV offer by signing non-exclusive distribution agreements with the main cable, satellite and ADSL operators in France. The agreements underscore the appeal of the group's pay-TV offer and serve to consolidate its business models, securing distribution income and broadening the audience reach of the channels.

Internationally, the Eurosport channel reached 129 million households at end-2011. Present in 59 countries and broadcast on all pay-TV distribution platforms in Europe, it is available in 20 language versions.

The Eurosport group had 88.9 million paying subscribers at 31 December 2011, for an 8% year-on-year increase, of which nearly two-thirds were new customers in Central and Eastern Europe. Growth is being driven by broadcasts of targeted and sought-after sports events and by high definition.

Eurosport International sales rose 1% to €368 million, boosted by international growth and the rise in subscription income. Operating profit at 31 December 2011 was €65 million, up 9%, for an 18% operating margin.

At end-2011, some 17 million people had seen the film *The Intouchables* in France

Streamlined and dynamic diversification

The TF1 group's diversification activities enjoyed strong sales momentum in 2011. In parallel the group continued its streamlining efforts, resulting in increased profitability.

TF1 Entreprises, which groups a range of activities including games, music, licences and live shows, grew sales by 13% in 2011 and reported current operating profit of €6 million, double that of 2010. Operating margin was 12%.

TF1 enhanced its digital offer in 2011, maintaining its position as the leading television group on the web with 547 million free catch-up videos watched (source: eStat Streaming TV). The MYTF1 service continued to ramp up and is now available on all the subscriptions provided by French ISPs.

This momentum led to a 9% rise in e-TF1 sales to €85 million, while current operating profit was multiplied by 3.7 year on year to €9 million.

The contribution of the Téléshopping group to consolidated sales in 2011 fell 1% to €100 million. The success of the e-tailing site Place des Tendances partly offset the decrease in revenues, with order numbers up but at a lower average value. Current operating profit came to €3 million, compared with €4 million in 2010.

The Production division posted a strong performance in 2011, with successful TF1 production business and TF1 Films Production cinema releases. The film *The Intouchables* had sold some 17 million tickets at end-2011 (source: Écran Total). The division's contribution to TF1 group sales grew €10 million to a total €26 million, with operating profit standing at €4 million, up €6 million.

The Audiovisual Rights activity had a tougher year in 2011, both in terms of business and profitability. Sales were down €27 million to €116 million for an operational loss of €40 million, mainly the result of the expenses of a court case being attributed to this division.

The TF1 group increased its holding in Metro France to 100% on 28 July 2011.

CSR POLICY

Organisation

The corporate social responsibility policy is coordinated by Gilles Maugars, Executive Vice-President at the TF1 group. An employee works full-time on coordinating actions and reporting. Each group entity develops its own road map so as to place corporate social responsibility, or CSR, at the heart of its business. Three cross-disciplinary committees have been set up: Solidarity, Responsible Purchasing and Diversity. The committee members, communication departments and staff involved in the policy review actions and indicators together at CSR committee meetings.

The agenda of the Board of Directors now includes an item on CSR initiatives.

Recognition of ethical and responsible performance

TF1's ethical and responsible performance is recognised by several extra-financial rating agencies and the company is listed on the DJSI (World and Europe), Aspi Eurozone®, FTSE4Good Europe and Ethibel Europe indices.

In a study carried out for the International Labour Organisation (ILO), Vigeo[1] ranked four French companies, including TF1, in the top ten European companies with the best performance on diversity. The study focused on non-discrimination and equal opportunities at 539 companies in the EuroStoxx 600 Index.

In 2011 TF1 won the *"Prix de la Transparence"* in the consumer services category and the Registration Document Prize from the Labrador agency. These awards recognise the best practices of listed French companies in regulated financial information and financial disclosures (see www.groupe-tf1.fr).

TF1's CSR policy is organised into four main areas.

Area 1: ethics and transparency

Regulatory environment

TF1 has made a public commitment that its broadcasting will comply with the ethical and compliance principles set out in the agreement signed with the CSA. These principles include the respect of human rights; the protection of children; advertising quotas; surreptitious advertising; and obligations to contribute to French and European production. The Compliance and Legal departments ensure that the TF1, TMC and NT1 channels respect this regulation.

The TF1 agreement can be found online at the CSA website[2].

Advertising is subject to the co-regulation introduced by France's advertising watchdog, ARPP[3].

Charters and principles

TF1, a signatory of the Global Compact, shares the same values as the Bouygues group and respects its codes of ethics, supplier relations principles and human resources charter.

The code of ethics of the TF1 Purchasing department is founded on the respect of suppliers and partnerships, the efficiency and security of purchasing processes, and the independence and codes of ethics of buyers. The department also leads a responsible purchasing policy.

TF1 has provided its employees with the Ethic'net Charter, which concerns the use of the company's multimedia resources.

Extra-financial reporting

TF1 now includes extra-financial reporting in its registration document. The group's increasingly comprehensive and rigorous compilation of indicators reflects its aim to bring extra-financial and financial reporting together as part of an integrated reporting approach, which, taking account of new international guidelines such as ISO 26000 and GRI, enables the company to prepare for French regulatory requirements and respond to media sector-specific questions from rating agencies.

TF1 and "Media" GRI

The Global Reporting Initiative (GRI) provides companies with an international framework for reporting on their CSR policies. A special set of guidelines is currently being drawn up for the media sector. TF1, a leader in this field, and other French media groups took part in the process, aimed at increased objectivity and comparability in a sector where CSR is in the development phase. A think tank has been set up under the authority of the ORSE CSR watchdog.

ORSE: Observatoire sur la responsabilité sociétale des entreprises - CSR: corporate social responsibility
(1) Vigeo: European expert in analysis, rating and audit/consultancy for organisations concerning their approaches, practices and results in environmental, social and governance issues - Source: Les Échos (2) http://www.csa.fr/infos/textes/textes_detail.php?id=8169
(3) http://www.arpp-pub.org/

Editorial staff mobilised

The total value of airtime, donations of game show winnings, advertising slots provided to campaigns and direct donations to charities came to €21 million in 2011.

TF1's Solidarity Committee also handles requests from the not-for-profit sector.

Company Foundation

Focused on diversity and helping people get into employment, the Company Foundation recruits young people aged from 18 to 30 from disadvantaged areas via a competitive examination. The candidates selected by a jury of professionals are offered a two-year professional training contract at the TF1 group, accompanied by training and individual tutoring. Each candidate is sponsored by a TF1 employee. The Foundation has recruited 40 young people since it was created in 2008.

Area 3: skills and the working environment

The company is committed to maintaining a quality working environment by favouring the well-being, safety and professional fulfilment of employees. It encourages participation in community-minded initiatives.

Diversity: from charter to label

The TF1 group has a twofold aim in terms of diversity. As France's leading audiovisual media group, it seeks to reflect the diversity of French society in its

Area 2: dialogue and society

Public Relations

TF1's CSR activity is based on close relations with the public. Each segment of the public has to be able to dialogue with the group through the communication channel of its choice on a diverse range of topics.

The Public Relations department maintains direct relations with the public of the TF1 group channels and websites, accessible via TF1News.fr and Twitter, as well as by telephone and letters. The department responds to requests within 48 hours in line with its quality charter.

The news mediator receives opinions, queries and complaints from the public on programmes or the manner in which news is handled or omitted. The mediator responds via a web page, Twitter account or individually and supplies reasons for editorial decisions. Recurring remarks are sent to the teams concerned.

Meetings between TF1 and its public. Once a month, personalities from the channel and staff visit a French city to meet the public and take part in debates organised by the local authorities, schools and the regional press. Studio visits are also organised. Some 30 events were organised in 2011.

Employment Week

The TF1 group News department once again called on TF1, LCI, TF1News and Metro to focus on the issue of employment in May and November 2011. Reports and analysis on employment featured in all the news programmes, with an emphasis on real-life cases, emblematic initiatives and technical sheets. The "Employment Weeks" in 2011 focused in particular on seniors and women. Since the first campaign in 2009, nearly 12,000 contracts have been signed through this initiative, 60% of them permanent contracts.

Solidarity

TF1 provides charitable organisations with direct assistance and presents their work on the channel.

For further information

www.groupe-tf1.fr

About the Foundation
- www.fondationtf1.fr

In their own words

Bruce Roch, Chairman of AFMD*

"I have seen TF1 adopt a robust, mature and sincere commitment to diversity over time.

The group knows how to use the power of a message and does so with conviction as an integral part of its activities. The group's Chairman and CEO, Nonce Paolini, is committed to diversity, as is his team, which unfailingly defends the underlying themes, including gender equality, visible minorities, disabilities, all age categories, and sexual orientation.

The subject is natural and free of taboos, and so strengthens each person's desire to implement it on a day-to-day basis at the company, with the added bonus of obtaining the demanding Diversity label awarded by the government.

Here's hoping that TF1 inspires a lot of other organisations!"

(*) French association of diversity managers

CSR: corporate social responsibility

broadcasting and all of its content. As a company, it is convinced that diverse, multicultural teams are particularly creative and efficient.

The group promotes open and respectful relations between employees and rejects all discriminatory ideas and practices. To underscore its openness to all audiences, the TF1 group signed the Diversity Charter on 11 January 2011 and then applied for the Diversity label, which it obtained in December 2010. With this policy, called "From Charter to Label", it has chosen an ambitious approach for rolling out its diversity commitment.

Innovation University

The Innovation University, intended for employees, was developed to respond to their interest in new technologies, raise awareness of new digital issues and rally staff around TF1 group strategy.

The initiative, based on knowledge sharing, feedback and staff discussions, this year included conferences and creative workshops with input from experts from TF1, Bouygues Telecom and external partners.

Area 4: responsible production and broadcasting

Programme accessibility, subtitles and audio description

TF1 is duty bound to ensure that its programmes are accessible to everyone, especially people with impaired hearing. The channel now subtitles 100% of its programmes, including live broadcasts such as news shows. The theme channels exceed their legal requirements in this area.

With more than one million French people suffering from visual disabilities, TF1 proposes one programme per month with an audio description, allowing people to "see" a film through a voice description of the action and setting of a show. The technique used by TF1 was developed by the Valentin Haüy organisation. TF1 has committed to broadcasting 52 audio-described programmes in 2013, 20 of them airing for the first time.

Protecting young viewers[1]

Terrestrial television channels have since 2002 been required to identify programmes (excluding advertising) that are not recommended for all audiences by displaying a symbol on screen. The symbols correspond to one of five age categories: universal, -10, -12, -16 and -18. The TF1 channel does not broadcast -18 programmes.

TFou.fr, the TF1 group website for children, consists of three distinct sites for three different age groups. Safety is a prime concern in all TFou.fr web areas. Parents are provided with a parental charter, drawn up in partnership with the non-governmental organisation Action Innocence, on the responsible attitudes to be adopted.

TFou also partners the leading organisations involved in internet safety.

For further information
www.groupe-tf1.fr

Protecting children on the web

- **TFou's committments: http://tfousengage.tfou.fr/**
- **Action innocence: www.actioninnocence.org**
- **e-enfance: www.e-enfance.org**
- **Internet Sans Crainte: www.internetsanscrainte.fr**

(1) *TF1 commitments on the protection of young people: http://www.csa.fr/infos/controle/television_signaletique_C.php*

In their own words

François Perillat, production manager of the *R.I.S* series for TF1 Production

"Most of the props in our business have a short-lived existence, and that's part of the magic.

For a single scene of *R.I.S,* for example, we might transport and do up two buses and use an enormous amount of wood and paint. We can do better from an environmental standpoint, throw away less and recycle.

With the Ecoprod approach we can do our jobs just as well and with just as much passion, but be more in step with a good citizen mindset.

We're all for it at TF1 Production!"

Environmental awareness

In 2009 the News department introduced Eco2climat, an indicator on the carbon consumption of the French population as measured by the Carbone 4 firm. The indicator features on the 8 o'clock news show every month, aimed at raising public awareness of greenhouse gas emissions. Eco2climat, the first indicator of its kind in Europe, enhances the quality and consistency of TF1 information on sustainable development.

The Ushuaïa channel

Ushuaïa TV is the only French channel fully dedicated to sustainable development. Original channel programming includes *Passage au Vert,* presenting ecology as a fantastic opportunity, *Bougez Vert,* a sustainable development events diary, and *Green Trip,* an eco-tourism magazine.

More eco-friendly programmes with Ecoprod

TF1 partners the Ecoprod policy aimed at raising the audiovisual industry's awareness of its environmental footprint. In 2010 the Ecoprod team developed the Carbon'Clap® calculator, which measures carbon emissions specifically for the audiovisual sector. The TF1 group implemented Ecoprod principles for in-house productions in 2011.

For further information
www.groupe-tf1.fr

The Ecoprod initiative

- **www.ecoprod.com**

Supplier commitment to the Responsible Purchasing policy

The Purchasing department is getting suppliers involved in its CSR approach. The social and environmental performance of 148 suppliers have been assessed since 2007 using the EcoVadis scorecard.

In 2011 all TF1 group purchasers were trained on the Responsible Purchasing policy and a special intranet site went online. The Purchasing department has set up a car-sharing service with electric vehicles open to all staff for their professional travel.

TF1 DIALOGUE WITH STAKEHOLDERS

Stakeholders	TF1 players	Forms of dialogue	Actions in 2011
Regulatory authorities: CSA, ARPP, Competition Authority	> Compliance department, Corporate Secretary, Broadcasting department and TF1 Publicité	> Participation in working groups > Drafting reports and proposals	> Signature of charters and amendments (online games and betting, subtitle quality, audio description)
General public	> External Communication department (including Public Relations), news mediator, news team journalists	> Personalised answers to emails, phone calls and letters > Debates with channel personalities, journalist blogs, etc.	> Presence of Public Relations in social networks
Advertisers	> Sales department and Business Development at TF1 Publicité	> Publication of general terms and conditions of sale, www.tf1pub.fr website > Think tanks	> TF1 Publicité campus
Audiovisual creators	> Programme divisions	> Writing workshops	> Commission for professional training for creators
Employees and trade unions	> Management, HR heads and Social Affairs	> Negotiation of agreements with trade unions, internal communication > Personalised annual performance review	> Innovation Days > Induction days for new employees
Charitable organisations, NGOs	> Broadcasting, Solidarity Committee, Social Affairs, including the Disability task force	> Free spaces granted via SNPTV > Donations in kind > Multi-year contracts, partnerships	> Organisation of events focusing on disabilities and employment with the relevant associations
Suppliers and service providers	> Central Purchasing	> CSR policy questionnaires > Sustainable development included in specifications	> Work meetings focused on diversity, sharing of best practices
Shareholders, the financial community, extra-financial rating agencies	> Financial Communication, Sustainable Development coordination	> Annual Shareholders Meeting, annual report, road shows with institutional investors, meetings and conference calls with analysts, regular contact by phone, website	> Investor Days with the participation of company managers

ARPP: France's advertising watchdog – CSA: the French broadcasting regulator – SNPTV: the French television advertising association

CSR: challenges and key indicators

Objectives	Indicator	Unit	2010	2011	Comments	2012 objectives
Ensure the application of ethical principles with all stakeholders, help build regulatory framework	CSA warnings, cautions and penalties on the production and broadcasting of programmes (2010 report[a])	Number	1	(a)	> Continuous dialogue with CSA, drafting of charters for online games and betting > Amendment on audio description > New commitments on the representation of diversity accepted by the regulatory authority	> Increase vigilance on the respect of commitments > For advertising messages, apply the same requirements as the channels to all TF1 websites with editorial content
Develop dialogue with the public and other stakeholders	Contacts via the Public Relations department	Number	231,000	143,954	> Fall in number of email and letter contacts, rise in quality and development of Twitter dialogue	> Maintain close, quality and trusting relations with public
	Twitter followers	Number	-	650,000		
Ensure the diversity of programmes and representations, ensure accessible programmes for all	Average annual share of subtitled programmes (TF1 channel)	%	95	100	> TF1 programmes entirely subtitled, signature of charter on subtitle quality	> Develop audio description and dialogue with the associations concerned
Promoting social responsibility amongst group channels	Total value of solidarity initiatives[b]	€m	22.61	22.89	> Full backing from channels for charitable events *(Restos du cœur, Pièces jaunes, Sidaction)*	> Diversify charitable organisations receiving donations
Promote diversity at the company	Employees trained	Number	404	459	> Continuation of diversity training for managers and employees involved in programme production	> Write the second annual diversity report > Train 350 additional employees
	Disabled employees hired	Number	19	13	> Signature of second triennial agreement on keeping and hiring disabled workers	> Recruit 10 disabled workers on permanent contracts or fixed-term contracts of over 6 months
	Young people from disadvantaged areas taken on by the TF1 Foundation	Number	10	12	> Two young people from the 2009 Foundation intake hired on permanent contracts > Signature of a partnership with Mozaïk RH to diversify hiring	> Hire at least two young people from the 2010 Foundation intake > Recruit two interns and two people on work-study contracts
Control the consumption of raw materials and energy at the TF1 group (activities and buildings)	Electricity consumption	MWh	32,171	31,640	> 1% decrease in consumption for the second consecutive year. Energy savings stemming in part from the discontinuation of double process of news production > Introduction of Ecoprod[c] recommendations for the filming of the in-house productions *R.I.S* and *Interpol*	> Keep the 1% decrease objective in 2012 > Seek "HQE® Exploitation" certification for a TF1 group building > Apply Ecoprod to other TF1 Production productions
Responsible purchasing: disseminate the TF1 group CSR policy across the company's value chain	Suppliers audited using EcoVadis	Number	89	148	> Continuous improvement in dialogue with suppliers following assessments > Supplier commitment to diversity	> Sign the charter of best purchasing practices under the auspices of the Ministry of the Economy and Finance

CSA: French audiovisual regulator - HQE®: high environmental quality label - CSR: corporate social responsibility

(a) The CSA report with finalised data is released in September of the following year only. The data concerning the respect of 2011 commitments will be posted on line at http://www.groupe-tf1.fr/rse/ when CSA publishes its report on TF1 in September 2012. (b) value of institutional slots, cost of previews, special programmes and donations made during game shows and programmes, advertising spaces granted to free campaigns, donations in kind, donations to TF1 Company and Francis Bouygues Foundations, and to Fondation pour la Nature et l'Homme (c) go to www.ecoprod.com

Extra-financial indicators at 31 December

Family	Indicator	Scope	Unit	2009	2010	2011	Reporting framework
Compliance	CSA warnings, cautions and penalties on the production and broadcasting of programmes	TF1 channel	Number	5 (3 warnings, 1 caution, 1 penalty)	1 warning	(a)	GRI SO8 ISO 26000 6.7
Programme accessibility	Annual average percentage of subtitled programmes (excl. advertising)	TF1 channel	%	85	95	100	GRI SO1 ISO 26000 6.7.8
Contact with TV viewers	Contacts, e-mails, letters, telephone via the Public Relations department	TF1, TMC, NT1, LCI, TF1 News	Number	245,000	231,000	143,954	GRI PR5 ISO 26000 6.7.6
	Twitter followers			-	-	650,000	
Solidarity	Charitable organisations having received donations	TF1 SA, TF1 Publicité	Number	165	141	125	GRI SO1 ISO 26000 6.8.9
	Total value of solidarity initiatives[b]		€m	22,310	22,609	22,889	
	Young people from disadvantaged areas taken on by the TF1 Company Foundation	TF1 group	Number	9	10	12	Internal ISO 26000 6.8.9
	Employees sponsoring school students in disadvantaged areas			60	60	60	
Workforce	Permanent and fixed-term contracts	TF1 group	Number	3,910	4,082	4,122	GRI LA1 ISO 26000 6.4.3
	Share of full-time equivalent workers represented by non-permanent employees (excl. stringers)	France	%	7.3	7.3	7.13	
	Instability rate		%	5.6	6.9	6.6	GRI LA2 ISO 26000 6.4.3
Worktime organisation	Part-time employees	France	Number	247	328	355	GRI LA1 ISO 26000 6.4.3
	Absenteeism rate		%	4.0	5.2	4.9	GRI LA7 ISO 26000 6.4.3
Remuneration/ Employee savings	Annual average gross salary (all categories)	France	€	47,734	46,721	49,747	GRI LA3 ISO 26000 6.4.4
	Percentage of employees in savings scheme		%	81	78	76	
	Percentage of employees in PERCO collective retirement plan			13	13	14	
	Average gross amount paid per employee		€	1,023	740	1,542	
Labour/management dialogue	Meetings with staff representatives	France	Number	302	309	289	GRI LA4 ISO 26000 6.4.5
	Employees with a permanent position (works council representatives, staff delegates, board of directors)			127	122	131	
	Collective agreements made during the year			27	9	20	GRI LA5 ISO 26000 6.4.5
Equal opportunities	Employees trained on understanding diversity in their professional life	France	Number	70	404	459	GRI LA13 ISO 26000 6.3.7
	Disabled employees (all contract types)			53	58	71	
	Disabled employees hired during the year (on fixed-term or permanent contracts)			17	19	13	
	Percentage of women employees	TF1 group	%	48.6	47.4	47.9	GRI LA14 ISO 26000 6.3.7
	Percentage of women hires	France		51.0	47.6	50.4	
	Executive-level women employees			46.0	44.6	46.1	
	Manager-level women employees			34.4	34.9	35.5	
	Percentage of women promotions (with and without change in category)			17.3	15.2	14.7	
	Percentage of women interns			47.3	49.2	48.7	

Family	Indicator	Scope	Unit	2009	2010	2011	Reporting framework
Hygiene, health and safety (HHS)	Work accidents with time off	TF1 group	Number	25	42	25	GRI LA7 ISO 26000 6.4.6
	Work accident frequency rate[c]		(d)	3.642	6.263	3.651	
	Work accident severity rate[c]		(e)	0.096	0.177	0.136	
	Employees trained on HHS	France	Number	373	484	495	GRI LA8 ISO 26000 6.4.6
Training, mobility	Employees having attended training courses	France	Number	2,777	2,334	2,578	GRI LA10 ISO 26000 6.4.7
	Employees having attended training courses		%	76.3	61.4	74.4	
	Payroll spent on training			3.8	2.8	2.6	
	Total training hours		Number	128,896	71,223	69,426	
	Training hours per person per year			17 h 10	15 h 10	20 h 03	
	Individual right to training (DIF) granted			1,221	1,125	1,459	
	Internal mobility rate in hiring		%	57	52	44	
Induction	Interns under school agreements	France	Number	487	321	391	ISO 26000 6.4.7
Employee services	Housing granted to employees during the year			18	15	25	ISO 26000 6.4.4
Consumption	Electricity consumption	SME[f]	KWh	32,520,420 (excl. back-up site)	34,669,130	34,473,793	GRI EN3 ISO 26000 6.5.3
	Water consumption		m³	51,964	52,054	52,858	GRI EN8 ISO 26000 6.5.3
	Paper consumption		Tonnes	133	125	139	GRI EN1 ISO 26000 6.5.3
Greenhouse gases	Greenhouse gas emissions - scope 1		Tonnes CO_2 eq.	n.a.	n.a.	225	GRI EN17 ISO 26000 6.5.5
	Greenhouse gas emissions - scope 2			n.a.	n.a.	2,996	
Waste, raw materials	Quantity of waste collected		Tonnes	1,393	1,452	970	GRI EN22 ISO 26000 6.5.3
	Waste recycling		%	-	41	49	ISO 26000 6.5.3
Responsible purchasing	Purchasing managed by the Purchasing department	Central Purchasing	€m	600	600	650	ISO 26000 6.6.6
	Total business line purchasing	TF1 group		1,650	1,600	1,500	
	Suppliers assessed using EcoVadis	Central Purchasing	Number	45	89	148	GRI LA13 ISO 26000 6.6.6
	Amount of purchases assessed using EcoVadis		€m	90	125	139	ISO 26000 6.6.6
	Suppliers for which the CSR charter is included in contracts/orders		Number	39	76	121	GRI EC6 ISO 26000 6.6.6
	Sales with sheltered sector workshops		€	417,000	433,000	319,000	GRI LA13 ISO 26000 6.3.7
	Buyers trained (responsible purchasing)		%	15	15	100	ISO 26000 6.6.6

(a) The CSA report with finalised data is released in September of the following year only. The data concerning the respect of 2011 commitments will be posted on line at http://www.groupe-tf1.fr/rse/ when CSA publishes its report on TF1 in September 2012.
(b) Value of institutional slots, cost of previews, special programmes and donations made during game shows and programmes, advertising spaces granted to free campaigns, donations in kind, donations to TF1 Company and Francis Bouygues Foundations, and to Fondation pour la Nature et l'Homme.
(c) This indicator is subject to subsequent modification following approval by the relevant authorities.
(d) Frequency rate = number of work accidents with time off x 1,000,000/number of hours worked
(e) Severity rate = number of days of leave x 1,000/number of hours worked
(f) The EMS (Environment Management System) covers the four main buildings housing 88% of TF1 group employees in Boulogne-Billancourt and Issy-les-Moulineaux.

Bouygues Telecom

Mobile, fixed, TV and **internet** services

As a full-service electronic communications operator, Bouygues Telecom stands out for its innovative products and services and award-winning* customer relations serving its 12.5 million customers.

Key figures

2011 sales
€5,741m
(+2%)

Current operating margin
9.8%
(-2.5 points)

Net profit att. to the Group
€370m
(-17%)

Employees
9,870

Target

2012 sales
€5,140m (-10%)

Highlights

January 2011
> First operator not to pass higher VAT on to mobile services with television.

May 2011
> Top of the 2011 customer relations league table for mobile services (fifth year running) and for fixed/internet services.*

June 2011
> Milestone of 1 million fixed broadband customers passed.

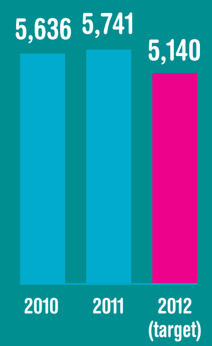
July 2011
> Launch of B&YOU, the first offer designed specifically for the digital generation.

October 2011
> Diversity label awarded by Afnor Certification.
> Launch of the new Eden range.

(*) First place in the 2011 TNS Sofres-BearingPoint customer relations league table (fifth year running for mobile segment; first year for fixed/ISP segment)

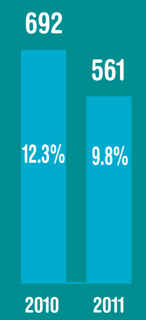
Bouygues Telecom still No. 1 for customer relations

SALES
€ million



CURRENT OPERATING PROFIT (€ million)

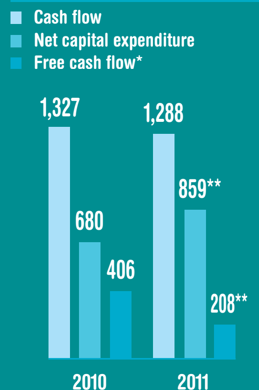
Current operating margin as %



NET PROFIT*
€ million

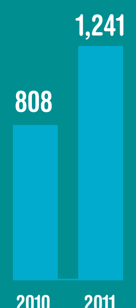
(*) Attributable to the Group

CASH FLOW
€ million

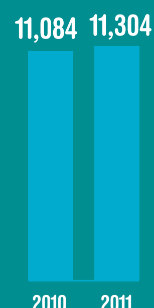


(*) Before change in working capital requirement
(**) Excl. investment in 2.6 GHz frequencies (€228m)

FIXED BROADBAND CUSTOMERS ('000)



MOBILE CUSTOMERS
'000



Condensed balance sheet at 31 December

(€ million)	2010	2011
ASSETS		
• Property, plant and equipment and intangible assets	3,496	3,872
• Goodwill	8	21
• Non-current financial assets and taxes	16	11
NON-CURRENT ASSETS	**3,520**	**3,904**
• Current assets	1,267	1,309
• Cash and cash equivalents	194	35
• Financial instruments*	-	-
CURRENT ASSETS	**1,461**	**1,344**
TOTAL ASSETS	**4,981**	**5,248**
LIABILITIES AND SHAREHOLDERS' EQUITY		
• Shareholders' equity attributable to the Group	2,410	2,371
• Minority interests	-	-
SHAREHOLDERS' EQUITY	**2,410**	**2,371**
• Non-current debt	331	601
• Non-current provisions	148	129
• Other non-current liabilities	-	72
NON-CURRENT LIABILITIES	**479**	**802**
• Current debt	31	11
• Current liabilities	2,059	2,060
• Overdrafts and short-term bank borrowings	-	1
• Financial instruments*	2	3
CURRENT LIABILITIES	**2,092**	**2,075**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,981**	**5,248**
Net debt	**(170)**	**(581)**

(*) Fair value hedges of financial liabilities

Condensed income statement

(€ million)	2010	2011
Sales	**5,636**	**5,741**
• Net depreciation and amortisation expense	(664)	(692)
• Net charges to provisions and impairment losses	(41)	(44)
• Other income and expenses	(4,239)	(4,444)
CURRENT OPERATING PROFIT	**692**	**561**
• Other operating income and expenses	-	38
OPERATING PROFIT	**692**	**599**
• Income from net surplus cash	(9)	(10)
• Other financial income and expenses	(7)	(7)
• Income tax expense	(232)	(211)
• Share of profits and losses of associates	-	(1)
NET PROFIT	**444**	**370**
• Minority interests	-	-
CONSOLIDATED NET PROFIT (attributable to the Group)	**444**	**370**

Outlook for 2012

In a mobile phone market where the pace of change accelerated in early 2012, Bouygues Telecom is adapting to the new environment, developing B&YOU in the bare bones segment and redesigning, simplifying and repricing its offers with services.

Despite continuing growth in the fixed broadband segment, Bouygues Telecom expects sales to contract by 10% in 2012. This projection takes account of the cut in mobile termination rates (estimated impact: €350 million), an expanding bare bones segment and a transformation of the mobile market following the arrival of a new operator. The negative impact on EBITDA is expected to be around €250 million, with the cut in mobile termination rate differentials accounting for €90 million.

In this context, a €300-million savings plan will be implemented in 2012, the benefits of which should start to show through in 2013. It will be based as a priority on changes to products, services and distribution methods and savings on external costs.

Bouygues Telecom is continuing to invest in infrastructure to support growing usage: it has acquired a 4G block of frequencies in the 800 MHz band, started to roll out its 4G network and is extending its proprietary optical fibre network.

Nabyl Boughalem, manager of the Bouygues Telecom Club store in Laval

Bouygues Telecom's mobile phone network covers 99% of the French population

BOUYGUES TELECOM PROFILE

A 15-year veteran of the electronic communications market, Bouygues Telecom continues to innovate in order to meet the expectations of its 12.5 million customers.

Inventor of the mobile call plan in 1996, Bouygues Telecom launched the first unlimited plans with Millennium in 1999 and Neo in 2006.

Bouygues Telecom acquired its own fixed network in 2008 and became an internet service provider (ISP) with the Bbox router.

That was followed in 2009 by the invention of ideo All-in-one, the first quadruple play offer on the market, and in 2010 by the launch of Bbox Fibre, Bouygues Telecom's first very-high-speed broadband offering.

Bouygues Telecom innovated again in 2011 with the creation of B&YOU, an online-only brand.

Strengths and advantages

Bouygues Telecom's growth is founded on a number of key factors.

A robust and growing customer base

A recognised player on the electronic communications market for 15 years, Bouygues Telecom had over 12.5 million customers at end-2011.

Acknowledged success on the fixed broadband market

In under three years, Bouygues Telecom has successfully staked out a solid position on the fixed broadband market, leading the way in terms of net growth over the last two years with over 30% of net market growth. This success, attributable to the quality of the Bbox router and the appeal of ideo packages, has been enhanced by the availability of the Bbox Fibre router on a network that brings over 7 million households within reach.

Increasingly innovative mobile services

Bouygues Telecom has innovated constantly over the last 15 years in order to create new service packages tailored to its customers' needs. In its most recent innovation, in July 2011 the company launched the first unlimited voice/SMS package for less than €25 (€19.99 in January 2012) under the B&YOU brand for the internet generation. Bouygues Telecom is a pioneer on this emerging market segment, offering attractive packages at a price that is consistent with the services provided and the cost and encouraging customers to help develop services further.

Constantly evolving mobile network coverage

Bouygues Telecom offers its customers mobile coverage of 99% of the French population as well as international coverage in over 270 countries through international roaming agreements.

Mobile internet is accessible via the company's own 3G+ network, which covered 93% of the French population at end-2011. An agreement to share 3G infrastructure in low-density areas has been concluded and is now being implemented, enabling customers to benefit from the same level of 3G coverage as 2G coverage by the end of 2013.

The recent acquisition of fourth-generation (4G) frequency blocks will not only enhance bandwidth but also allow Bouygues Telecom to offer all its customers access to very-high-speed mobile broadband in the coming years, underlining its determination to continue to make mobile telephone internet services more easily accessible.

Focus on customers

In conjunction with its 15th anniversary, Bouygues Telecom achieved the twin distinction of being ranked No.1 for customer relations in both the mobile segment (for the fifth year running) and the fixed/internet segments (for the first time), just two-and-a-half years after the launch of the Bbox router.

Bouygues Telecom is also the only operator to have NF Service quality certification for its customer relations centres, covering both fixed and mobile activities.

These two awards recognise the achievements of Bouygues Telecom, which places high-quality customer relations at the centre of its concerns.

An extended distribution network

Through its subsidiary Réseau Clubs Bouygues Telecom (RCBT), Bouygues Telecom has a network of 650 Club stores as well as outlets in mass retailers and specialist chain stores. Its website attracts over 5 million unique visitors a month on average.

A wealth of talent

As in the Bouygues group as a whole, Bouygues Telecom's innovative, grassroots human resources policy reflects the particular interest that the company takes in its people, with a special emphasis on preventing discrimination and promoting equal opportunity. In 2011, Bouygues Telecom was awarded the Diversity label[1] and launched a women's network called "Bouygt'elles".

A glossary can be found in the *Additional Information* section of this document.
(1) The Diversity label is awarded by Afnor Certification following an in-house audit.

A sound financial situation

A sound financial situation means that Bouygues Telecom can expand on its markets and invest in order to offer its customers the highest quality service.

All these advantages, on which Bouygues Telecom will continue to build, plus the backing of the Bouygues group, will enable the company to pursue growth and grasp any opportunities that arise in 2012.

Opportunities

On the high-speed and very-high-speed fixed broadband market, Bouygues Telecom will pursue its strategy of winning customers by continuing to extend its fixed network and offer more services. Agreements concluded with Numericable, SFR and, recently, France Télécom-Orange, will give Bouygues Telecom access to a potential market of nearly 13 million households for its very-high-speed services, thus strengthening its position in the optical fibre segment.

The forthcoming launch of the new Bbox Sensation ADSL and Fibre routers will represent a technological breakthrough on the ISP market. Through partnerships with two leading global players in electronics, Intel and Samsung, Bouygues Telecom has gained complete control over the software, once again proving its capacity for innovation. The new Bbox will be available in ADSL and Very-High-Speed versions in spring 2012, while the Bbox Sensation Fibre will constitute a single, streamlined convergence point for all the household's content and online devices (television, PC, tablet, smartphone and hi-fi).

Boasting the most powerful processor on the market, the Bbox Sensation will offer customers a new experience as well as enhanced content such as cloud gaming and an extensive choice of video on demand (VOD). The positioning on this premium segment will help to generate additional revenue.

On the mobile market, the sharp rise in data traffic is generating increased needs for bandwidth and speed. Bouygues Telecom already offers customers speeds of up to 42 Mb/s in 3G+ in some cities. With the forthcoming roll-out of fourth-generation mobile networks, Bouygues Telecom will be able to offer customers access to very-high-speed mobile internet, giving the company fresh opportunities for differentiation on mobile internet services.

B2B markets represent a third source of opportunities. A full-service operator whose customers include a number of major accounts, Bouygues Telecom has the capacity to challenge its rivals on a corporate market worth an estimated €15 billion a year[1] that is becoming increasingly open to competition. With a privileged position on the community MVNO segment, complementing its retail business, Bouygues Telecom has all the necessary advantages to increase revenue from the wholesale activity.

Bouygues Telecom is also expanding its diversification activities in order to pursue growth in segments such as smart devices and contactless services.

REGULATORY ENVIRONMENT AND FINANCIAL PERFORMANCE IN 2011

A number of important changes to the regulatory environment and tax rules took place in 2011.

Abolition of composite VAT

The reduced rate of VAT (5.5%) previously applicable to fixed and mobile subscriptions including television services was scrapped in the 2011 Finance Act. An event which created an unprecedented stir on the market, such subscriptions became liable for the full 19.6% rate of VAT from 1 January 2011. Bouygues Telecom was the first operator to decide not to pass this increase on to mobile plan customers, a choice subsequently followed by its rival operators.

Cut in call termination rates

In March 2011, Arcep adopted a decision setting new maximum mobile termination rates for the period from July 2011 to December 2013. Although rates are continuing to fall (from €0.02 per minute on 1 July 2011 to €0.008 by end-December 2013), they are now symmetrical for Bouygues Telecom, Orange and SFR.

International roaming

On 1 July 2011, in accordance with European regulations, roaming prices for voice calls in an EU country were cut to €0.35 per minute for outgoing calls and €0.11 per minute for incoming calls.

4G frequencies

In June 2011, Arcep started the process for awarding fourth-generation frequencies in the 800 MHz and 2,600 MHz bands. The roll-out of very-high-speed mobile networks will ultimately offer significantly higher speeds than the 3G network.

Bouygues Telecom was awarded blocks of frequencies in the 2,600 MHz band in December 2011, at a cost of €228 million, and in the 800 MHz band in early 2012, at a cost of €683 million. The blocks were acquired for a 20-year period and will enable Bouygues Telecom to enhance bandwidth and, through cutting-edge technologies, to offer customers more services. 4G roll-out will start in 2012.

Optical fibre

In 2011, Arcep put the finishing touches to regulations for high-speed and very-high-speed broadband designed to encourage long-term competition, infrastructure sharing and joint investment.

Arcep: French electronic communications and postal services regulator - MVNO: Mobile Virtual Network Operator
(1) Arcep and Bouygues Telecom estimate


Bouygues Telecom signed up 369,000 new mobile plan customers in 2011

Bouygues Telecom concluded an agreement with France Télécom-Orange for the roll-out of optical fibre in high-density and lower density areas.

At the same time, the French government launched a nationwide very-high-speed broadband programme, partly intended to finance public-initiative optical fibre networks outside high-density zones.

Financial performance

In this context, Bouygues Telecom stepped up its innovation policy in order to maintain growth, enabling the company to remain financially healthy.

Consolidated sales in 2011 amounted to €5,741 million, 2% up on 2010, in a market broadly stable by value. Sales from network were stable at €5,082 million, sustained by fixed and MVNO offers. Without the cut in mobile termination rates, growth would have been 8%.

Consolidated EBITDA was in line with the target at €1,272 million despite the cut in the mobile termination rate differential, which had a negative impact of €151 million, the rise in VAT (an estimated €100 million) and €99 million in additional commercial costs.

Current operating profit amounted to €561 million, down 19% due to higher amortisation charges linked to a thriving fixed broadband business (Bbox router and service access costs are capitalised).

Operating profit amounted to €599 million, including €38 million of non-current income from an asset disposal.

Consolidated net profit amounted to €370 million.

Capital expenditure in 2011 amounted to €1,087 million, €407 million more than in 2010. The main items were the purchase of 4G frequencies in the 2,600 MHz band for €228 million, extension of the 3G network, the development of services and optical fibre, and routers for new fixed broadband customers.

Free cash flow excluding the purchase of 4G frequencies (€228 million) amounted to €208 million and total net debt to €581 million.

BUSINESS ACTIVITIES

The mobile market

The French mobile phone market grew by 5% in 2011, driven by a 6% rise in the number of plan customers and a 4% rise in the number of prepaid customers.

Within the plan market in mainland France:

> machine-to-machine SIM cards accounted for 7% of the customer base at end-2011 and 28% of new plan customers during the year;

> internet SIM cards (mainly USB modems) accounted for 7% of the customer base and 16% of new plan customers during the year;

> the corporate market also grew.

MVNOs accounted for 79% of new customers in the total mobile customer base in 2011, compared with 31% in 2010, and for 11% of the total SIM base.

Bouygues Telecom, the third biggest operator on the French mobile market after Orange and SFR, stands out from its competitors through its capacity to innovate and the quality of its customer relations.

A changing mobile market

The consumer mobile phone market was transformed in 2011 by the effect of regulatory changes (cut in voice and SMS termination rates, impact of consumer protection legislation), higher prices for handsets (growing share of smartphones) and changing usage. A new segmentation of the market emerged, between bare bones offers (no commitment, no handset, online-only) on the one hand and offers with services (tailored plans with handset and customer support) on the other.

In a slowing MNO market, Bouygues Telecom recorded higher year-on-year growth in its mobile SIM base than its competitors. The company signed up 369,000 new mobile plan customers in 2011, bringing the total customer base to more than 11.3 million at year-end, 80.6% of them on plans.

B&YOU, groundbreaking online-only mobile plans

On 18 July 2011, Bouygues Telecom launched B&YOU, a groundbreaking online-only service that offers a range of attractively-priced mobile plans to meet the needs and expectations of the internet generation. Sign-up and all other interaction with customers take place exclusively online, on the website https://www.b-and-you.fr or on community forums where users can communicate with and help each other. Through their suggestions, users

MNO: Mobile Network Operator - MVNO: Mobile Virtual Network Operator directly help to improve B&YOU and its services. The new brand allows customers to buy their handset separately from their call plan, at cost price, on a payment schedule. B&YOU won the award for best low-cost offer at the second *Mobiles d'Or* event[1] in December 2011.

Eden, a simplified range of mainstream plans

Reflecting its policy of simplifying its products and services and better supporting its customers, Bouygues launched Eden, a new range of consumer call plans in 2011. The range is segmented according to data usage in order to adapt to customers' needs, offering a choice of plans with or without commitment, with or without a handset, with or without internet. In addition, Eden customers can replace their handset every 24 months for less than a new customer would have to pay and get a replacement handset within 24 hours in the event of breakage, loss, theft or failure.

Prepaid

With the introduction of data options for its "Deux Fois Plus" card, Bouygues Telecom won the award for best prepaid offering at the *Mobiles d'Or* event[1] for the second year running.

Corporate and professional

Bouygues Telecom Entreprises signed new fixed and mobile contracts with a number of major accounts (Auchan, Lafarge, Foncia, etc.) and launched Neo Pro 24/24 Platinium for companies with fewer than ten employees, an all-unlimited plan that meets customers' expectations and supports mobility by including international calls.

MVNOs

There were 1.6 million active MVNO customers[2] on the Bouygues Telecom network at end-2011, one million more than at end-2010, representing over 35% of net MVNO market growth in 2011. This performance was mainly due to the latest agreements concluded by Bouygues Telecom with Lebara Mobile and Lycamobile, community MVNOs that target individuals looking for attractively priced international calling.

External growth

Bouygues Telecom took stakes in a number of companies in 2011. Together with Orange, SFR and Atos, it created Buyster, a company which, on 13 September 2011, started marketing an innovative web-based solution that uses mobile handsets for secure on-line payments.

On 21 December 2011, Bouygues Telecom acquired KPN France from the Dutch group KPN. The company markets prepaid mobile products under the Simyo brand.

The fixed broadband market[3]

The French fixed broadband market grew by 7% in 2011 and numbered 22.8 million customers at year-end.[4]

Bouygues Telecom signed up more new customers on the market in 2011 than Orange, SFR or Free, accounting for 30% of net market growth. Bouygues Telecom attracted 433,000 new customers in 2011, passing the milestone of one million fixed broadband customers in June and confirming the fixed broadband segment as a driver of growth.

An ambitious player on the fixed market

Bbox Fibre

2011 saw the launch of Bbox Fibre, a very-high-speed package that uses the Numericable network, giving access to a potential market of over 7 million households. With significantly higher speeds than ADSL (up to 100 Mb/s), the service offers much faster internet access and downloading, while High Definition and 3D provide exceptional image and sound quality. Bbox Fibre is also available with ideo All-in-One packages, making it the first very-high-speed quadruple play offering.

Optical fibre

Bouygues Telecom signed an agreement with France Télécom-Orange in December 2011 relating to access to the horizontal part of France Télécom-Orange's optical fibre network in very high-density areas. The geographical scope of the agreement complements the scope of the agreement between Bouygues Telecom and SFR concluded in December 2010. The partnership with France Télécom-Orange concerns a potential market of 1.7 million connections in very high-density areas. The agreement also covers general conditions of access to optical fibre in less dense areas, a potential market of 8.9 million residential units. Orders will be taken zone by zone as roll-out advances.

UPHOLDING CUSTOMER SERVICE

Bouygues Telecom distributes mobile and fixed services through its subsidiary **Réseau Clubs Bouygues Telecom (RCBT).** The creation of a stores network, which started in 1998, is one of the main strands of Bouygues Telecom's distribution policy. RCBT recently passed the milestone of 650 Club stores to ensure even closer relations with customers on the ground.

In recent years RCBT has adapted the layout of its stores to new services such as ideo, Bbox Fibre and 3G+ internet. In 2011, 30 Club stores were renovated according to a new concept called "Connect", which incorporates an eco-design approach. Environment-friendly features include LED lighting as well as the choice of computer hardware and air-conditioning and heating equipment, generating a saving of over 50% on the associated charges. Customer support is central to the concept, which also makes accessibility for people with reduced mobility a priority.

Extenso Telecom, a wholly-owned subsidiary, also plays a key role in distributing Bouygues Telecom communication services through its network of 2,700 outlets. It was voted best wholesaler of line subscriptions in 2011 for the fourth year running in recognition of its mobile plan sales (with or without a handset).

Bouygues Telecom has stepped up its internet sales operations in recent years. The online store, accessible directly from www.bouyguestelecom.fr, is an interactive outlet open 24/7. As well as a wide range of handsets, products and services, it also offers internet users special advantages. The site attracts over 5 million unique visitors a month on average, and the Bouygues Telecom Facebook page around 35,000.

With the aim of directly involving customers in its sustainable development policy, Bouygues Telecom is continuing its move to electronic billing for individual consumers. 3,402,000 customers

(1) Event co-organised by MedPi, Journal des Télécoms and JDLI. 11 prizes were awarded to eight companies in 2011 for their products, services or managers (2) Estimate of the MVNO active customer base: customers who made at least one outgoing call in the previous month (3) Includes fixed broadband and very-high-speed subscriptions (4) Arcep figures published on 1 March 2012

Optimised packaging for Bouygues Telecom's Card products: no cardboard box, just a plastic blister, nestable rather than stackable boxes that take up less space and save on packaging

were receiving e-bills over the internet by end-2011, nearly 60% of the total. The packaging of self-service SIM cards and Carte Bouygues Telecom card products has also been adapted to correspond to the company's eco-design policy.

A pioneer of mobile handset recycling and the first operator to open its scheme to customers of other operators and to all makes of handset, in 2011 Bouygues Telecom launched a virtual store for pre-owned smartphones on its website. In perfect condition, the handsets are supplied through the company's recycling scheme and offered for up to 50% of the price of a new phone; they are available without commitment, with a three-month guarantee and assistance in the event of a problem. These are examples of how Bouygues Telecom has reasserted its determination to better serve its customers, taking account of both environmental issues (by reusing products and making it easier to recycle them) and social issues (giving more people access to smartphones, using the sheltered sector in the recycling scheme).

In 2011, Bouygues Telecom also took steps to offer more responsible products when supporting customers in the use of their mobile phone or router. For child protection purposes, a comprehensive parental control solution for the Bbox router or 3G modem or a parental lock on TV sets is available on the website. The company has also stepped up its communication on the internet and in point-of-sale guides to promote its personalised customer consumption review service.

Bouygues Telecom contributed to a number of health monitoring initiatives in 2011. For example, it regularly updated the Radiofrequencies and Health section of the Bouygues Telecom website, extended the scheme to provide information about the specific absorption rate (SAR) of handsets and use of the hands-free kit to all communication media and updated the French Telecoms Federation brochure on mobile phones and health, incorporating the World Health Organisation's latest findings on the subject.

Following the launch of Ijenko Inside, the first Bbox-based energy consumption management service, Bouygues Telecom announced its participation in the IssyGrid® project, a neighbourhood energy management and optimisation solution. Other partners in the five-year project in Issy-les-Moulineaux, near Paris, include Alstom and Bouygues Immobilier.

FOR MORE INFORMATION
bouyguestelecom.com

Pre-owned smartphones
- http://mobile-occasion.bouyguestelecom.fr/

Responsible offers
- http://www.services.bouyguestelecom.fr/telephone-mobile/controle-parental

SUSTAINABLE DEVELOPMENT

Organisation and coordination

Bouygues Telecom's sustainable development policy is coordinated by the Innovation Architecture Services division in synergy with support and operational units. The sustainable development unit supervises the roadmap, the related reporting and working groups on cross-disciplinary issues, coordinated by the general management committee, the energy committee or the responsible purchasing committee, for example. An executive committee made up of senior managers from the firm's main lines of business meets monthly to ensure operational coherence. At local level, two-person teams from Staff Services and Human Resources coordinate actions on all the company's sites.

For nationwide events, initiatives are taken on all sites to raise employees' awareness of the key strategic priorities developed in-house. The issues tackled in 2011 concerned reductions in business travel, waste sorting, eco-design, the use of electronic documents and everyday ways of reducing paper and energy consumption.

As in the rest of the Group, Bouygues Telecom promoted its ethical code to staff through awareness-raising sessions and specific training.

In order to increase customer satisfaction, Bouygues Telecom has introduced a management method called Lean Six Sigma, designed to improve the effectiveness and quality of its processes and hence to guarantee constant service and product quality.

Regular dialogue is also conducted with the company's main stakeholders: customers, shareholders, employees, charitable organisations, suppliers, etc. (see the Dialogue with Stakeholders table opposite).

Responsible purchasing

The purchasing department, created in 2002, is continuing a proactive policy of approving environment-friendly, socially responsible products and services produced in compliance with ethical principles, as well as developing even-handed relations with suppliers.

In addition to handset and equipment recycling schemes, waste management and a policy of choosing products with low environmental impact, Bouygues Telecom continued to focus on two priorities:

> EcoVadis CSR assessments of 74 new suppliers, bringing the total number of assessed suppliers to over 250;

> use of the sheltered sector: in 2011, goods and services worth nearly €1.4 million were purchased from sheltered workshops and inclusion programmes.

Outlook

Bouygues Telecom made considerable efforts to reduce its energy consumption in 2011. These will continue in 2012, focusing on eco-design of routers and the company-wide introduction of an ISO 50001-type management system. Generally speaking, action will concentrate on the design of more responsible products that are as widely accessible as possible..

Dialogue with stakeholders

Stakeholders	Player(s) in Bouygues Telecom	Examples of types of dialogue
Customers **Consumer organisations (UFC-Que Choisir, Adeic, Familles de France, Familles Rurales, CLCV, etc.)** **Mediator (AMCE)**	> Customer Service, Customer Relations, Consumer Affairs, Research, Legal Affairs departments	> Customer service > Customer satisfaction surveys, studies, round tables > Meetings with consumer organisations > Internal forum for customer complaints and discussion
Employees **Trade unions**	> Management, Human Resources and Labour Relations managers	> Employee perception surveys > Annual assessments > Dialogue and negotiation of agreements with employee representatives > Intranet site including an environment and sustainable development section > Events, in-house magazine
Regulators and consultative bodies (Arcep, ANFR, CNC, etc.) **Central government (ministries, DGCCRF, European Union, etc.)** **European institutions**	> Frequencies and Protection, Economic Affairs and Regulation, Consumer Affairs, Legal Affairs, Sustainable Development departments	> Responses to public consultations and questionnaires > Meetings, participation in working groups > Drafting of reviews, proposals
Industry organisations and associations, both national (FFT, Afutt, Afors Telecom, etc.) and international (GSMA, ECTA)	> Frequencies and Protection, Economic Affairs and Regulation, Consumer Affairs, Legal Affairs, Sustainable Development departments	> Discussions and working meetings with operators on non-competitive issues of mutual interest > Industry responses to public consultations
Local residents associations, national associations, associations with a special interest in radio masts	> Frequencies and Protection, Network External Relations departments	> Discussion of Grenelle I and II Acts, round tables, public meetings > Specific Radiofrequencies and Health website
Suppliers and service providers	> Purchasing department	> Executive committees > Third-party evaluations and audits > Supplier mirror surveys
Mayors and elected officials, prefects, land and property owners	> Network External Relations, Asset Management departments	> Public meetings > Consultation meetings > Trade fairs > Local residents meetings, exhibitions

Adeic: Consumer Protection, Education and Information Association - Afors Télécom: French Association of Telecom Networks and Services Operators - Afutt: French Telecommunications Users Association - AMCE: Electronic Communications Mediation Association - ANFR: National Frequencies Agency - Arcep: French electronic communications and postal service regulator - CLCV: Consumer, Housing and Lifestyle Federation - CNC: National Consumer Council - DGCCRF: French consumer affairs, competition and fraud watchdog - ECTA: European Competitive Telecommunications Association - FFT: French Telecoms Federation - GSMA: GSM Association - UFC-Que Choisir: leading French consumer association

SUPPORTING OUR PEOPLE

Like other Group companies, Bouygues Telecom has always paid particular attention to its people, giving priority to preventing discrimination and promoting equal opportunity and diversity.

Employee health and safety

Action to promote health and safety was taken in four areas in 2011: a programme to encourage people to take physical exercise, training for 2,000 managers to raise their awareness of how to detect and prevent stress, road safety information and events, and safety information for maintenance technicians provided in electronic form so that they can look it up on a PDA while in the field, for example.

Promoting equal opportunity and diversity

Diversity in the workforce

One of the outstanding events of 2011 was the award of the Diversity label in July in recognition of a fully-fledged diversity policy based on four priorities: disability, equal opportunity, older workers and origin. The place of women in the company was another key issue in 2011, with the roll-out of the Women in Management programme. Ten initiatives were launched with the aim of increasing the proportion of women in the workforce and in senior management positions, including a women's network, a mentoring programme to fast-track women's careers and training to raise awareness of gender issues. Bouygues Telecom also won a Top Employer award from the CRF Institute for the second year running.

In their own words

Thierry Geoffroy, policy officer to the Managing Director of Afnor Certification

What does Afnor Certification think of Bouygues Telecom's policy?

Award of the Diversity label comes as no surprise, even though it is never a foregone conclusion. The Diversity label is intended to recognise and reward a constant commitment combined with practical action to guarantee the effective prevention of discrimination and promote diversity. That has already been the case at Bouygues Telecom for a number of years. The "Diversity and Recruitment" and "Respect and Performance" training courses introduced in 2007 are a good illustration of that.

What is special about Bouygues Telecom's approach?

It is special first and foremost because it is applied in a company operating in a business exposed to relentless, substantive and abrupt change. As a result, combating discrimination requires constant adaptation and great responsiveness in the action taken. Employees readily recognise this, since 86% of them say that promoting diversity is a fact of life in the company. One example among many others that comes to mind, and which we regard as particularly representative, is sponsoring employees of the cleaning firm at Bouygues Telecom's headquarters, the Sequana Tower in Issy-les-Moulineaux, to promote literacy.

Integrating disabled workers

The target for the recruitment of disabled employees was exceeded by 25% in 2011 and specific career interviews were introduced. A first agreement to promote the integration of disabled workers was signed at RCBT in October and a disability task force has been set up to coordinate and monitor initiatives.

Skills development and career enhancement

The transformational Growth and Performance programme was launched in 2011, enabling 2,000 Bouygues Telecom managers to share and prepare for the new challenges facing the company, in particular by establishing a culture of continuous improvement in business processes and the associated managerial practice. The importance of ethical behaviour was also reasserted through training to raise awareness of best practice in conjunction with the distribution of Bouygues Telecom's new code of conduct.

Supporting good citizenship initiatives

The Bouygues Telecom Foundation and its 750 volunteers from within the workforce continued its work in its three chosen areas:

- **the community,** with Association Les Petits Princes, a charity that makes the dreams of seriously-ill children come true (it helped 30 children in 2011);
- **the environment,** with 190 employees helping to clean up beaches and rivers in partnership with the Surfrider Foundation;
- **culture,** with the Bouygues Telecom Foundation–Metro New Talent prize, awarded to Philippe Nonie for his novel *L'Inconnue.*

For the past five years, the Foundation has also offered its employees a framework for charity sponsorship, extended in June to customers, thus supporting them in their personal commitments.

Dialogue with staff

Staff were again invited to respond to a perception survey[1] in 2011, two years after the previous one. The high level of participation (77%) demonstrates their interest in and commitment to the company, especially its values and community action. Commitment to the community[2] and pride in working[3] at Bouygues Telecom came top. The biggest advance (11 points) concerned measures to promote equal opportunity and the sustainable development policy, reflecting the many initiatives taken to increase diversity in the workforce, crowned by the award of the Diversity label and HQE® and ISO 50001 certification.

Dialogue with employee representatives

A sustained dialogue took place in 2011 between Bouygues Telecom's management and its 332 employee representatives, at 276 meetings on subjects such as the home working pilot scheme and the Diversity label. Negotiations on the Resource Space (online personal development workshops available to all employees) and voluntary profit-sharing resulted in agreements signed by all the trade unions. In late 2011, the unions were invited for the second time to negotiate on the jobs and skills plan and on gender equality in the workforce.

REDUCING OUR ENVIRONMENTAL FOOTPRINT

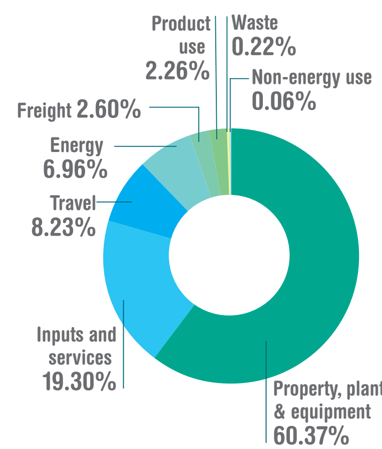
Bouygues Telecom carried out its fifth carbon balance in 2011. CO_2 emissions had stabilised as a result of the action taken, despite considerable investment in network equipment. Most of Bouygues Telecom's efforts to reduce its carbon impact focus on energy and travel.

In order to achieve its aims, the company has introduced a proactive "3Rs" policy (Reduce, Reuse, Recycle), as well as reducing energy use, managing waste, controlling consumption, buying more energy-efficient equipment and optimising employee travel.

Flagship initiatives include the Optile Energy project, launched in 2009, to manage and control network consumption despite soaring data traffic through measures such as turning hardware off and choosing more efficient solutions. The data centre consolidation plan resulted in savings of over 8 GWh, representing 13% of total data centre consumption.

TOTAL CARBON EMISSIONS PER SOURCE

Source: Bouygues Telecom – 2011



(1) The responses were processed and analysed by Inergie Opinion (2) 96% of staff recognise Bouygues Telecom's commitment to the community (3) 95% of staff say they are proud to work at Bouygues Telecom

The Printania site in Bourges has received ISO 50001 certification

Responsible site management

Sustainable building operation

Three Bouygues Telecom sites currently have HQE® Operation certification: the Bourges customer relations centre, since 2009, and the two main sites in the Paris region. Certification involves staff in practical sustainability measures such as reducing energy and water use and sorting waste at source.

Renewable energy

New solutions for generating power from renewable energy sources were either installed or under consideration in 2011, including multiple-source solutions, rooftop photovoltaic mini-farms, wind turbines and fuel cells.

Controlled energy management

Bouygues Telecom stepped up its energy efficiency policy by deciding to roll out energy management systems that comply with the new ISO 50001 standard. The first international standard to define requirements for implementing energy management and continuous improvement systems, ISO 50001 is applicable to any organisation and covers all types of energy (electricity, fuel, natural gas, steam, heat, etc.) without distinction as to source (renewable or other). A real selling-point, ISO 50001 certification gives fresh impetus to continuous improvement in order to reduce energy dependence and prepare for price rises.

Bouygues Telecom thus became the first fixed and mobile operator to be certified by Bureau Veritas Certification. Two sites, the Bourges customer service centre and the data centre in Montigny-le-Bretonneux, were awarded ISO 50001 certification. Two other sites are also likely to obtain this certification in 2012, representing a total of over 100,000 m² of office space.

Rigorous waste management at base stations and data centres and in offices

Bouygues Telecom uses the sheltered sector as a priority for waste management. In partnerships dating back to 2004, the company is continuing to work with sheltered workshops: Esope recycles dismantled equipment from base stations (racks, aerials, etc.), while ATF recycles computer hardware.

Reducing paper consumption

New-generation multi-function printers[1] introduced in previous years at sites in the Paris region were extended to all other sites in 2011. The number of sheets of paper printed fell by 4% between 2010 and 2011. Dynamic visual displays installed in busy areas of the two main Paris region sites have helped to reduce paper consumption as well as offering a new means of communication.

Bouygues Telecom started the move to electronic documents several years ago in order to reduce its environmental footprint and optimise its validation processes. Several HR management documents are now processed in electronic form, including employee mobile phone bills, payslips and documents covering relations between line managers and employees. Electronic exchanges with suppliers are introduced as soon as possible.

Optimising travel

After introducing a first corporate travel plan in 2005, Bouygues Telecom launched a specific plan in 2011 for its new headquarters at Issy-les-Moulineaux, near Paris. The aim is to reduce employee travel between sites and, when it is unavoidable, to propose the most energy-efficient solutions. In addition to the inter-site shuttle service introduced in 2005, employees now have the use of 22 electric vehicles. The free service is the first vehicle-sharing scheme in a private firm. In November, the first car-pooling social network went online at the Technopôle in Meudon, near Paris. In 2011, Bouygues Telecom launched a pilot home working scheme in order to combine business performance with a better work/personal life balance for employees. The results will be reviewed and conclusions drawn in 2012.

(1) A combined photocopier, scanner, fax machine and printer that can also send e-mails

Bouygues Telecom CSR: challenges and key indicators

Aim	Indicator	Unit	2010	2011	Comments	2012 objectives
Support customers in their mobile phone and Bbox use	Personalised reviews of customer consumption	Number	937,000	1,170,000	> In the customer area on the website, proposal of offers best suited to customer consumption derived from a personalised review (assisted choice)	> Enhance assisted choice by making it fuller, more instructive and easier to use
	Parental controls activated	Number	118,000 (mobile)	153,000 (mobile and fixed)	> Grouping in a single section on the bouyguestelecom.fr website of all available parental control services for the household's devices (fixed and mobile)	> Study extension of parental control on mobile phones with the addition of a child profile and the introduction of a mobile portal for children > Optimise coherence as a full-service operator
	Afom brochures on mobile phone use and health distributed	Number	5,200,000	5,605,000	> Updating of the brochure following publication of IARC studies of the cancer risk to humans of radiofrequency signals (included in all SIM and phone packs) > Implementation of new regulations for consumer information about recommendations for mobile phone use initiated by Comop	> Make customer information more visible
Deliver high-quality service to all customers whatever their products, services and contact channels	Position in the TNS Sofres-BearingPoint mobile phone customer relations league table	Ranking	1st for the fourth year running (mobile)	1st for the fifth year running (mobile) and for the first time (fixed and internet)	> Extension of service quality levels appreciated by customers to fixed and internet activities and preservation for mobile services (recognition of contact quality and responsiveness, for example) > Development of grassroots coordination in contact channels to further improve customer perception > Enhancement of fixed/mobile versatility among customer advisers	> Enhance customer service arrangements to ensure an across-the-board focus on quality (channels and processes) and attentiveness to customers
Purchase responsibly	Suppliers assessed by EcoVadis[a]	Number	114	169	> Creation of a responsible purchasing unit to step up the policy and relaunch the assessment and monitoring of suppliers	> Step up support for assessed suppliers > Reach 300 suppliers assessed within the last three years
	Buyers trained in responsible purchasing	%	n.a.	62	> Training in responsible purchasing > Update of the risk map in order to prioritise actions	> Train all buyers > Step up policy coordination
Ensure employee health and safety	Workplace accident frequency rate[b]	%	2.99[c] (at 8 February 2011)	2.19[c] (at 3 February 2012)	> Update of the road safety policy and awareness-raising measures for staff (motorcycle/scooter riding, driving audits, etc.) > Provision of safety information in electronic form so that maintenance technicians can consult them on PDAs and computerisation of subsequent intervention files	> Modify specifications following new regulations (maintenance operations, regulatory electrical engineering inspections, electrical engineering authorisations) > Implement regulatory changes relating to road safety and track the internal road accident indicator to adapt measures to the type and number of accidents
	Workplace accident severity rate[b]		0.083[d] (at 8 February 2011)	0.073[d] (at 3 February 2012)		
	Health and safety training	Number	Over 2,000	1,445	> Launch of a programme to encourage employees to take physical exercise > Awareness-raising training in stress detection and prevention for 1,940 managers	> E-learning to raise safety awareness among technicians working at height > Step up the prevention of risks linked to excessive use of communication media (e-mails, SMS, communicators, etc.) for a better work/personal life balance

CSR: challenges and key indicators (continued)

Aim	Indicator	Unit	2010	2011	Comments	2012 objectives
Favour equal opportunity and enhance employees' skills	Disabled employees	Number	199	234	> First approved agreement for the integration of disabled workers at RCBT (Réseau Clubs Bouygues Telecom)	> Negotiate a fourth approved agreement for Bouygues Telecom > Develop work/study arrangements for disabled students > Train and support the mentors and managers of disabled employees
	Purchases from sheltered workshops and inclusion programmes	€ '000	1,462	1,368	> Diversification of activities subcontracted to the sheltered sector > Reinforcement of existing partnerships	> Train all buyers in responsible purchasing by raising their awareness of the sheltered sector
	Diversity label	n.a.	n.a.	Award	> Creation of an equal opportunity and diversity unit > Managerial training in the promotion of diversity via e-learning	> Pass the Diversity label audit > Negotiate a third agreement on older workers for Bouygues Telecom > Launch an action plan for young people from disadvantaged neighbourhoods
	Women managers	%	33	34	> Roll-out of the Women in Management plan designed to increase the number of women in the most senior managerial positions (creation of a women's network, mentoring, equal opportunity training, etc.)	> Continue roll-out of the Women in Management programme > Negotiate a supplement to the equal opportunity agreement
	Employees given training	%	92	94	> Growth and Performance training for 2,000 managers to continue to change practices and enable managers to adapt to the new challenges facing the company > Business ethics awareness-raising for managers > Circulation of the code of conduct to all staff and implementation by managers	> Support the emergence of new lines of business and anticipate technological and commercial breakthroughs with a particular focus on internet issues > Continue the Growth and Performance programme > Roll out a plan to support customer relations staff so that they can meet the requirements of the environment and the business
Give as many people as possible access to Bouygues Telecom services	Municipalities covered in the blind spots programme	Number	2,935 (at end-2010)	3,044 (at end-2011)	> Advances by Bouygues Telecom in the additional programme launched in 2009 to provide 2G coverage to blind-spot municipalities (target: over 3,300 municipalities)	> Continue to extend the coverage of blind-spot municipalities (target: 3,100 municipalities at end-2012)
	Municipalities covered under the 3G RAN sharing programme	Number	n.a.	145	> Launch of 3G RAN sharing in rural areas	> Continue to extend 3G RAN sharing in rural areas (target: 1,100 municipalities by end-2012)
	Bouygues Telecom Club stores accessible to disabled people	Number	352 (out of 413 tied stores and branches)	366 (out of 421 tied stores and branches)	> Extension of accessibility commitments from mobile to fixed services > Roll-out of the new Connect layout for Bouygues Telecom Club stores	> Review accessibility criteria with organisations representing disabled people > Improve the accessibility of fixed and internet equipment and services
	Talking screen-readers offered to sight-impaired users	Number	321	251	> Inclusion of products with integrated talking screen-readers in the range of handsets	> Always have at least one handset in the range that is compatible with the software > Given the explosion in the number of touch-screen handsets, raise manufacturers' awareness of the specific requests of organisations representing the sight-impaired

Aim	Indicator	Unit	2010	2011	Comments	2012 objectives
Support good citizenship initiatives	Amount spent on sponsorship	€ '000	1,000 (including 130 to local organisations)	1,000 (including 130 to local organisations)	> Help in making the dreams of 30 seriously ill children come true through the Association Petits Princes charity > Support for 20 projects sponsored by employees > Launch of a programme to sponsor customers' favourite charities (€5,000 each for 30 projects)	> Renew support for the Fondation pour la Nature et l'Homme, the Surfrider Foundation and the Association Petits Princes charity > Launch a second call for projects sponsored by customers > Earmark a budget of €130,000 for projects sponsored by employees
	Employees volunteering for the Bouygues Telecom Foundation's initiatives	Number	620	750	> Involvement of 190 employees in operations with the Surfrider Foundation to clean up beaches, lakes and rivers	> Give employees an opportunity to take part in nature projects organised by organisations supported by the Fondation pour la Nature et l'Homme
Design and distribute more responsible products and services	Used handsets collected	Number	19,857	94,636	> Roll-out of the new collection scheme in all Bouygues Telecom Club stores and promotion of the service	> Continue to promote recycling > Expand sales of pre-owned handsets
	Contract customers on e-billing	%	50	59	> Continuation of the e-document programme	> Promote the advantages of detailed e-billing to customers
	Router energy consumption	kWh/year	n.a.	TV decoder ADSL: 81 Fibre: 125	> Commitment to comply with the voluntary agreement on TV decoder consumption	> Comply with the home gateway consumption code of conduct[f]
Reduce the environmental footprint of the activity	Carbon balance Scope 1 and 2	Tonnes CO_2 eq.	52,010	51,722[g]	> Roll-out of an action plan to reduce greenhouse gas emissions including: - creation of a 20 car-sharing fleet of electric vehicles (first such scheme in a private firm) - update of the corporate travel plan	> Continue the policy of reducing the carbon footprint of business travel
		Kg CO_2 eq. per customer	4.15	3.67		
		Kg CO_2 per euro of sales	9,228	9,009		
	Overall electricity consumption	GWh	511	536[g]	> Plan to reduce energy consumption on all sites (technical and administrative) > ISO 50001 certification for the Bourges customer relations centre and the data centre in Montigny-le-Bretonneux	> Implement an ISO 50001-type management system at all sites > Obtain ISO 50001 certification for the Technopôle in Meudon and Tour Sequana in Issy-les-Moulineaux
		Change in % per customer	-10.2	-6.8		
		Change in % per euro of sales	-0.67	2.97		

Afom: French mobile phone operators association - IARC: International Agency for Research on Cancer - Comop: Operational committee commissioned to carry out a study of exposure to radio waves - n.a.: not applicable/not available

(a) Total number of suppliers assessed in the last three years (active and inactive, including non-respondents) (b) Indicator subject to possible correction since it has to be validated after publication by the relevant authorities (c) Number of industrial accidents involving time off work x 1,000,000 / number of hours worked (d) Number of days off work x 1,000 / number of days worked (e) European reference framework for TV decoder consumption (f) European reference framework for router consumption (g) Change of scope between 2010 and 2011 with extension to outside data centres

Extra-financial indicators at 31 December

Family	Indicator	Scope	Unit	2009	2010	2011	Reporting framework
Customer support	Personalised reviews of customer consumption	100%	Number	750,000	937,000	1,170,000	Internal ISO 26000 6.7
	Parental controls activated			115,000 (mobile)	118,000 (mobile)	153,000 (mobile and fixed)	
Health	Afom brochures on mobile phone use and health distributed	100%	Number	4,960,005	5,221,447	5,605,000	GRI PR1 ISO 26000 6.8
	Radiofrequencies and health: answers to letters			120	40	31	
	Radiofrequencies and health: answers to e-mails			63	13	6	
	Electromagnetic field measurements made on outside request			900	703	600	
Employee benefits	Average gross annual amount of employee profit-sharing	100%	€	2,624 (received in 2009 in respect of 2008)	1,268 (received in 2010 in respect of 2009)	3,062 (received in 2011 in respect of 2010)	Internal ISO 26000 6.3 ISO 26000 6.4
	Membership of employee savings scheme		%	63.2[a]	66.1	59.8	
Women	Women in managerial positions	100%	%	33.1	33.4	34.3	GRI LA13 ISO 26000 6.3 ISO 26000 6.4
Disabled people	Disabled employees	100%	Number	178	199	234	GRI LA13 ISO 26000 6.3 ISO 26000 6.4
	Disabled people hired			31	21	38	
	Purchases from sheltered workshops, inclusion programmes and integration schemes		€ '000	996	1,462	1,368	
Absenteeism	Hours off work/working hours (excl. maternity leave)	100%	%	3.9	3.9	4.1	GRI LA7 ISO 26000 6.3 ISO 26000 6.4
Accidents	Frequency rate	100%	(b)	2.6[d]	2.99[e]	2.19[f]	GRI LA7 Iso 26000 6.3 Iso 26000,6.4
	Severity rate (o/w number of fatal accidents, subcontractors included)	100%	(c)	0.069[d]	0.083[e]	0.073[f]	
	Workplace accidents		Number	55 o/w 41 with time off	78 o/w 51 with time off	68 o/w 39 with time off	
	Accidents to and from work			101 o/w 62 with time off	111 o/w 70 with time off	96 o/w 61 with time off	
	Health and safety training	Bouygues Telecom SA (excl. subsidiaries)		Over 2,000	Over 2,000	1,445	GRI LA8 ISO 26000 6.3 ISO 26000 6.4
Training	Hours dispensed	100%	Number	278,783	298,898	328,151	GRI LA10 ISO 26000 6.3 ISO 26000 6.4
	Employees given training		%	90	92	92	
Recycling	Recycled handsets:	100%	Number	57,260	113,508	146,957	GRI EN22 ISO 26000 6.5
	• collected from customers (Bouygues Telecom Club stores, business customers and the general public via the internet, employees)			13,384	19,857	94,636	
	• through after-sales			43,876	93,651	52,321	
	Recycled network equipment:		Tonnes				GRI EN22 ISO 26000 6.5
	• batteries			3	0	1	
	• excl. batteries			415	332	260	

Family	Indicator	Scope	Unit	2009	2010	2011	Reporting framework
E-document exchange	E-billing of general public contract customers	100%	Aggregate	40	50	59	GRI EN1 ISO 26000 6.5
	E-purchasing			41	56	65	
Consumption	Total electricity consumption (administrative sites, base stations, data centres)	Bouygues Telecom SA (excl. subsidiaries)	GWh	490	511	536[i]	GRI EN3 ISO 26000 6.5
	Electricity consumption per occupied workstation in offices		MWh	3.38	4.22	3.26	
	Paper consumption per occupied workstation		Number of reams	3.91	2.77	2.95	GRI EN1 ISO 26000 6.5
	Base stations powered by renewable energies	100%	Aggregate	1 (wind & photovoltaic)	1 (wind & photovoltaic)	8 (4 wind & photovoltaic / 4 fuel cells)	GRI EN6 ISO 26000 6.5
Emissions	Scope 1 and 2 carbon emissions	Bouygues Telecom SA (excl. subsidiaries)	Tonnes CO_2 eq.	n.a.	52,010	51,722	GRI EN16 ISO 26000 6.5
Responsible purchasing	Suppliers assessed by EcoVadis[g]	100%	Number	109	114	169	HR2 ISO 26000 6.3 ISO 26000 6.6
	Share of purchases assessed by EcoVadis[h]		%	18	43	65	HR1 ISO 26000 6.3 ISO 26000 6.6
	Suppliers assessed by EcoVadis during the year		Number	27	68	74	HR2 ISO 26000 6.3 ISO 26000 6.6
	Buyers trained in responsible purchasing		Aggregate	n.a.	n.a.	62	HR3 ISO 26000 6.3 ISO 26000 6.6
Accessibility	Municipalities covered under the blind spots programme	100%	Number	2,876	2,935	3,044	Internal ISO 26000 6.7
	Municipalities covered under the 3G RAN sharing programme			n.a.	n.a.	145	
	Bouygues Telecom Club stores accessible to disabled people			304 (out of 388 tied stores and branches)	352 (out of 413 tied stores and branches)	366 (out of 421 tied stores and branches)	
	Talking screen-readers offered to sight-impaired customers			326	321	251	
Sponsorship	Budget devoted to sponsorship (community initiatives)	100%	€ '000	1,000	1,000	1,000	Internal ISO 26000 6.8
	Volunteer employees for the Bouygues Telecom Foundation's initiatives		Number	508	620	750	
	Donations		€ '000	737	752	790	
	Employee voluntary work			29	11	31	
	Donations in kind			55	50	20	
	Sponsorship structure			141	181	190	
	Share of budget devoted to long-term projects		%	84	82	83	
	Share of budget devoted to one-off actions			16	18	17	
Research and development	Research and development budget	100%	€m	18.6	15.7	19.5	Internal

n. a.: not applicable/not available

(a) Bouygues Telecom SA excl. subsidiaries (b) Frequency rate = number of industrial accidents involving time off work x 1,000,000 / number of hours worked (c) Severity rate = number of days off work x 1,000 / number of days worked (d) Based on decisions communicated by social security organisations on 2 February 2010 (e) Based on decisions communicated by social security organisations on 8 February 2011 (f) Based on decisions communicated by social security organisations on 3 February 2012 (g) Total number of suppliers assessed in the last three years (active and inactive, including non-respondents) (h) Purchases in year n represented by the total number of suppliers assessed at least once in the last three years (active and inactive, including non-respondents) with the purchases represented (i) Change of scope between 2010 and 2011 with extension to outside data centres

Bouygues SA

Key figures

2011 sales
€69m
(+5%)

Operating loss
-€30m
(n.m.)

Net profit
€808m
(-10%)

Employees
186

n.m.: not meaningful

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

Internal control – Risk management – Compliance

From its inception, the Bouygues group has made risk management one of the cornerstones of its corporate culture because its founder had a highly innovative vision of the construction business, the Group's first activity. Today Bouygues SA, the Group's parent company, regards internal control, risk management and compliance as being among its core missions. Many actions have been taken in this sphere in each of the five business areas over the last four years, on the parent company's initiative and under its supervision. They are organised around three strands: internal control guidelines, self-assessment of implementation of the core principles of tthese guidelines and identification and monitoring of major risks. In accordance with the Group's Code of Ethics, compliance is one of the key objectives of these three policies.

A description of the Group's internal control and risk management system is given in the Chairman's report in the *Legal and Financial Information* section of this document.

Management

Bouygues SA pays particular attention to Group management, taking steps to encourage exchanges and share experience between support structures and businesses, motivate staff and develop team spirit within the Group. The main actions in this sphere in 2011 are described in *The Group* section of this document, under *Corporate, social and environmental responsibility.*

Services rendered to subsidiaries

As well as being responsible for the overall management of the Group, Bouygues SA provides a range of general and expert services to Group businesses in areas such as finance, communications, sustainable development, corporate sponsorship, new technologies, insurance, legal affairs and human resources. For that purpose, Bouygues SA and the main Group companies conclude annual agreements under which each business area can call on general and expert services as necessary. The amounts invoiced for such services in 2011 are shown in *Financial flows* below and in the Auditors' report on regulated agreements in the *Combined Annual General Meeting of 26 April 2012* section of this document.

Alstom

Bouygues held 30.75% of Alstom's shares and voting rights at 31 December 2011.

The AMF amended its regulations governing tender offers on 31 January 2011. Inter alia, the threshold for triggering a mandatory tender offer was reduced from one-third to 30% of the capital or voting rights. However, Article 234-11, paragraph 2 of the AMF General Regulation states that the one-third threshold continues to apply to any person *"who, after 1 January 2010, directly or indirectly holds between 30% and one-third of the capital or voting rights as a result of a firm commitment prior to that date, as long as the holding remains between these two thresholds"*. On 25 November 2009, Bouygues gave a binding undertaking to acquire 4,400,000 Alstom shares in exchange for the shares in Alstom Hydro it held at the time. After the competition authorities had completed their review of the transaction, on 12 March 2010 Bouygues increased its holding in Alstom to 30.81% of the capital and voting rights.

Consequently, the rule whereby companies that crossed the threshold of 30% of the capital or voting rights of a listed company after 1 January 2010 without a binding commitment prior to that date must reduce their holding below 30% by 1 February 2012 or file a draft tender offer does not apply to Bouygues. The threshold applicable to Bouygues remains one-third as long as its holding is maintained at between 30% and 33.33% of Alstom's capital or voting rights.

Financial transactions

At its meeting on 30 August 2011, the Board of Directors announced a proposed share repurchase tender offer for Bouygues shares. The offer consisted in a buyback by Bouygues of its own shares up to a limit of 41,666,666 shares, representing 11.7% of the capital, at a price of €30 per share.

The transaction was approved by 98% of the shareholders at an extraordinary shareholders' meeting on 10 October 2011. The share repurchase tender offer was open from 17 October to 7 November 2011.

Shareholders were free to tender their shares or not. Those who did so benefited from a 29% premium in relation to the average share price in August 2011. The transaction also protected the interests of those shareholders who wished to continue to support the Group in the longer term and kept their shares, since it greatly increased earnings per share (the estimated increase was approximately 11% at that date), assuming a 100% take-up of the tender offer.

SCDM, a holding company owned by Martin Bouygues and Olivier Bouygues, stated that it did not intend to tender its shares to the offer, demonstrating its confidence in the Group's future.

On 14 November 2011, the AMF published an official notice in which it announced that 163,121,437 shares had been tendered to the share repurchase tender offer.

After applying the reduction mechanism, Bouygues repurchased 41,666,666 of its own shares, representing 11.69% of its capital (on the basis of a share capital of 356,535,745 shares and 480,145,821 voting rights at 31 October 2011).

On 15 November 2011, Bouygues' Board of Directors decided to cancel the 41,666,666 repurchased shares. Following this cancellation, the total number of Bouygues shares in issue amounted to 314,869,079.

The company paid out a total of €1.25 billion in the context of the transaction. It was the first share repurchase tender offer on such a large scale in France.

As announced, SCDM did not tender its shares to the offer. On completion of the transaction, it owned 21.08% of Bouygues' share capital and 29.56% of the voting rights, compared with 18.62% of the capital and 27.53% of the voting rights at 31 October 2011. The Bouygues group employee share ownership funds tendered their shares to the offer. All of the proceeds from tendering the shares were reinvested in Bouygues stock. As a result, employees increased their stake in the Group to 23.36% of the capital and 28.10% of the voting rights, compared with 20.47% of the capital and 24.77% of the voting rights at 31 October 2011.

Financial flows

In 2011, Bouygues SA received dividends totalling €981 million from its subsidiaries as follows:

> Bouygues Construction:	€201m
> Bouygues Immobilier:	€105m
> Colas:	€199m
> TF1:	€50m
> Bouygues Telecom:	€361m
> Alstom:	€56m
> Other:	€9m

In 2011, Bouygues SA invoiced its main subsidiaries the following amounts under service agreements:

> Bouygues Construction:	€13.5m
> Bouygues Immobilier:	€3.0m
> Colas:	€16.1m
> TF1:	€3.5m
> Bouygues Telecom:	€7.7m

There are no significant flows of funds between Group subsidiaries. Cash management is centralised within financial subsidiaries wholly owned by the Bouygues SA parent company. This arrangement ensures optimum management of financial expenses, since the surplus cash generated by certain companies can be used in addition to or in place of confirmed lines of credit granted by credit institutions to other subsidiaries. When investing surplus cash, Bouygues has always avoided speculative instruments such as securitisation vehicles and hedge funds.

Research & Development, Human resources

See *The Group* section of this document under *Corporate, social and environmental responsibility.*

Other activities

Finagestion

When Bouygues sold Saur in 2004, Finagestion was the holding company that took over Saur's water and power interests in Ivory Coast and Senegal. Bouygues owned 20% of Finagestion at 31 December 2011. Finagestion has been consolidated by the equity method since 2009.

Serendipity Investment

In October 2011, Bouygues acquired the 50% stake in Serendipity Investment, an investment fund, hitherto held by Artémis. Bouygues thus became the sole owner of Serendipity Investment. Its portfolio at 31 December 2011 comprised the following equity interests:

> 30.6% of F4 (online video games);

> 25% of Légende (film production);

> 11.1% of Wonderbox (gift packs).

Serendipity Investment sold its entire stake in Geny Infos (horse-racing information) to PMU in February 2011.

It sold its stake in Massecom (pooling of stakes for online horse-racing bets) to RBP Luxembourg SA in February 2011 and its stake in Michel & Augustin (food and beverages) to Artémis in October 2011.

At the heart of sustainable development

Alstom has reduced the annual CO_2 emissions of the 944 power plants for which it has provided equipment by 152 million tonnes

KEY FIGURES

Figures for H1 FY 2011/12
(1 April/30 September 2011. Alstom Grid included)

SALES
€9,389m
(-10%)

OPERATING MARGIN
6.7%
(-0.6 points)

NET PROFIT ATT. TO THE GROUP
€363m*
(-9%)

ORDER INTAKE
€10,183m
(+45%)

EMPLOYEES
92,200**

(*) After a negative impact of €75 million in the first half of FY2010/11 and of €54 million in the first half of FY2011/12 linked to the cost of acquiring Alstom Grid and allocation of the acquisition price (**) At 31 December 2011

Operating in around 100 countries, Alstom's 92,200 employees apply their skills and expertise in four sectors – Thermal Power, Renewable Power, Grid and Transport – which are vital in addressing the challenges of sustainable development. Bouygues owned 30.75% of Alstom's capital at 31 December 2011. The two groups are developing their industrial synergies while allowing themselves to work independently according to projects.

Bouygues as an Alstom shareholder

In June 2006, Bouygues acquired the French government's stake in Alstom, representing 21.03% of the capital, at a cost of €2 billion. Since then Bouygues has gradually increased its stake, which stood at 30.75% at 31 December 2011. The three-year commitment to keep the Alstom shares bought from the government expired in June 2009. Bouygues consolidates its interest in Alstom by the equity method.

Non-exclusive cooperation between Bouygues and Alstom

In April 2006, Alstom and Bouygues concluded a non-exclusive commercial and operational cooperation agreement. By sharing best practice in project management and pooling their commercial resources, the two groups jointly develop integrated projects worldwide as they arise, drawing on Bouygues' expertise in civil engineering as well as on Alstom's know-how in systems, equipment and services for power generation and transmission and rail transport. However, the cooperation agreement does not contain any exclusivity clause and the two groups work together or separately according to projects, with or without other partners, in the interest of their clients.

ALSTOM PROFILE

Alstom is an international group. In FY2010/11, the group generated 45% of its sales in Europe, 20% in North and South America, 18% in Asia-Pacific and 17% in Africa and the Middle East. Its financial year ends on 31 March. In FY2010/11, it reported a 6% rise in sales to €20.9 billion.

The group reorganised in July 2011 in order to better prepare for changes in its lines of business, accelerate growth and achieve its performance targets. The group's operational activities were redeployed into four sectors – Thermal Power, Renewable Power, Transport and Grid – and its executive committee was overhauled.

Power generation

Spanning all power generation technologies (coal, gas, oil, nuclear, hydro, wind, ocean, geothermal, biomass, solar), Alstom offers the most comprehensive set of products on the market and leads the world in turnkey power plants, hydro power generation and electricity generation services.

Thermal Power covers gas, steam and nuclear power generation plus services, automation and control, while Renewable Power embraces hydro, wind, solar and other renewable energies.

A leading player in clean power, Alstom, in partnership with its clients, offers and develops a pragmatic approach based on the following elements:

Highlights

- **Reorganisation into four sectors** to better meet the needs of tomorrow's markets
- **Acquisition** in May 2011 of a 25% stake in **Transmashholding,** Russia's leading rail rolling stock manufacturer
- April 2011: **power plant** in Malaysia (€1 billion)
- June 2011: **wind farms** in Brazil (€200 million)
- September 2011: **locomotives** in Russia (€400 million)
- December 2011: **power plant** in Poland (€900 million); **tramway** in the UK (€350 million)
- January 2012: **high voltage direct current link** in Sweden (€240 million)

> developing low CO_2-intensive power generation technologies. The group has supplied nearly 25% of global hydro power capacity and also boasts international references for onshore wind farms. By investing in offshore wind, solar, geothermal and ocean energy, Alstom is continuing to expand its wide range of renewable energy solutions. The group is also a leading supplier of conventional islands for nuclear power plants;

> improving the energy efficiency and environmental performance of power plants, especially through its position as a world leader in air quality control systems;

> capturing and storing the CO_2 produced by power plants, a domain in which Alstom is a pioneer, with 16 pilot sites around the world.

Alstom also has extensive experience in retrofitting, upgrading, refurbishing and modernising existing power plants. It has supplied major equipment for 25% of the world's power plants in operation.

Power transmission

Alstom Grid, created following the acquisition of Areva T&D, Areva's transmission business, in June 2010, is one of the world's top three power transmission specialists. Alstom Grid contributes to the development of power networks by implementing cutting-edge automation technologies and software to make power grids "smarter". It has four main lines of business: products (electrical equipment for power transmission), systems (network management and major turnkey projects), automation (advanced information systems for real-time network management) and services.

Rail transport

Alstom is one of the world's leading providers of rail transport equipment and services. Alstom Transport spans the entire rail transport market, from very high speed trains to light urban transport, including metros, suburban and regional trains and locomotives. In addition to rolling stock, Alstom provides infrastructure, signalling equipment, maintenance services and turnkey rail systems.

Alstom is the world's leading maker of high speed and very high speed trains and a world leader in urban light railway systems: it supplies a quarter of the world's subway cars and a third of its tramways.

BUSINESS ACTIVITY IN 2011

Alstom reported order intake of €19.1 billion in the financial year ended 31 March 2011, 28% more than in the previous period, taking the order book to €46.8 million, representing 26 months' sales.

Alstom booked orders worth €15.1 billion in the first nine months of FY2011/12, 20% higher than in the same period of the previous financial year. Sales, at €14.3 billion, were 9% lower than in the same period of FY2010/11. The order book at 31 December 2011 stood at €48 billion, representing two-and-a-half years' sales.

Power generation

Thermal Power took orders worth €1.9 billion in the third quarter of FY2011/12 (1 October to 31 December 2011).

A number of major contracts have been concluded since 1 April 2011:

> engineering and supply of key power generation equipment for South East Asia's first supercritical coal-fired power plant, in Malaysia;

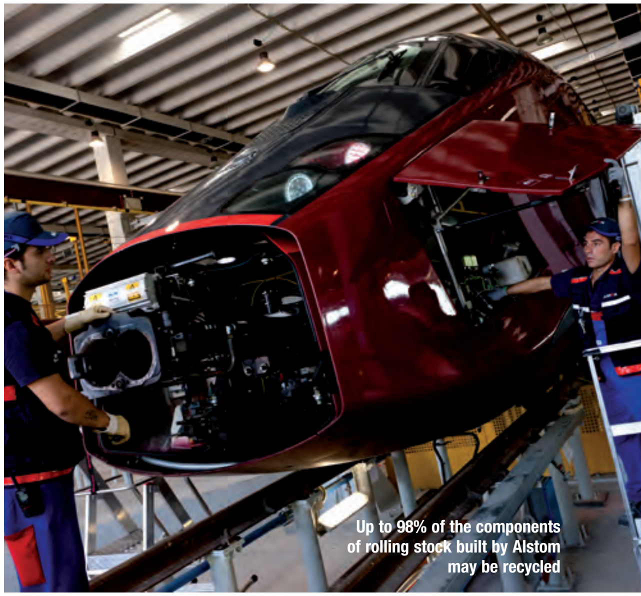
> supply of the boiler and turbine hall for a new coal-fired power plant at Ersa in Poland;

> renewal of a long-term maintenance contract for GT24 gas turbines in the United States;

> construction of the Al Mansuriya gas-fired power plant in Iraq;

> supply of a 300 MW unit for a fossil fuel power plant in Estonia;

> supply of a second 400 MW unit for the KMC combined cycle power plant in Singapore.



Up to 98% of the components of rolling stock built by Alstom may be recycled

Renewable Power took orders worth €309 million in the third quarter of FY2011/12 (1 October to 31 December 2011).

A number of major contracts have been concluded since 1 April 2011:

> installation, as part of a consortium, of India's first pumped storage hydro power plant;

> supply and maintenance of three wind farms for Brasventos in Brazil;

> supply of equipment for hydro power plants at Santo Antonio do Jari in Brazil and Chaggla in Peru.

The offshore wind power activity has benefited from Alstom's R&D drive

Power transmission

Orders worth €1.2 billion were taken in the third quarter of FY2011/12 (1 October to 31 December 2011).

Alstom Grid has concluded a number of major contracts since 1 April 2011:

- gas-insulated switchgear (GIS) substations and power transformers for the Al-Khairat and Ninawa gas-fired power plants in Iraq;
- gas-insulated substations for TransGrid, Australia's largest electricity transmission provider;
- a high voltage direct current (HVDC) link for the Swedish utility Svenska Kraftnät.

Rail transport

Transport took orders worth €1.5 billion in the third quarter of FY2011/12 (1 October to 31 December 2011).

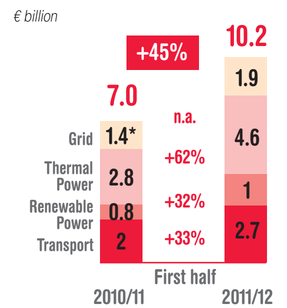
A number of major contracts have been concluded since 1 April 2011:

- supply and maintenance of 20 Pendolino high speed trains for the Polish operator PKP;
- 200 freight locomotives for Russian railways;
- 66 MF01 trainsets for RATP, the Paris transit authority, for use on three metro lines;
- construction of two new tram lines and maintenance of 37 trams at Nottingham in the UK.

THE ENVIRONMENT AT THE CORE OF ALSTOM'S BUSINESS

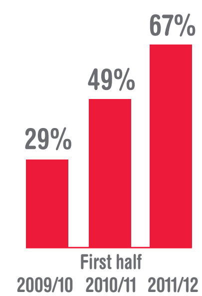
As a major supplier of power and rail transport infrastructure, Alstom provides responses to the environmental challenges facing the modern world. In power generation, a recent study endorsed by PwC (PricewaterhouseCoopers) has shown that the operators of the 944 power plants equipped by Alstom have been able to reduce their total annual CO_2 emissions by 152 million tonnes. Alstom also demonstrates its commitment to sustainable development in its eco-design policy for its products: in the rail sector, up to 98% of the components of rolling stock made by Alstom may be recycled.

ORDER INTAKE BY SECTOR



(*) Consolidated over four months from June to September 2010 - n.a.: not applicable

PROPORTION OF ORDERS FROM EMERGING MARKETS



ACQUISITIONS, PARTNERSHIPS AND INVESTMENTS

In April 2011, Alstom and Shanghai Electric announced their intention to join forces in a 50/50 joint venture to create the world leader in boilers for coal-fired power plants.

In May 2011, Alstom acquired a 25% stake in Transmashholding (TMH), Russia's leading rail rolling stock manufacturer, and joined the company's Board of Directors.

In June 2011, Alstom acquired a 40% stake in the Scottish company AWS Ocean Energy, marking its entry into the wave power market. Previously, in March 2011, Alstom had increased its stake in the American company BrightSource Energy in order to strengthen the two companies' partnership in solar power plants.

In October 2011, Alstom and China Electric Power Equipment and Technology Co. Ltd (CET), a subsidiary of State Grid Corporation of China (SGCC), concluded a cooperation agreement to develop ultra high voltage electricity transmission technologies.

In November 2011, Alstom announced a plan to establish sites at Saint-Nazaire and Cherbourg in western France to make components for and assemble its new 6 MW offshore wind turbine.

The investment will depend on whether the consortium headed by EDF EN, of which Alstom is a member, is successful in the call for tenders for offshore wind energy projects issued by the French government in July 2011.

In November 2011, Alstom and RusHydro, Russia's leading hydro power generator, extended their

Intensive innovation drive

Alstom has more than doubled its spending on research and development over six years, from €333 million in 2004/05 to €703 million in 2010/11. As a result of this focus on innovation, a number of decisive milestones were passed in new product launches in 2011. To give just a few examples, Thermal launched the latest generation of GT24 and GT26 gas turbines for 50 Hz and 60 Hz markets, while Renewables unveiled the 6 MW Haliade turbine for offshore wind farms. Alstom Grid has developed a solution for the remote connection of wind farms to the grid, and Transport has designed a compact tramway for smaller cities and an electric locomotive that meets the specific needs of the Russian market.

partnership to thermal power. The agreement followed an initial agreement for hydro power concluded in October 2010. Alstom Grid and KER, a Russian electrical engineering contractor, concluded a final agreement to carry out high voltage direct current (HVDC) projects in Russia. Alstom and Transmashholding (TMH) signed a memorandum of understanding with the city of Saint Petersburg establishing a cooperation programme for the development of a modern tramway network.

In November 2011, Alstom opened a wind turbine plant in Brazil, its first in South America. Located in the industrial complex of Camaçari, in the State of Bahia, its annual output will be equipment with a generation capacity of 300 MW.

In January 2012, Alstom and SSE Renewables, Scotland's leading marine energy producer, concluded a joint venture agreement to develop the world's largest wave farm off the coast of Orkney, in Scotland, with a planned output capacity of 200 MW.

FY2010/11 results

Alstom's operating results were in line with expectations, while order intakes recovered significantly in the second half of FY2010/11.

The operating margin stood at 7.5%, compared with 9.1% in the previous financial year, yielding an operating profit of €1,570 million, down 12%. Sales amounted to €20.9 billion, 6% higher than in the previous period. Net profit attributable to the Group amounted to €462 million, compared with €1,217 million in FY2010/11.

First-half FY2011/12 results

Alstom recorded a satisfactory level of orders in the first half of FY2011/12 (1 April to 30 September 2011). At €10.2 billion, 45% up on the same period in the previous financial year, the order intake confirmed the recovery in the second half of FY2010/11.


Alstom Grid offers solutions to make power networks smarter

Half-year sales amounted to €9.4 billion, 10% down on the corresponding period in the previous financial year, reflecting the low level of orders during the financial crisis. The decline in sales impacted operating profit, which fell to €627 million. The operating margin was 6.7%, compared with 7.3% in the first half of FY2010/11. Net profit fell 9% to €363 million. Alstom reported negative cash flow of €914 million due to low sales and exceptional items.

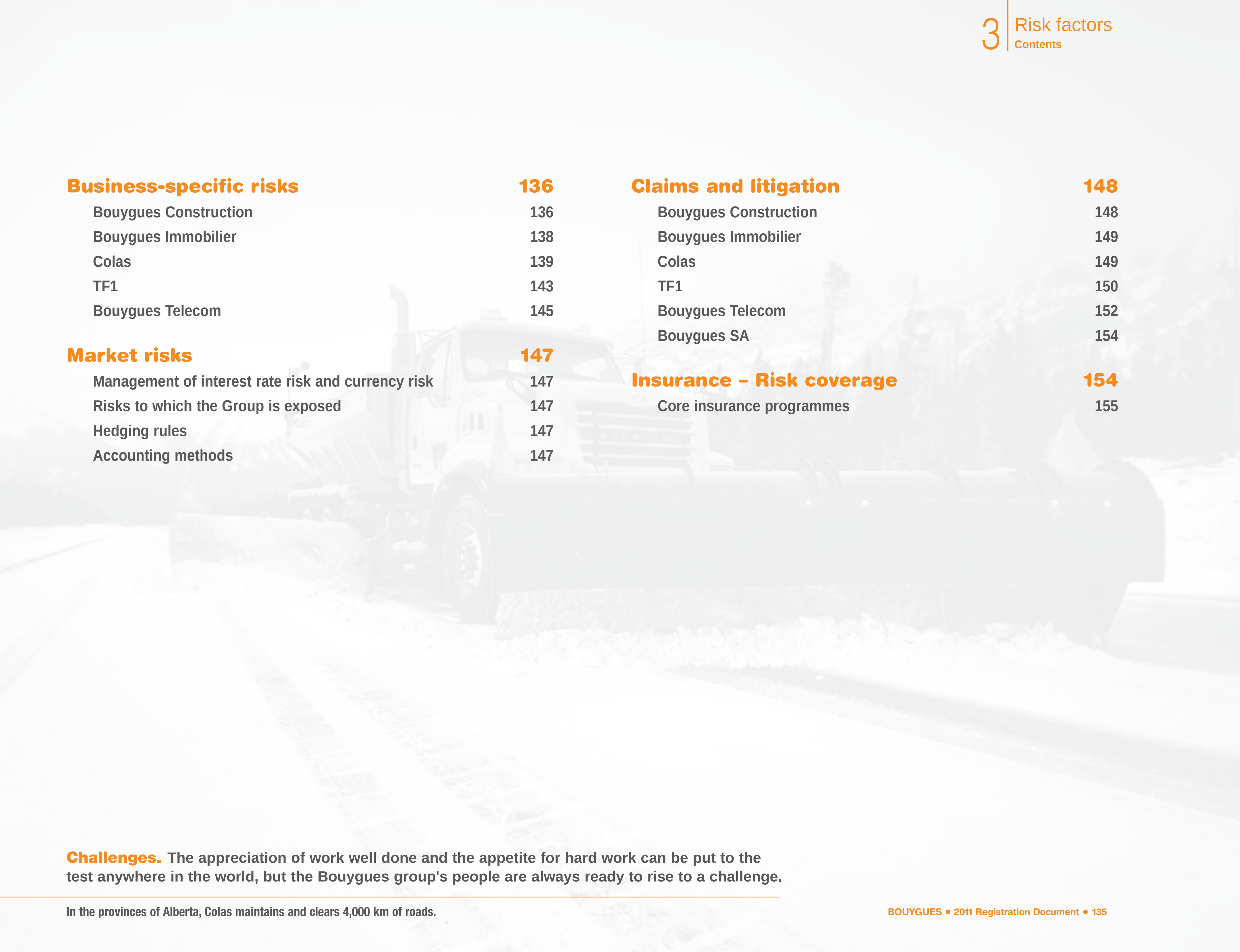
Alstom share price

The Alstom share price stood at €23.43 at the close on 30 December 2011.

Outlook

Alstom remains in sound financial health. The company is adapting in response to changing markets. With the assurance of a substantial order book, Alstom has confirmed that its operating margin in FY2011/12 is likely to be between 7% and 8%.

Risk factors



Challenges. The appreciation of work well done and the appetite for hard work can be put to the test anywhere in the world, but the Bouygues group's people are always ready to rise to a challenge.

In the provinces of Alberta, Colas maintains and clears 4,000 km of roads.

Risk factors

Road works in Alberta

Bouygues and its subsidiaries are acutely aware of the importance of internal control and risk management. These processes help give reasonable assurance as to the achievement of the Group's principal objectives. Risk management is a key concern of the Group's managers.

THE GLOSSARY CAN BE FOUND IN
Additional information

Bouygues and its various business areas are aware they are operating in a weakened economic and financial environment.

The Bouygues group is continuing to monitor with close attention the progress of the economic crisis that emerged from the 2008 financial crisis and which has now, as a further consequence, brought about a public finance crisis in many countries. In addition to the deterioration in macroeconomic indicators, this crisis has also intensified fiscal, regulatory and competitive pressures which need to be taken into account when assessing risks.

Each Bouygues subsidiary has been instructed to remain vigilant in the prevention of counterparty risk by rigorous analysis of risks relating to customers, subcontractors, suppliers, partners, retailers (for Bouygues Telecom), advertisers (for TF1) and banks. Areas requiring particular attention include contractual payment terms, regular checks on the solvency of partners, suppliers and subcontractors, and consideration of alternative solutions.

Through Bouygues Telecom in particular, the Group is also monitoring trends in consumer spending. It has not observed any significant change to date.

BUSINESS-SPECIFIC RISKS

Bouygues Construction

Risk management policy

In 2011, Bouygues Construction continued to allocate the necessary resources to managing risks of the same order as those faced in previous years: operational risks associated with major projects, country risk, recession-related risk and compliance risk.

Operational risks associated with major projects in the design and execution phases

Major projects are a potential source of risk for Bouygues Construction because of their size and number. They frequently involve complex packages (public-private partnerships, concessions, long-term contracts) for which risk allocation must be tailored to the capacities of the company.

The types of risk inherent in major projects include:

> design error, underestimation of budgets, a poor assessment of the local environment, inadequate contractual analysis, in the design phase; and

> counterparty business failures (affecting customers, partners or subcontractors), difficulty in recruiting human resources with the necessary expertise and in sufficient numbers, construction defects impacting costs, workmanship and deadlines, in the execution phase.

For tighter control over these risks, Bouygues Construction has set up structures adapted to each business' specific requirements and enforces rigorous approval and control procedures. The largest projects require the systematic approval of Bouygues Construction's senior management.

Substantial resources and highly-qualified field teams are made available to each company to handle matters such as design, costing, works studies and methods. Skills units contain hubs of employees with a wealth of expertise in specialist areas, such as high-rise buildings, materials engineering, *façades* and sustainable construction. Their skills are made available to all companies in the Bouygues Construction group. This encourages the pooling and application of experience.

This is also true of operational functions, which are organised into different branches, such as legal, human resources, accounting, management control, IT systems and purchasing, which are coordinated by Bouygues Construction departmental heads. Functional expertise units, handling matters such as cash management, financial engineering, taxation and insurance, all provide their services to all group companies.

The approval and control procedures prepare the ground for the design and construction processes. For major projects, there is a systematic monitoring of project selection and the key risks involved.

The main operational risks are also mitigated by adequately-staffed project teams that have the requisite professionalism. This is combined with managerial experience and active manager involvement.

In addition, to improve the performance and control of the design and execution processes described in the operational unit management systems:

> the major project pre-execution phase is a particular focus of attention, especially in the design phase, the drafting of contracts and preparation of the worksite;
> in the design phase, independent consultants are used to back up in-house expertise on the riskiest technical projects;
> regular costing audits are carried out to ensure a reliable approach in terms of general outlay, subcontractor budgets and worksite supervision costs;
> the support functions are systematically mobilised, in particular for contract management and purchasing, and those assisting are involved early on in the process;
> there is increased vigilance of the selection and overseeing of customers and partners;
> the subcontracting process is tightly-supervised, with special oversight of major subcontractors and partnerships before the allocation of high-stake work packages (architects, technical trades, etc.);
> risks are appropriately monitored using purpose-designed tools and procedures. To this end, some entities have adopted formal risk management systems specific to the largest projects. At Bouygues Travaux Publics, the global quality division manages this process.

In 2011, no significant operational risks materialised. However, two projects are a focus of special attention in South Africa (Gautrain project) and the US (Miami tunnel project). A more detailed analysis of these cases is given in the claims and litigation section.

Country risk

Bouygues Construction generates 55% of its business in France and 77% in OECD countries.

The risks to which the group is exposed outside these areas are either political, deriving from governmental actions or decisions taken at the local level (embargoes, asset seizures or the freezing of bank accounts), social (general strikes, civil disturbances), economic or financial (currency devaluation, currency shortages or a payment default).

Bouygues Construction uses a variety of means to limit these risks. Thorough investigations are conducted before prospecting for business in a new country. It is company policy to suspend commercial activities in regions with a particularly serious political risk, and not to prospect for business in countries presenting the highest risk (in particular those experiencing serious civil or military unrest, or subject to United Nations embargoes). The company also operates preventive legal, financial and insurance measures, in particular ordering the systematic cessation of a worksite in a case of non-payment, preferring multilateral international financing and procuring political risk insurance cover whenever it is available on the insurance market on satisfactory financial terms.

Regularly-updated business continuity plans are also in place. A key aim of such plans is to safeguard people. Bouygues Construction ensures that the guidelines issued by French embassies are strictly followed in the countries concerned. It also liaises with the embassies to develop evacuation plans for various alert levels. In addition, the group's flexible organisational structures make it possible, in exceptional circumstances, to withdraw its resources from countries where such risks materialise while keeping its losses to a minimum.

The political disturbances that marked 2011 in many countries had only a limited impact on company's business and personnel. The most significant of these upheavals took place as part of the "Arab Spring". Bouygues Construction has only limited involvement in this region, other than Morocco, an adjoining country, and Egypt. In Egypt, all of the teams working on the Cairo Metro were repatriated when the crisis was at its height. The unrest following the presidential election in the Ivory Coast caused a slowdown in the local activities of ETDE and disruption in the mining activities of DTP Terrassement. These events did not prompt any serious incidents and business has since resumed as normal, particularly with the revival of the project to build a third bridge in Abidjan.

Recession-related risk

The public debt crisis and stagnation in the building and civil works sector is having a significant impact in many EU countries where Bouygues Construction generates 68% of its sales. Despite good business levels, price pressures are being felt and the group is having to cope with the growing vulnerability of some of its counterparties.

In Europe, the economic environment is marked by a reduction in public spending, growing hesitation by private investors and severe constraints on project financing transactions. The end of the housing support programmes and the fall in public investments are dampening business. Building and civil works sector growth remained in the red in 2011.

Like many companies in the industry, Bouygues Construction is finding it increasing difficult to get bank financing to secure complex transactions.

Bouygues Construction may at times be faced with specific problems connected with delays or the abandonment of some construction projects, and difficulties in obtaining payment for projects currently in progress.

Nevertheless, the group has many strengths to resist and adapt to the economic climate. Its business diversity and geographical footprint mean that Bouygues Construction is less sensitive than a group engaged in a mono-product business or in a single geographical region.

Bouygues Construction also enjoys a protected business environment in certain countries or for some types of activity. This is the case in Asia, in the countries where business is traditionally done (Hong Kong, Singapore) but also in Central America, in Cuba, where a growing tourist industry with good future prospects is fuelling expansion in the hotel business. Prospects are positive for certain industries such as open cast gold mines in Africa. The company is also engaged in a strategy of geographical diversification, focusing on expanding in countries with strong potential (Australia, Canada).

The company's order book offers a clear view of short-term business prospects. The company uses forecasts to anticipate adverse trends, which gives it a satisfactory ability to react and reallocate production resources to less affected markets or activities.

Finally, Bouygues Construction encourages staff mobility between businesses and geographical areas and the development of synergies between the various group companies. Hence, it is always well-placed to anticipate, react and adapt to changes in the economic environment.

Compliance risk

Bouygues Construction has, for some years, been developing a policy to raise manager awareness of the challenges of ethics and compliance. This policy prompted the development of an ambitious training programme, rolled out in 2011, in the form of seminars dealing exclusively with compliance. The training programme's objective was to achieve flawless commercial practice.

Various measures have also been introduced:

- a whistle-blowing system specific to the Bouygues Construction group that highlights anti-competitive behaviour;
- the strengthening of commercial intermediation procedures, with a systematic referral to ADIT, an economic and strategic intelligence company;
- an Ethics Committee, set up in 2010, which is now operational.

Bouygues Immobilier

Bouygues Immobilier has defined and implemented an internal control system that aims to ensure:

- laws and regulations are complied with;
- instructions and guidelines issued by senior management are followed;
- internal processes operate correctly and procedures are applied;
- financial information is reliable.

Internal control is predicated on identifying and analysing risk factors that may prevent objectives from being achieved (the notion of risk). Every year, Bouygues Immobilier carries out a risk mapping exercise, backed by action plans.

Bouygues Immobilier is also certified ISO 9001. This certification was renewed in 2009 according to the ISO 9001 V2008 standard. The certification, awarded by Afnor Certification, a highly-regarded independent body, uses audits to provide customers with assurance that quality procedures are being correctly applied.

To further strengthen its quality control system, Bouygues Immobilier has a group Sustainable Development, Quality and Safety department, as well as dedicated Quality Directors in the Residential Property and Commercial Property divisions. A Quality/After Sales Service Manager's post has been created in each regional division.

In 2010, following an audit by Cerqual (an independent certification body) Bouygues Immobilier won the right to use the "NF Logement" quality mark. All residential programmes are certified against the BBC-effinergie® low energy label, which requires each programme to undergo an on-site assessment by an independent body (Cerqual).

Property development risk

Bouygues Immobilier is a property developer. This involves specifying and arranging the construction of property complexes for customers, having first ascertained the administrative, commercial and financial feasibility of the project and acquired the site. Bouygues Immobilier specifies the project but does not assume responsibility for either the design (for which an architect is retained) or the construction (which is usually contracted out to an engineering consultant). Once the necessary planning consents have been obtained and the land has been purchased, Bouygues Construction delegates the construction work to building companies under the direction of the engineering consultant. The company also uses the services of technical inspection firms to ensure due compliance with building regulations. Although Bouygues Immobilier does not assume responsibility for design and construction, it may nonetheless be held liable in its capacity as project owner in the event of an accident or claim. The company has adequate civil liability insurance in place to meet such claims. The company may also face claims from customers for defects in properties sold to them. Under the terms of the completion warranty, Bouygues Immobilier arranges for contractors to remedy defects on the snagging list as soon as possible. The company also ensures that all parties (contractors, engineering consultants, technical consultancy firms, etc.) abide scrupulously by their obligations under the terms of the standard ten-year construction insurance policy.

Commitment Committees and acquisition of land – Commencement of works

Bouygues Immobilier's business hinges on its ability to secure building land (once the period for opposition or appeal against the grant of planning consents has expired) that meets location and price criteria that suit the needs of its customers. The resulting land bank is regularly monitored to ensure that it is in line with market demand in each region.

There are strict procedures governing decisions to purchase land. Any legal document intended to secure land (or a building) that binds the company (even with a get-out clause) requires prior approval from a Commitment Committee. Membership of these committees is determined on the basis of Bouygues Immobilier internal procedural rules, which may be adjusted at any time to improve risk control. The terms of the transaction, and the decisions taken by the committee, are recorded in minutes that are distributed to all the stakeholders. Until such time as the land purchase is completed by deed signed before a notary, all approvals granted at committee level and all commitments are reviewed on a monthly basis.

Similarly, the decision to issue a notice to proceed with works on a project is governed by strict procedures (for example, a specified level of sales-take-up is required).

Industrial and environmental risks

Bouygues Immobilier has a risk prevention policy that involves systematically retaining the services of an environmental consultancy firm as soon as it becomes interested in purchasing a plot of land. If the report raises question marks, the firm is then asked to perform a more detailed analysis and to prepare a full site rehabilitation programme with an optimal profile in terms of technical, economic and environmental factors. Specialist consultancy firms are retained to carry out soil investigation work designed to prevent geotechnical risk. Where demolition is required, Bouygues Immobilier oversees compliance with the regulations on asbestos removal and decontamination.

Environmental regulations derived from the Grenelle Environment Summit

Bouygues Immobilier pays close attention to all the regulatory developments arising from the Grenelle Environment Summit process in France.

Legal, regulatory and administrative consents

Bouygues Immobilier is exposed to the risk of opposition or appeal against the planning consents (building permits) needed to carry out its property projects. The company protects itself against this risk by making sure, when its signs a contract (promise) for the purchase of land, that completion is contingent upon the deadline for all appeals having expired and being especially vigilant that its permit applications have been properly and diligently compiled.

Contractors going out of business

Bouygues Immobilier is exposed to the risk of the contractors working on projects going out of business. Such business failures can lead to late deliveries and cost overruns which can harm the company's reputation and profitability. The company has implemented a tendering process designed to avoid exposure to this risk. Those overseeing the tendering process pay close attention to the financial well-being of successful bidders, promoting diversity among suppliers of strategic goods and services and ensuring that these suppliers do not lapse into a situation of economic dependence.

Counterparty risk

Bouygues Immobilier protects against counterparty risk by means of its vendor's lien or by requiring bank guarantees for payment of the balance of the purchase price. The company closely monitors the quality of major service-sector tenants and operators of serviced accommodation. Detailed procedures have been defined in this area. The process for selecting serviced accommodation providers has been reviewed and made stricter to protect against any risk of default.

Economic and fiscal environment

The property market is directly influenced by economic conditions, primarily long-term interest rates (for buyers' loans), the unemployment rate and the economic growth rate. Bouygues Immobilier is exposed to the resulting fluctuations in the property market.

Equally, business may be affected by various administrative or tax measures that alter the profile of the property market (such as the amendment, abolition or restriction of tax breaks on buy-to-let and on new-build housing).

The diversified product mix and geographical footprint make it better placed to cope with fluctuations in its various markets. Controls over the company's business activities and profitability are designed to make it more responsive. The company limits the impact of this risk by maintaining a reasonably balanced spread of products and consumer profiles.

Country risk

Through its subsidiaries, Bouygues Immobilier is involved in property development activities in other European countries (Poland, Spain, Belgium and Portugal) although its activities outside France account for only a small proportion of its sales (5% in 2011).

Due to the impact of the economic crisis, Bouygues Immobilier has adapted its strategies by scaling back its operations in Spain and Portugal and now operates mainly in Poland and Belgium. Any exposure to currency risk (Poland) is hedged.

Legal risks

The Legal department assists operational units in structuring property development programmes, from land purchase through to final delivery. In specific areas, the department has established procedures and standard form contracts. The European subsidiaries use local lawyers, both in structuring deals and in handling claims and litigation, to address the risk of non-compliance with local laws and regulations. In France, all insurance policies are contracted centrally by the Insurance department in order to retain control over the risks covered and the type of cover secured.

Information technology systems risk

Bouygues Immobilier also has a remote back-up IT site which can get the business back up to speed quickly if the main site crashes. A dedicated unit monitors the latest IT threats and adjusts security systems in response to those threats. Risks are mapped out each year to ensure that the system is appropriate to requirements.

Cash flow risk

The Treasury and Bank Financing department handles all of Bouygues Immobilier's French cash needs centrally, along with cash transfers to and from its foreign subsidiaries. It also contracts or renews credit facilities and checks the conditions for the issuance of bank guarantees. The department applies the group rules relating to internal and external security, liquidity, counterparty quality, credit agreement terms, and the measurement and, if necessary, hedging of interest rate risk and currency risk.

Colas

The assessment, monitoring and prevention of risks related to the specific nature of the group's businesses have, for many years, been the core management principles of the Colas group, set at the level most suited to their clear understanding. The group's decentralised structure is key to the management of these risks.

At head office level, risk assessment and overall risk policy relies on feedback from reporting systems or dissemination of best practice. However, individual subsidiaries and profit centres are responsible for handling, controlling and monitoring their own risks. Major risks are identified, documented and assessed annually by executive operational management teams. This risk mapping exercise takes the form of a risk matrix, focusing on those liable to impair the achievement of operational, financial and strategic objectives. This matrix is then used to develop action plans to mitigate the identified risks. It is supplemented by a risk prevention policy based on monitoring of past risk experience, analysis of causal effects and feedback. Central coordination and leadership, based on reporting tools, serves to improve the risk identification and analysis process, collate feedback that can be passed back to the subsidiaries, and develop risk prevention policies and initiatives.

The Colas businesses do not appear to have significant exposure to major or systematic risks given their nature, the geographical dispersal of the group's profit centres and the large number of projects in which the group is involved. Apart from normal sensitivity to economic and financial conditions in the countries where Colas operates, the group's businesses are dependent on public procurement policies. Any changes to these policies may have consequences in terms of volumes and prices. The rise in public debt and the sovereign debt crisis in many countries in which Colas has profit centres (especially Europe, including France) obviously increases this risk factor. The key role played by infrastructure maintenance work and upkeep, essential to the mobility of both people and goods (and thus essential to the economy), the wide geographical profit centre dispersal, business diversity and the ability to cope with complex contractual structures are all elements that temper this risk.

Legal risks

The business activities of Colas involve the decentralised awarding and performance of large numbers of contracts. Apart from the laws and regulations that are always applied (such as competition law, criminal law, etc.), most public sector contracts are subject to specific regulations, whether at national or international level. Because of this multiplicity of contracts and its decentralised structure, Colas is inevitably exposed to legal compliance risk, despite substantial preventive measures (information, training, code of practice, etc.) and stringent disciplinary procedures. For the company, these risks may lead to financial penalties (imposed by competition authorities, for example) criminal or civil liability, loss of contracts (a ban on tendering for certain projects) or reputational damage. It is very difficult to assess the likelihood of such risks or to quantify their effect.

Industrial and environmental risks[1]

The extent of fire and explosion risk depends on the size of the site and nature of the activities carried on there. The risk is regarded as immaterial at most of the group's sites because they are relatively small. However, these sites are kept under regular surveillance to reduce the incidence of fires and explosions: preventive maintenance is supplemented by fire permit procedures and by annual audits of thermal and electrical installations using infrared thermography. Specific procedures apply to the largest and most inherently at-risk sites. In addition to regulatory requirements, they are monitored in conjunction with the engineering departments of their insurers which issue risk prevention recommendations. These sites are:

> the impervious membrane plant at Courchelettes, operated by the subsidiary Axter;

> the bitumen and refined products plant at Dunkirk, France, operated by Société de la Raffinerie de Dunkerque ("SRD").

All sites are covered by appropriate insurance policies.

The group's French industrial sites are subject to the regulations governing classified industrial installations. Quarry operating licences incorporate site rehabilitation obligations that are defined with the competent administrative authority. Similar principles apply in other countries where Colas has facilities of this type. Provisions are recorded in the financial statements to cover these obligations and are reviewed periodically. As at 31 December 2011, these provisions amounted to €152 million (€133 million at the end of 2010). Colas has a policy of systematically obtaining environmental certification (e.g. ISO 14001). Progress is documented and tracked using monitoring and certification audits, drawing on both external bodies and in-house resources. These are backed up by a global checklist system rolled out three years ago that now covers most of the group's materials production activities and provides a framework for action plans. At the end of 2011, 80% of worldwide materials production revenues were covered either by certification or by the internal checklist system. All these arrangements have been incorporated into the French and international internal control system. Provision has been made for the decommissioning costs of the SRD site in the company's accounts over the forecast operational period. The amounts involved are periodically reviewed.

Production sites may accidentally generate pollution incidents (due to leaks in pipe work and storage facilities), even though installations are designed and maintained so as to minimise the risk of such incidents (e.g. storage tanks). Given the large number of relatively small sites and the risk management policies applied, any such incident is likely to be limited in scope and immaterial at Colas group level.

The production processes at these industrial facilities generate CO_2 emissions but the facilities are still only rarely subject to quotas (except in the case of SRD, discussed below). However, this situation is changing rapidly in EU countries. Other emissions into the atmosphere are subject to regular emission control inspections by external bodies, and to internal checks.

SRD was acquired on 30 June 2010. It operates a plant that produces oils, bitumen and specialty products obtained by refining petroleum products. It is governed by the regulations applicable to facilities defined as "classified installations" for environmental protection purposes and, because of the type of products involved, is subject to several European Directives: the Seveso II Directive (high threshold), the Large Combustion Plant (LCP) Directive governing control over emissions and the Integrated Pollution Prevention and Control (IPPC) Directive. The requirements under these directives are incorporated into operating licences granted by the competent administrative authority. Facilities on the site are designed and maintained to prevent or minimise the risk of pollution incidents or any other major incident. Specific control programmes are in place and are checked by an internal inspection team. Government inspectors perform regular audits to check that the programmes are appropriate and are being adequately monitored. Accident scenarios are devised in conjunction with the authorities as part of hazard analysis studies. Emergency response procedures are formally documented in internal actions plans. Risk management is largely down to the professionalism of the onsite teams who apply strict operating procedures documented in an ISO 14001 compliant safety management system. This system is submitted annually to a local information and consultation committee, made up of representatives of government (including the Assistant Prefect), local authorities, community groups and industrialists. All minor incidents and accidents are logged and assessed. Any alterations are subject to failure mode, effects and criticality analysis (FMECA), a standard method for assessing industrial hazards in complex systems. Maintenance work is subject to the strict requirements of the safety management

(1) emulsion and bituminous membrane plants, quarries, asphalt plants, bitumen refineries, etc.

system and to the preventive maintenance recommendations made by insurers' engineering departments. The site is shut down every five years for major upgrading. SRD is also subject to regular inspections by DREAL, the regional environment, development and housing department, which is responsible for checking that procedures are being properly applied. Finally, because the production processes at the facilities create CO_2 emissions, the site is subject to emissions quotas. Its declarations are verified by an approved firm of auditors.

Three other much smaller sites are Seveso II classified (low threshold). These are depots for the storage of explosives used at quarries on the islands of Martinique, Mayotte and Saint-Martin.

Outside Europe, other facilities worth mentioning are the KBC refinery in Malaysia (operated by the Thai subsidiary, Tipco) and a few explosives depots in Africa or the Indian Ocean region. These facilities are managed according to the same prevention rules as in Europe but subject to differing administrative frameworks according to the country where they are based.

Credit and counterparty risk – Country risk

The road building, waterproofing, safety/signalling and construction materials businesses have an extremely diversified customer base (including large numbers of private sector customers and local authorities), so significant counterparty risk is low. In the rail sector, a very high proportion of business is with infrastructure companies or bodies under State control. Private-sector customers are subject to upfront credit analysis, backed up, wherever possible, with credit insurance in order to mitigate counterparty risk. Based on statistical analysis, the most significant risks can be quantified at a few hundred thousand euros. Colas has responded to the increased risk level arising from the financial crisis by tightening the procedures applied prior to the signature and start of construction contracts.

Colas generates 92% of its sales in Europe or North America (US or Canada). Exposure to country risk is therefore low, as is the risk of payment default, given that approximately 60% of sales is realised with the public sector (national, regional and local government), with a large number of low value contracts.

Operations in high-risk countries with poor ratings from international agencies or credit insurance bodies (such as Coface) usually involve contracts funded by multilateral development agencies (such as the European Development Fund or World Bank). The level of overdue receivables due at the end of 2011 has fallen compared to 31 December 2010. These receivables represent, to a very large extent, amounts owed by government or local authorities. Although they generate unforeseen additional recovery costs, there does not appear at present to be a high risk that they will not be ultimately collected.

Operational risks

Colas has detailed procedures in place for the haulage of heavy plant and industrial machinery (reminders of the regulations applicable to carriage of exceptional loads by road, use of standard local calculation software by all subsidiaries, preparation of a transport action plan by each subsidiary, instructions and procedures for securing heavy plant in transit, procedures for the contractualisation of transport and plant hire). Stringent fire prevention procedures are in place (especially in the waterproofing business) and preventive measures are also applied to excavation work where there is a risk of fracturing underground supply networks carrying dangerous substances (such as gas mains).

Colas has for many years followed a highly proactive prevention and training policy as regards accidents in the workplace and on work-related journeys. This policy has led to significant and lasting reductions in the frequency of workplace accidents and road accidents (although there was a slight increase in 2011).

Colas regularly monitors occupational health hazards. In particular, the group has long been monitoring exposure to bitumen fumes in France and elsewhere. This twenty year study has earned it representation on most of the task forces dealing with this issue. This process within the group is coordinated by the Human Resources and Environment departments, with regular reporting to senior management. Colas has been working on this issue with occupational health authorities and government agencies for some time and regards the risk as low and adequately mitigated, except in confined spaces (tunnels) where specific risk analysis is necessary due to the combined effect of vehicle exhaust fumes and ventilation issues. The only proven undesirable health effect arising from road construction working conditions is irritation of the respiratory tract and the eyes.

On 19 October 2011, the IARC published a re-evaluation based on a scientific review of all the available studies worldwide to decide whether bitumen or bitumen emissions may be carcinogenic. It has decided to classify occupational exposure during road paving or mastic asphalt work in group 2B, i.e. possibly carcinogenic to humans. This classification indicates that, despite the large number of studies conducted, the IARC has been unable to rule out the existence or confirm the nonexistence of a probable or proven causal link between the use of bitumen in road construction and cancer. This expression of doubt and scientific caution is an invitation to the scientific community to continue its research, especially into potential action mechanisms at bio-cellular level. Its conclusions are based on numerous laboratory or epidemiological studies that have not highlighted carcinogenic effects from exposure to road building conditions.

Based on all the studies conducted, Colas has not altered its bitumen fumes exposure cancer risk assessment. Under normal construction conditions, it regards this risk as low and sufficiently limited according to current government guidelines. There is no indication at this stage that either the European Union or the United States will decide to re-evaluate their position based on this IARC overview. However, Colas is remaining alert to any regulatory solutions that may materialise. Colas is keeping a close eye on this issue in France, with recent lawsuits and media campaigns seeking to cast doubt on one of the main materials used in road building. Colas is continuing to make onsite employee exposure measurements and is pursuing its cooperation with researchers. Colas is also pursuing its innovation policy proactively to protect, individually and collectively the health and safety of staff working on surfacing or asphalting projects. In October 2011, Colas decided to broaden its paver (the machine that applies bitumen mixes to roads) purchasing policy to the rest of the world. This policy involves only purchasing pavers equipped with a fume extraction system (provided machines of suitable size are available). All Colas pavers of over seven tonnes in North America are therefore equipped with fume extractor hoods.

IARC: International Agency for Research on Cancer

For several years, Colas has been committed to extending the use of warm asphalts and bitumen mixes, significantly reducing the temperatures at which products containing bitumen are applied and thus eliminating bitumen fume emissions almost entirely. It is seeking a similar commitment from the authorities and project owners to speed up this generalised use.

There is no apparent obsolescence risk in terms of patents or processes. Colas has developed a research and development policy that allows for the constant renewal and upgrading of the company's technical know-how.

General contract execution risk is relatively limited due to the large number of contracts and their low average value. However, some subsidiaries do work on large-scale projects. These major projects are subject to specific monitoring procedures, paying greater attention to specific issues: complexity, design, unforeseen circumstances (geological or archaeological constraints, making land available for construction), execution, delivery lead-times, etc. ISK, a Slovakian subsidiary, is currently experiencing difficulties in performing the works and honouring its obligations under a fixed-price contract for the construction and renovation of a power plant at Mochovce.

The activities of Colas may also be sensitive to natural phenomena, particularly to the weather. Adverse weather conditions (rain, snow, frost) may generate additional costs to completion, and fixed costs erode margins more significantly during downtime.

Commodities risk

Colas is sensitive to the regularity of supplies of key commodities and to fluctuations in their cost. The main commodities involved are petroleum-based products in the road building business (bitumen, vehicle fuel, heating fuel, oil), together with other commodities such as steel, copper and aluminium in the security, signalling, waterproofing and rail businesses.

The biggest risk relates to bitumen and other petroleum-based products.

Supply chain risk

Delays or stockouts in the supply chain may lead to direct and indirect cost overruns in the road building and waterproofing businesses. This is not a systematic risk, except in the case of a conflict and a total breakdown in petroleum supplies. This type of risk may affect a country, or more likely a region, over a variable period of time. At the beginning of 2011, the Kemaman refinery in Malaysia (operated by the Thai subsidiary, Tipco) had to stop production because it was unable to procure supplies of the type of crude oil suitable for the facility on acceptable purchase terms. This incurred additional unforeseen costs. Some years ago, Colas took steps to address this risk by setting up a group-level Bitumen unit, supported by similar units in some of the major regions where the company operates (e.g. North America) to improve supply chain capacity through bulk purchase agreements and imports. Over the years, Colas has also developed a bulk storage capacity, in France, Europe, the French overseas departments, in the Indian Ocean region and, on a larger scale, in North America. Storage capacities are substantial relative to bitumen consumption in each region. The policy of building up storage capacity is ongoing, with new capacity being added as opportunities arise to buy existing facilities or create new ones. The acquisition of Société de la Raffinerie de Dunkerque, which produces around 300,000 tonnes of bitumen a year, is a significant factor in securing supplies for road building in France and Northern Europe. Possible, temporary closures of new refining plants in France (Berre, Petit-Couronne) increases the risk to bitumen supplies.

Price fluctuation risk

There have been significant fluctuations in bitumen prices for several years. A number of factors serve to limit the risk arising from these fluctuations, including the number and value of average contracts (which means that prices can often be reflected in the tender bid) and the fact that many contracts (in France and elsewhere) include revision or indexation clauses. Employees involved in contract negotiations are made aware of this issue so that it can be factored into the process. In some regions, it is possible to enter into supply contracts that fix prices at a guaranteed level for a specific period. For large-scale contracts, hedging strategies may be implemented on a case by case basis when orders are placed. In some of the Colas group's activities, such as sales of manufactured goods, rises in prices of bitumen and other petroleum-based products are passed on to customers to the extent that market conditions allow.

Given these factors, it is not possible to quantify the sensitivity of operating profits to commodity price fluctuations: Colas is involved in thousands of contracts subject to varying degrees of legal protection and the extent of price rises varies from region to region.

There is also an indirect risk that rises in the prices of these products might lead to a reduction in order volumes as customers react to higher prices for works and services.

Risks relating to the activities of Société de la Raffinerie de Dunkerque (SRD)

SRD, acquired in June 2010, is sensitive to fluctuations in commodity prices. The profit of a specialty product refinery is based on the difference between the sale price of the refined products (oil, paraffin wax, bitumen and fuel oil) and the price of the raw material inputs to the refining process (atmospheric residue, hydocrackate[1], and feedstock). Refining margin reflects this price differential. The margin was satisfactory in the first half of 2011 but fell away in the last quarter due to the price rise in materials (linked to the price of heavy fuel oil) and price falls, particularly in base oils, as a result of the worsening economic crisis from September onwards and inventory drawdowns by customers.

The supply/production/sale cycle is short and supply and sale contracts are drafted so as to reduce this risk. Input raw material purchases are handled by a specialist committee. Raw materials are used in production one month after purchase and the resulting products are sold that month or in the two months following. A hedging policy has been introduced to reduce this risk.

As at 31 December 2011, these hedges represented 132,000 barrels of Brent crude and 1,200 tonnes of 1% fuel oil sold forward for a notional amount (volume multiplied by the forward price) of €11,368 million. In accounting terms, these qualify as cash flow hedges and their fair value as at 31 December 2011 had little impact (€0.104 million) on group equity.

(1) Hydrocracking is an oil refining process wherein feedstock is cracked in the presence of hydrogen.

TF1

Risk of losing key programmes

Thanks to the talent of its creative staff and its privileged, longstanding relations with French and foreign producers, TF1 has always presented superior programming. These factors reduce the risk that TF1 will lose key programmes which could result in smaller audiences and, in pay-TV, strained relations with the distributors of channels in a market that is now increasingly limited to a handful of players.

Particular attention needs to be paid to acquiring broadcasting rights for sporting events due to the arrival of new players which may upset the current balance in the rights market.

Although the level of advertising revenue is correlated with a channel's viewership and audience share, the relationship is not linear. A one-point decrease or increase in audience share does not necessarily result in an equivalent variation in advertising market share, or gross or net advertising sales.

Risk of non-recovery of advances

TF1 enters into long-term contractual commitments in relation to major events (e.g. sports events contracts) that require advances on royalties to be paid for the broadcasting rights. TF1 is therefore exposed to the risk that it may not recover such advances if the event is totally or partially cancelled due to force majeure. TF1 negotiates clauses covering the repayment of advances and, whenever possible, considers the advisability of insuring against this risk.

Risks related to the economic crisis

TF1, like the rest of the global economy, was affected by the 2009 economic crisis. The group has also updated its actions plans to reflect the economic context of the third and fourth quarters of 2011. The deterioration of the economic environment may also impact on the financial health of the group's partners and affect their ability to honour their contractual obligations within the relevant time frame.

The group reorganised in 2009 to soften the impact of any future shocks to the economy and to be able to react even more effectively in the event of another downturn. It introduced new processes, made part of its costs variable and adapted its business model. The group has pursued this course of action, creating a crisis monitoring committee. A warning system has been devised with operational action plans to reduce costs in the event of any fall in income. There are various segments to this action plan involving measures to be put in place according to a timetable or according to business specialisation.

In 2011, the TF1 group continued efforts in the area of programming costs and purchasing policy, in particular by better matching rights acquisitions with identified audience strata. Both operational and programming cost reductions have been mooted. They will only be implemented if any negative trends observed trigger alerts in the warning system. Their effect will be tailored to the degree of drift to safeguard the channel's reputation and its audience.

Industrial risks

TF1 programme broadcasting: Risk of signal transmission interruption and execution risk

TF1's programmes are currently broadcast to French homes by:

> radio waves in free standard definition DTT via the 124 main transmission sites and 1,502 secondary transmission sites operated by TDF, TowerCast, OneCast and Itas Tim;

> radio waves for free high definition DTT via the 124 main transmission sites and 843 secondary transmission sites operated by TDF, TowerCast, OneCast and Itas Tim;

> satellite in free-view standard definition and high definition digital on the Astra 1 position from SES in the DTT SAT offering and on Eutelsat's Atlantic Bird 3 in Fransat's offering;

> cable in SECAM analogue on some networks;

> cable in standard definition digital;

> satellite in standard definition digital in the packages offered by CanalSatellite (SES Astra 1) and AB (Eutelsat AB3);

> ADSL and fibre-optic cable in standard definition digital via all Internet service providers (Orange, Free, SFR, Bouygues Telecom and Darty);

> cable, fibre, satellite and ADSL, simulcasting in digital high definition via a growing number of networks.

TDF is by far the leading national TV signal transmission operator, with a network and technical resources currently unmatched by any other company.

TF1 is therefore dependent on TDF for signal transmission. Despite the emergence of alternative transmission operators, TF1 cannot do without TDF's broadcasting facilities. As a consequence, if the TDF network breaks down, TF1 cannot switch to other terrestrial transmission systems to provide quick and economical coverage of its full broadcast area.

Multi-platform radio wave transmission (SD DTT, HD DTT) and the variety of alternative networks (satellite, cable, ADSL and fibre, with the latter two run by multiple operators) will gradually reduce the impact of any failures, since these networks are not connected to each other and are staffed separately.

Broadcasting sites are generally reliable because of duplicate coverage from transmitters. However, incidents can occur with the antenna system (antenna, wave guides and frequency multiplexers) and power supply is not under TDF's control (it is the responsibility of EDF).

There have been disruptions of TF1 signal transmissions for technical reasons, such as transmitter failures or power outages. Contractual penalties are not commensurate with potential operating losses to TF1 during these incidents (including loss of audience, damage to TF1's image, rebates claimed by advertisers and loss of merchandising rights).

Finally, as TF1's HD signal transmissions have not been protected because they are currently carried by TDF's terrestrial MSTP (multiservice transport platform), a network that has already been deployed and is operating but which is only due to be completed in June 2012), multiplex transmission interruptions affecting groups of broadcasting sites are possible and isolated cases are occurring. In time, the MSTP network should be much sturdier and the possibility of providing for back-up transmission on TF1 HD will be studied before broadcasting on TF1 SD DTT comes to an end.

The current labour climate brings a risk of malicious actions that could have an impact on TF1's broadcasting. There have been several minor interruptions of service at transmission sites in the past.

The loss that TF1 could incur in the event of a transmitter failure is proportional to the number of television viewers served by the transmitter. A failure in the Paris region (with its 10 million viewers) could have serious economic repercussions. For this reason, TF1 has negotiated an agreement for its digital transmissions requiring TDF to intervene very quickly in the event of a failure and it has requested reinforced back-up measures.

Other than that, the reallocation of frequencies with the deployment of new multiplexers (e.g. R7 and R8) could have an impact on current multiplexers and cause local disturbances in the group's networks.

Risk management policy

The "Réagir" Committee created in 2003 continues to work on monitoring and preventing the major risks associated with the TF1 group's key processes. It also updates and regularly tests rapid recovery plans that may be triggered when an exceptional event results in an interruption in signal transmission or loss of access to the TF1 building.

A secure external backup site set up in 2007 is now operational for programme transmission, the production of newscasts (TF1 and LCI), and the preparation of advertising spots for the TF1 channel. The company's vital functions are included in the security plan through an alert and activity resumption process. Besides real-time security, numerous areas such as accounting, treasury, payroll, Eurosport, e-tf1 and IT are protected by multiple-level security systems. Procedures are tested periodically so that the system can be adjusted, if necessary. Broadcasting continuity is ensured 24/24, and an operations simulation is performed every month.

In 2011, over seventy people in the company took part in a day-long simulation to test the back-up site. This exercise showed that it was possible to resume TV newscasts using the new news production system. This Process News and Sport 2 (PNS2) system has been installed at the back-up site and to ensure that current news stories are always available. Broadcast continuity and advertising transmission were also tested in conditions as complex as real life situations.

The "Réagir" plan was implemented several times in 2011 for incidents having no direct impact on the broadcast channel.

The "Réagir" system was activated twice, for a computer virus and a night-time incident. It managed to solve the problems without using the back-up systems.

As with operational risks, TF1 carried insurance (both civil liability and property damage) that covers some of the risks mentioned above.

Competition risks

Risks related to the growth in digital terrestrial television (DTT) and the Internet (source: Médiamétrie)

The TF1 group operates in a constantly evolving competitive environment in which changes have been accelerated by:

- the development of digital terrestrial television (DTT);
- gradual changes in how entertainment is consumed due to the development in web-based media which will see revenues grow in coming years, in part from below-the-line advertising, and which should see the consumption of non-linear content grow to the detriment of pay-TV (pre-packaged programmes);
- the development of connected TV offering a new medium supplementing the non-linear distribution of programmes, with the arrival of powerful players such as Apple, Google and Netflix.

The tendering process launched by the CSA (French broadcasting authority) at the end of 2011 for the award of six new DTT channels may well amplify the effects of these developments. TF1 group has submitted three projects to take advantage of this new DTT audience share and thus limit the impact on its main channel.

The launch of DTT in March 2005 marked the end of a television landscape in which access to free-to-air television was limited by their being only six broadcasters with an analogue broadcasting licence.

The roll-out of DTT has brought new channels and split the television audience among a larger number of players. The audiovisual landscape is changing rapidly. In January 2007, 40% of French households received multi-channel offerings; by the end of December 2011, that figure had risen to 100% (or an average of 99% for 2011 as a whole).

With this growth in free television offerings, TF1's audience share would have been expected to decline. However, the channel's audience has held relatively steady: while multi-channel offerings have increased three-fold in six years, TF1's audience share among individuals aged 4 and over declined from 31.8% in 2004 to 23.7% by the end of December 2011. Meanwhile, DTT's aggregate market share has increased from 5.8% in 2007 to 23.1% in December 2011 (a rise of 17.3 points).

Furthermore, TF1 is the only channel that continues to attract audiences of more than nine million viewers, and also had 99 of the top 100 audience ratings in 2011. The risk of audience fragmentation facing TF1 will be reduced by TF1's move into DTT with the acquisition of full control over TMC and NT1 in 2010.

With the steady increase of leisure time spent on entertainment – including television – the group has consolidated TF1's leader position by:

- limiting the impact of these changes on its viewership by airing appealing programmes;
- by positioning itself as a major DTT player through its ownership of TMC, the leading DTT channel in 2011, and fifth most popular national channel, and NT1; and
- by establishing MYTF1 as the leading French media website.

TF1 has also made reasonable investments to establish its position on the connected television market, including by signing partnership agreements with manufacturers.

Risks related to the digital switchover

One risk related to the competitive environment is the reallocation of frequencies to new players (e.g. a reallocation to broadcasting of some of the bandwidth gained from the digital dividend). Also, the announced repeal of the legislation allocating compensatory channels to incumbent broadcasters in line with a European Commission opinion and the launch of the tendering process for the R7 and R8 multiplexers have created uncertainties as to how the audiovisual landscape will develop.

Regulatory risk

CSA broadcasting licence and enforcement powers

TF1 is an audiovisual communications service that requires a licence. The company's initial licence to use frequencies for a period of 10 years from 4 April 1987 (Law of 30 September 1986) expired in 1997. Based on Decision No. 96-614 of 17 September 1996, the channel received an initial five-year renewal of this licence effective on 16 April 1997, with no requirement for a competitive tender.

The TF1 channel's broadcasting licence was automatically renewed for the period 2002-2007 by decision of the CSA on 20 November 2001. Under Article 82 of the Law of 30 September 1986, as amended, this licence was automatically be extended to 2012 in return for simulcasting the digital terrestrial free-to-air channel. The CSA, in a decision of 10 June 2003, modified the TF1 licence and contract terms to build in stipulations about the transfer of the channel's programming to DTT.

The Future Audiovisual and Television Broadcasting Modernisation Act of 5 March 2007 introduced two automatic five-year extensions of TF1's licence. The first compensated for the early switch-off of the channel's analogue signal on 30 November 2011 and was subject to TF1 joining the consortium set up to implement the analogue switch-off. The second was in return for the channel's commitment to provide DTT coverage to 95% of the French population. Accordingly, TF1's licence is now set to expire in 2022.

The TF1 group is subject to a variety of commitments covering general obligations to broadcast and invest in production, either through its schedule of conditions or as a result of regulations applicable to its activity. A change to the regulations could raise the current constraints imposed on TF1, with a possible negative impact on the company's profitability.

If TF1 fails to meet its contractual obligations, the CSA can, after giving formal notice and depending on the severity of the offence, impose one of the penalties set forth in Article 42(1) of the Law of 30 September 1986. These include a fine; a temporary ban (of no more than one month) on producing, broadcasting or distributing the service, or a category of programme, or part of a programme; reducing the term of the licence to use frequencies by up to one year. TF1's compliance with its obligations is strictly monitored. It has a dedicated Programme Compliance department to ensure that the channel's programmes comply fully with regulatory requirements.

Privacy law and defamation

There are no cases pending that present a financial risk to TF1.

Risk of additional taxes

Article 53 of the Law of 30 September 1986, as amended by the Finance Act 2011, deferred the complete end to advertising on France Télévisions (the public service broadcaster), initially set for 2012, until 1 January 2016. In exchange for the postponement, the tax paid by the channels to make up the France Télévisions' deficit has been lowered to 0.5% of advertising revenues until 1 January 2016.

This example is a good illustration of the risk of new taxes to which television channels are exposed, such as the tax on advertising spending.

Operational risk management policy

The TF1 group has put new risk monitoring and control systems in place across the board for all of its businesses.

Bouygues Telecom

Infrastructure access

In a sector characterised by cycles of technological change, one of the major challenges facing Bouygues Telecom is to access infrastructure on the best possible cost terms within a timeframe that enables it to meet consumer needs for new services on a timely basis.

Bouygues Telecom has embarked on projects that will make it a key player in the fixed-line very-high-speed broadband market. Since November 2010, Bouygues Telecom has been using the Numericable network and marketing its Bbox fibre service, which offers faster speeds than ADSL. An agreement with SFR to jointly deploy a fibre optic network with 3 million connections into the home, signed on 9 December 2010, will make Bouygues the only Internet service provider simultaneously offering ADSL, cable and fibre optic services.

In the very-high-speed mobile business, Bouygues Telecom has acquired a significant number of 2,600 MHz and 800 MHz frequencies enabling it to provide very high speed services across France in the coming years.

Competition

The French electronic communications market is highly competitive. Competition is likely to become tougher in 2012 with the entry into the French mobile telephony market of a new operator which has been awarded the fourth UMTS licence and allowed to benefit from asymmetric regulatory measures never before granted to any other operator.

In this competitive environment, Bouygues Telecom has embarked on a new direction, launching new offers:

- it has created B&YOU, a community forum-based brand at the heart of social networks sold exclusively online with no minimum commitment and targeted at the most autonomous members of the Internet generation able to manage all contact with their service provider online;
- it has also launched Eden, a tailored range of offers catering to customer requirements (with or without a minimum commitment, with or without a handset and with a new customer loyalty programme, etc.), in order to supplement and simplify its services;
- a new premium service that guarantees next day replacement for handsets that are damaged, lost, stolen or faulty.

It is also one of the company's core objectives to improve its position on the internet and fixed phone market. Bouygues Telecom is already the market leader in terms of net growth, attracting 433,000 new customers in 2011 and increasing the number of its fixed-line customers to more than 1.2 million as at end December 2011.

Adverse regulatory and tax changes

In a strict regulatory and fiscal environment, new taxes and regulatory restrictions are being applied to fixed and mobile services at both European and national level. Because of the potential impact on company profitability, Bouygues Telecom is constantly on the lookout for such developments in order to anticipate and neutralise their impact.

Business failure of a contracting partner or counterparty

The financial crisis has weakened those with whom Bouygues Telecom does business, from suppliers and customers to commercial partners. If a major contracting partner, such as a key supplier or a customer generating significant income for the company, goes out of business, Bouygues Telecom may be exposed to reputational risk, potential loss of profits and risks to the continuity of its business activities.

Bouygues Telecom specifically monitors major contracting partners and prepares action plans that can be implemented at short notice if required.

Prolonged downtime at production sites

Damage to critical network infrastructure or information systems may cause failures or interruptions in the services Bouygues Telecom provides to its customers.

To limit the risk of incidents affecting a production site, computer rooms are secure, with access control, fire protection, air-conditioning, humidity control, duplicate power supplies and standby generators. Regular tests and maintenance are carried out on these security measures.

Since 2003, Bouygues Telecom has had a business continuity plan to cope with incidents of this kind. The plan builds in the phased recovery of systems, applications and data in order of criticality, and offsite back-ups in a secure location. The plan is subject to live testing or simulations at least once a year, and is also tested whenever there is a major software or hardware upgrade.

Exclusion from the value chain due to innovation in a related market

Some of the growth in the electronic communications market is driven by innovation in telephone services. Many players are involved in the providing the component parts of a service and some may exclude electronic communications operators like Bouygues Telecom from a portion of the value produced by services and content.

Content or service providers may also stand between telecoms operator and end customer, particularly in the supplier-customer relationship and marketing of electronic communications.

Bouygues Telecom is constantly monitoring innovation and makes a direct or indirect contribution to developing high-potential products.

Radio waves and public health

Bouygues Telecom has a dedicated Radio Waves and Protection unit which monitors and studies this issue using a variety of sources (the internet, publications, subscriptions to supervisory bodies, personal contacts, attendance at scientific conferences, etc).

The Interphone Study, published on 17 May 2010, reached no conclusions as to the potential negative health impact of using a mobile phone. Bouygues Telecom is committed to keeping its customers informed and has displayed the SAR (Specific Absorption Rate) of its handsets at retail outlets since the beginning of 2006 and on its website since 2001. For many years, Bouygues Telecom has provided precautionary guidance to customers and potential customers on how best to use their mobile phones, such as using the earpiece kit provided in every pack, calling from areas where reception is good, restricting the use of mobiles by children, etc.

Bouygues Telecom participates in the "Comop" operational committee, set up in July 2009 as part of the work of the Grenelle Environment Summit on radio waves. The committee's objectives are to develop models and, where possible, conduct experiments into lowering the emission levels of radio wave antenna.

Psychosocial risk

Bouygues Telecom is committed to offering a working environment and working conditions that promote the well-being of its employees. The company's core values include synergy and solidarity, and are based on controlled internal mobility designed to satisfy employee aspirations. In 2011, for the second consecutive year, Bouygues Telecom was named in the Top Employers' list by CRF France, making it one of thirty-three French businesses to be recognised for the quality of their human resources policy. Bouygues Telecom was favourably judged on the basis of five criteria: salary and benefits, working conditions, training and development, career path development and talent management, and company culture.

The company is also committed to a sustained and shared psychosocial risk prevention policy. Bouygues Telecom maintains a constant oversight of psychosocial risks using the following indicators and prevention systems:

- a "well-being and stress observatory", set up in 2000, with doctors from the occupational health authorities, generating findings and action plans for submission to the Health, Safety and Working Conditions Committee and to employee representatives;
- a social worker and an occupational psychologist at each Bouygues Telecom site;
- an agreement on "psychosocial risks associated with stress situations at work" signed in 2010; all of the agreed measures have been rolled out (training of 2,000 managers, etc.);
- annual employee satisfaction surveys.

Web management

The growing influence of social networks and e-commerce is challenging current marketing and customer management methods. Bouygues Telecom is working hard to prepare the company for these new standards, imagining the company-customer relationships of tomorrow to anticipate human resource needs and information system improvements.

External attacks on IT systems

Information systems (IS) are subject to an ever-increasing number of hacker attacks (service denial and data theft). To safeguard against such attacks, Bouygues Telecom has introduced a structured security policy based on IS access controls, a high-performance password management policy and appropriate technical systems to protect against intrusions.

MARKET RISKS

In addition to the information provided below, readers should refer to the tables provided in the following notes to the consolidated financial statements, appearing in the *Financial Statements* section of this document:

- **Note 4.4** Cash and cash equivalents
- **Note 8.1** Interest-bearing debt by maturity
- **Note 8.2** Confirmed credit facilities and drawdowns
- **Note 8.3** Liquidity at 31 December 2011
- **Note 8.4** Split of current and non-current debt by interest rate type
- **Note 8.5** Interest rate risk
- **Note 8.6** Split of current and non-current debt by currency
- **Note 17.1** Interest rate hedges
- **Note 17.2** Currency hedges

Management of interest rate risk and currency risk

Some Bouygues group entities use hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates. The Group's policy on the use of financial instruments is described below.

Risks to which the Group is exposed

Currency risk

In general, the Bouygues group has little exposure to currency risk in routine commercial transactions, given that its international operations (primarily Bouygues Construction and Colas) do not involve exports. Where possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most projects executed outside France, on which local-currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. Exposure to currency risk is therefore limited to contract margins, and to design work carried out in France. The Bouygues group also pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

Interest rate risk

The Group's financial expenses have low sensitivity to interest rate risk. The bulk of debt is in the form of fixed-rate bond issues (see Note 8.4 to the consolidated financial statements, in the *Financial Statements* section), and a range of hedging instruments is used to convert variable-rate debt into fixed-rate debt.

Consolidated financial expenses would be only marginally affected by fluctuations in euro interest rates, or by a divergence in interest rate trends between the euro and other major currencies.

On average over the year, the amount of variable-rate debt in the balance sheet is less than the amount of surplus cash invested at variable rates.

Principles applied to all hedging instruments

The only instruments used for hedging purposes are forward currency purchases and sales, currency swaps and purchases of currency options for currency risk hedging purposes; and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes.

These instruments:

- are used solely for hedging purposes;
- are contracted solely with high-quality French and foreign banks;
- carry no liquidity risk in the event of a downturn.

Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of hedging instruments, the selection of counterparties with whom they are contracted, and more generally the management of exposure to currency risk and interest rate risk.

Hedging rules

Currency risk

(see Note 17.2 to the consolidated financial statements, in the *Financial Statements* section)

Group policy is to hedge systematically all residual currency exposure relating to commercial transactions. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the contract award has been confirmed; if the hedged item ceases to exist (for example, if the service is not provided or the contract is cancelled), the hedge is closed out immediately.

In the interests of efficiency, the currency positions of some Group entities may be managed centrally, which in some cases may result in the offset of matching positions.

Currency derivatives are used solely for hedging purposes.

Interest rate risk

(see Note 17.1 to the consolidated financial statements, in the *Financial Statements* section)

Group policy is for each sub-group to hedge some or all of its financial assets and liabilities, where these are foreseeable and recurring.

The aim is to control future interest expense by fixing the cost of debt using swaps and future rate agreements, or by limiting it through the use of caps, over a period equivalent to that of the financial liabilities to be hedged.

As with currency risk, the interest rate positions of some Group entities may, in the interests of efficiency, be managed centrally and partially offset.

Accounting methods

In general, the financial instruments used by the Group qualify for hedge accounting, which means that the hedging relationship is documented in accordance with the requirements of IAS 39. Two types of accounting treatment are used:

- Fair value hedges: changes in the fair value of the hedging instrument and changes in the fair value of the hedged item are recognised symmetrically in the income statement.
- Cash flow hedges: changes in the fair value of the hedging instrument are recognised in the income statement for the ineffective portion of the hedging relationship, and in shareholders' equity (until the hedge is closed out) for the effective portion.

Market value of hedging instruments

As of 31 December 2011, the market value (net present value) of the hedging instruments portfolio was -€80 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: -€19 million;
- cash flow hedges: -€61 million.

In the event of a +1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€15 million; in the event of a -1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€147 million.

In the event of a 1% depreciation in the euro against each of the other currencies, the hedging instruments portfolio would have a market value of -€94 million.

These calculations were prepared by the Bouygues group, or obtained from the banks with whom the instruments were contracted.

Exposure to equity risk

In the event of adverse trends in the business of an investee or in the economic environment in which it operates, the Bouygues group could be exposed to the risk of a fall in the price of the shares it holds in that investee.

Liquidity risk

As at 31 December 2011, available cash stood at €3,161 million (including -€16 million of financial instruments contracted to hedge net debt). The Group also had €5,245 million of undrawn confirmed medium-term credit facilities as at the same date. Consequently, Bouygues is not exposed to liquidity risk.

The credit facilities contracted by Bouygues SA and its subsidiaries contain no financial covenants or trigger event clauses.

The bond issues maturing in 2013, 2015, 2016, 2018, 2019 and 2026 all contain a change of control clause relating to Bouygues SA. Bouygues bond issues are rated BBB+ (long term) by Standard & Poor's.

For a more detailed discussion of the effects of a change of control, refer to Note 8 to the consolidated financial statements ("Non-current and current debt"), and to the disclosures in the *Legal and Financial Information* section about factors likely to have an impact on any public tender offer price.

CLAIMS AND LITIGATION

Bouygues group companies are involved in a variety of litigation and claims in the normal course of their business. In particular, subsidiaries of Bouygues Construction and Colas are involved in competition law litigation and claims. Risks are assessed on the basis of past experience and analysis by the Group's in-house legal departments and external counsel. To the company's knowledge, there is at present no exceptional event, dispute or claim likely to have a substantial negative impact on the businesses, assets and liabilities, results or financial position of the Group as a whole. Disputes and claims are subject to regular review, especially when new facts arise. The provisions recorded in the financial statements appear to be adequate in light of these assessments. The Bouygues group uses all legal means to defend its legitimate interests.

Bouygues Construction

South Africa – Gautrain Project

Bouygues Travaux Publics, in association with two local partners and Bombardier in respect of rolling stock and electro-mechanical equipment, delivered the first phase of a large-scale rail infrastructure project in June 2010 linking the country's principal airport to Johannesburg and Pretoria. This phase has been in service since this date.

The delivery of phase 2 has been disrupted by disagreements between Bombela Ltd, the concession company holding the contract, in which Bouygues Travaux Publics owns a 17% equity stake, and Gauteng Province, regarding execution of the project works.

A problem has arisen in relation to the waterproofing of the tunnel in several sections of phase 2 against water inflow: water seepage levels were higher than those according to the Gauteng Province's reading of the contract technical specifications. This disagreement was referred to the Dispute Resolution Board ("DRB") provided for in the concession contract. The DRB found that the tunnel and its sealing against water inflow were in compliance with specifications in all sections other than the "Park Station to E2" section.

The water seepage for this section was found to be higher than the levels provided for in the contract technical specifications. Remedial works were carried out to rectify this problem at end 2011/beginning 2012.

This problem has delayed the full commissioning of this phase although most of the phase has been operational since 2 August 2011. The "Park Station to E2" section will be opened for service once the tunnel sealing works have been carried out and considered suitable.

The parties have referred several other disputes to the DRB: the most important concerning the consequences of delays by the Province in making necessary land available, required for completion of the works. These delays have seriously disrupted contractual performance and their financial repercussions have been significant.

Given the magnitude and complexity of the dispute submitted to the Association of Arbitrators (Southern Africa), no settlement is likely to be reached before the end of 2013.

France – Flamanville EPR

Bouygues Travaux Publics was awarded the civil engineering contract to build the European Pressurised Reactor (EPR) at the Flamanville nuclear power plant, which it signed with EDF on 2 October 2006.

Technical difficulties since execution of this contract began have, in the past, already prompted the parties to amend its terms and conditions, in particular as regards price and delivery date.

An addendum was signed in 2011 agreeing an increase in the contract price, primarily covering difficulties encountered in (i) the design and construction of the metal liners of pools for some of the reactors and (ii) the cost of adapting the methods to be used due to the growing complexity of reinforcement and concreting works.

In addition, unfortunately there was a work accident resulting in the death of a temporary employee of a sub-contractor of the consortium carrying out the works. A preliminary investigation for manslaughter is in progress and employees of the consortium have been interviewed as part of this investigation.

France – Île-de-France Regional Authority Contracts

Following a Competition Council (now Competition Authority) ruling of 9 May 2007, the Île-de-France Regional Authority filed a compensation claim in 2008 as relief for losses it claims to have incurred as a result of the anti-competitive practices of construction companies in connection with the award of public works contracts for the renovation of secondary school buildings in the region.

The Regional Authority's urgent summary application to the Paris District Court was denied in a ruling issued on 15 January 2009 on the ground that, prima facie, there were genuine reasons for objecting to the very principle of the compensation claim.

Invited to revisit the substantive issues of the claim, the Regional Authority filed a further application to the Paris District Court in February 2010, this time claiming damages for a loss it estimated at €358 million based on the joint and several liability of the parties collectively responsible for the loss, i.e. the companies and individuals found to have engaged in anti-competitive practices. At the beginning of 2012, the Regional Authority reduced its loss estimation to €232 million.

The construction companies involved, which dispute both the reality of any loss and its quantum, have in turn applied to the Court to compel the Regional Authority to disclose a number of documents so that the decision-making process behind the award of each of the contracts can be reconstructed as precisely as possible, thus providing evidence of the alleged loss.

In an injunction dated 3 March 2011, the District Court ordered the Île-de-France Regional Authority to individualise its claims (loss suffered and contractor against which the action is directed) for each of the 88 packages involved in this case and to disclose archived documents not yet adduced in evidence.

France – EOLE

Following a Competition Council (now Competition Authority) ruling of 21 March 2006, which found several companies guilty, generally, of acting as a cartel to share contracts and, specifically, of an anti-competitive agreement in relation to packages 34B and 37B of the East-West Express Rail Link (EOLE) project, on 21 March 2011 SNCF brought an action in damages before the Paris Administrative Court seeking relief for losses that it claims to have suffered as a result of the anti-competitive behaviour of construction companies when the project's job packages were awarded.

The Group is challenging the reality of the alleged loss suffered by SNCF. It considers the action to be faltering, compromised and potentially time-barred.

USA – Port of Miami Tunnel

Bouygues Travaux Publics has been awarded a contract to finance, design, build and maintain a major road tunnel in the port of Miami.

Before starting excavation work, Bouygues Travaux Publics conducted additional geological surveys highlighting significant differences to the geological data originally supplied by the customer (Florida Department of Transportation).

The customer has been officially notified of the results of these additional surveys to warn it to expect disruptions to excavation works.

To ensure that the project continues to progress satisfactorily, Bouygues Travaux Publics immediately undertook the relevant additional works involving (i) technical modifications to the tunnel boring machine and (ii) preparatory injection works for excavation to commence under optimal technical conditions.

Bouygues Travaux Publics made a simultaneous submission to the Dispute Resolution Board ("DRB") provided for under the concession contract for it to recognise the inaccuracy of the sub-soil geology data contained in contractual documents supplied by the customer and confirm the customer's liability for the financial impact of this finding.

The DRB has just given its ruling, which opens a period of negotiation with the customer.

On 17 January 2012, the DRB issued an immediately enforceable decision, the main terms of which are the following:

> the DRB did not accept that there was any change in the geological conditions compared to the geological data set out in the contract. It concluded that the construction company should bear the cost of the technical modifications to the tunnel boring machine;

> the DRB did not discount the need for the preparatory injection works carried out by the company. The concession company, construction company and client immediately entered into negotiations to decide how liability for these costs should be apportioned.

Bouygues Immobilier

Bouygues Immobilier is not currently involved in any significant litigation other than the case relating to decontamination works at the "Grand Sillon" residential project in Saint-Malo, France. An expert has been appointed and is currently investigating.

Colas

> Some Hungarian sub-subsidiaries (Egut, Debmut and Alterra) are facing various civil damages claims following decisions by the Hungarian Competition Authority. Collectively, these claims amount to some €25 million. The largest single claim, for €19 million, involves Hungary's national highways company. A report submitted on 22 April 2010 by a court-appointed expert concluded that the client had suffered no loss. The customer contested this finding but the expert reaffirmed his conclusion in court on 10 December 2010. However, the court did appoint another construction expert and an accounting expert in September 2011 in answer to the highway company's requests. The next hearing is scheduled for March 2012.

> Following a ruling that Colas Île-de-France Normandie and five other companies had been guilty of price-fixing on asphalt mix contracts in the Seine-Maritime *département* between March 1991 and December 1998, the local authority filed an application on 25 February 2010 seeking a ruling, in principal, that the contracts were invalid and for amounts paid under them to be refunded and, in the alternative, an order for the contractors to pay financial relief for the losses suffered. The principal claim against the six companies is for €133.7 million and the alternative claim is for €35.6 million.

Colas Île-de-France Normandie is contesting the claims. Defence submissions were filed with the Administrative Court and served in November 2011.

- The provisions made to cover potential exposure as a result of URSSAF (French Social Security Agency) audits routinely conducted on many of the companies in the group are considered to be adequate. At the end of 2009, URSSAF issued a substantial reassessment notice regarding relief from social security contributions under the "Tepa Act"[1] and under the Fillon Plan for the years 2006 to 2008. URSSAF is demanding payment in full on the ground of failure to file information electronically as required (according to URSSAF) under the French Social Security Code. The company and its subsidiaries believe that there are no grounds for levying the flat-rate tax charge provided for in Article R. 242-5 of the French Social Security Code, arguing that they supplied the documents and other evidence necessary for the audit in a usable format. It is difficult to estimate the potential financial consequences of this reassessment notice at present, since it turns on a question of principle, i.e. whether all the Tepa Act[1] and Fillon Plan relief can be denied solely on the grounds that Colas supplied its supporting documentation in hard copy rather than electronically. The reassessment is estimated at €46.6 million. The challenges have been referred to the relevant mediation and settlement commissions (CRA) which have not yet issued their findings (except in the case of Colas Ile-de France Normandie, which has been referred for hearing before the Social Security Tribunal).
- Negotiations with the Romanian government following disagreements regarding the contract for the construction of the A2 motorway linking Cernavoda to Constanta (20 km to be constructed under a design-build contract at a contract price of €175 million) have not been satisfactorily resolved. Colas terminated the agreement on 28 March 2011 claiming breaches of contract by the project owner. Colas filed a request for arbitration with the International Chamber of Commerce on 19 December 2011 claiming damages of more than RON 150 million (a little more than €35 million), plus interest, as relief for the contractual losses suffered. The Romanian government may potentially file a counterclaim in these arbitration proceedings.

TF1

Intellectual property litigation (copyright, neighbouring rights)

The TF1 group has been affected by the pirating of content in which it owns rights. Legal action was taken in 2008 to put a halt to these acts and claim damages from platforms such as Dailymotion and YouTube. The corresponding proceedings, initially brought in the Paris Commercial Court, have been transferred to the Paris District Court, which following legislative changes is now the only French court with jurisdiction over copyright infringements. The TF1 group has been compelled to update its claims in these two cases as the infringements have been continuing since the claims were filed and served. Oral submissions are likely to be made in the YouTube case at the beginning of 2012. In the Dailymotion case, a hearing for such submissions should be held in the first half of 2012. The TF1 group has also taken legal action against the website Wizzgo, which was offering an online video copying service. The Paris District Court held that this service was unlawful on 25 November 2008. Wizzgo appealed against this judgment before an order was issued on 22 January 2009 for its compulsory liquidation. The TF1 group companies filed proof of their debt claims with the liquidator in April 2009. However, the liquidator opted to proceed with the appeal. The case was heard by the Paris Court of Appeal on 19 October 2011. In a ruling handed down on 14 December 2011, the Paris Court of Appeal upheld the lower court judgment and held that the service in question had indeed infringed the television channels' intellectual property rights and set the quantum of their debt claims in the Wizzgo liquidation (TF1: €1,120,418 and NT1: €482,566).

Reality TV show litigation

A number of lawsuits have been brought against TF1's audiovisual production subsidiary, Glem (that changed its name to TF1 Production, effective on 1 January 2009), in relation to the Île de la Tentation reality TV show, arguing (i) that contestants' "participation contracts" should be reclassified as "employment contracts" and (ii) that contestants should be granted performing artist status. The various actions gave rise to divergent rulings by the French courts in 2008. Three Paris Court of Appeal rulings (handed down on 11 February 2008) held that three show contestants had indeed been employees of the production company (Glem) but denied their claim for performing artist status. Yet, on 22 December 2008, the Saint Étienne Employment Tribunal ruled that there was no employment contract.

Glem filed an appeal petition to the *Cour de Cassation* (the French Supreme Court) against the three appellate judgments.

In a ruling of 3 June 2009, the *Cour de Cassation* held that there had been contracts of employment but rejected the appellate court finding that the arrangements for the show had constituted undeclared employment because there was no evidence that there had been any intention to conceal.

Other claims have been filed with the Boulogne-Billancourt Employment Tribunal regarding other seasons of *Île de la Tentation* and other contestants in the show. Proceedings have also been brought in relation to other shows, such as *Koh Lanta,* in which TF1 acquired rights from third party producers. Some claimants joined TF1 (as purchaser of broadcasting rights in the show) in the proceedings, alongside the producer, as their joint employer.

The Employment Tribunal issued contrasting rulings in the various cases submitted to it: either it found against the producer but awarded relatively modest damages (a few thousand euros per claimant) rejecting the undeclared employment claims or the case was referred for a stalemate-breaking decision where the members of the Employment Tribunal were unable to reach a conclusive decision. In any event, no adverse court ruling against TF1 SA has yet been made in any of these cases.

In decisions issued on 15 September 2009, the tribunal applied the solution adopted in the Île de le Tentation cases to the *Koh Lanta* show. It also ordered one of the claimants – who had been declared the winner of the show – to repay the prize money to TF1.

A number of contestants, dissatisfied with the sums obtained at first instance, have appealed against the judgments in their cases.

In rulings handed down on 9 November 2010, the Versailles Court of Appeal judged only the claims of contestants whose actions alleging employee status were time-barred. It awarded them damages for the losses they claimed to have suffered

(1) The Work, Employment and Purchasing Power Promotion Act of 21 August 2007

due to the conditions in which the programme was recorded. TF1 Production appealed these rulings.

On 5 April 2011, the Versailles Court of Appeal handed down its first decisions concerning contestants whose actions alleging employee status were not time-barred. After reclassifying their show participation contracts as employment contracts, it awarded them damages that were slightly higher than those awarded to the time-barred contestants. However, it persisted in its refusal to grant contestants performing artist status and to construe TF1 as a joint employer with the production company. TF1 has consistently been excluded as a party to these proceedings.

Appeal petitions against these two sets of rulings have been filed by both the contestants and TF1 Production. The *Cour de Cassation* will probably make its position known before the end of 2012.

On 13 December 2011, the Versailles Court of Appeal handed down a new set of rulings in relation to these disputes. Aside from the decisions regarding programmes produced by TF1 Production, which are no different to those discussed above, the rulings relate particularly to *Koh Lanta* contestants. The Court of Appeal also upheld the reclassification of the contestants' participation in the show as an employment relationship and the damages awarded to contestants as a result of this reclassification. It is still, however, ruling out any possibility of the contestants being granted performing artist status and is still refusing to consider TF1 as their joint employer.

The subsidiary, TF1 Production, does not specialise in reality TV shows (although it produced *Île de la Tentation* and *Greg le Millionnaire).* It is more generally known for its studio-based entertainment shows, magazines and drama.

The financial impact of these cases, although not zero, is still relatively limited in the light of the most recent judgments. The judgments in the cases of contestants whose actions alleging employee status are not time-barred do not detract from this analysis in terms of the financial impacts. Current case law trends in this area are already prompting broadcasters to review reality TV show terms and conditions. This is impacting on the cost of this type of programming.

Competition law litigation

On 12 January 2009, TF1 received a complaint notice from the French Competition Authority investigations service relating to practices in the pay-TV sector.

A complaint was upheld against TF1 SA for anti-competitive practices regarding the exclusive distribution of some of its pay-TV theme channels.

In a ruling of 16 November 2010, the Competition Authority rejected the complaint on the grounds that the decision to authorise the "CERES" deal, under which TF1 had agreed exclusivity clauses, constituted vested rights for the parties.

However, the Authority referred certain issues back to the investigation service:

> the definition of the relevant fibre optic and catch-up TV markets;

> whether or not the cumulative impact of these exclusive arrangements produced a foreclosure effect on the pay-TV market against competition.

Acquisition of 100% of NT1 and the 40% of TMC owned by Groupe AB

On 11 June 2009, the TF1 group and Groupe AB signed an agreement whereby TF1 was to acquire 100% of NT1 and the 40% of TMC owned by Groupe AB.

This acquisition received clearance from the Competition Authority on 26 January 2010, subject to undertakings by the TF1 group as to its future conduct.

TF1's undertakings

In its decision of 26 January 2010, the Competition Authority held that the acquisition would strengthen TF1's position on the rights and advertising markets. To mitigate these anti-competitive risks, TF1 made a number of important undertakings to the Authority.

These commitments were made at the date the decision clearing the transaction was issued and were due to be implemented as soon as the decision was formally announced. They will remain in place for five years and may be re-examined at the request of TF1 or at the behest of the Authority in the event of a material change in the de jure or de facto circumstances prevailing when clearance was granted.

The undertakings with regard to rights and audiences are aimed at facilitating the free movement of rights to the benefit of competing channels and to limit the rebroadcasting of programmes to no more than two non-scrambled channels.

TF1 also undertook not to engage in any cross-promotion on the TF1 channel of programmes aired on the channels acquired by TF1.

In the advertising market, the commitments aim to maintain the independence of advertising slots on TF1 from those on TMC and NT1. In particular, TF1 undertook not to engage in any form of coupling, not to impose subordinate conditions, grant rebates or quid pro quos between its own advertising slots and those on TMC and NT1. TF1 also promised that TMC's and NT1's slots would be marketed by a company independent from the one responsible for selling airtime on the TF1 channel.

An independent commissioner, approved by the Competition Authority, will ensure that TF1 complies fully with all of its undertakings.

The undertakings are available for consultation (in French only) on the Competition Authority website[1]. Any failure by TF1 to comply with these undertakings may incur penalties under Article L. 430-8 of the French Commercial Code.

Any failure by TF1 to comply with these undertakings may incur penalties under Article L. 430-8 of the French Commercial Code.

The CSA examined the acquisition to see whether it complied with the Freedom of Communication Act of 30 September 1986. It found that the proposal complied with rules restricting mergers of Digital Terrestrial Television channels and required commitments from TF1 to guarantee the pluralism and diversity of programming in the interests of television viewers:

> inclusion in the channels' agreements of some of the undertakings given to the Competition Authority for the same term (no cross-promotion; limitation of the rebroadcast of certain programmes already shown on TF1 to one of the two channels; no bidding for sports broadcasting rights for more than two non-scrambled channels);

(1) http://www.autoritedelaconcurrence.fr/pdf/engag/10DCC11engagementsversionpublication.pdf

- commitments in terms of broadcasting regulation for the duration of the agreements (with a period review clause); these include:
  - extending TF1's production obligations (through a group agreement) with a guarantee of original programming on TMC and NT1;
  - revising NT1's primetime slot from noon to midnight in 2010 to 6 p.m. to 11 p.m. from 2011;
  - obliging TMC and NT1 to broadcast 365 and 456 hours respectively of original programmes yearly;
  - enhancing NT1's content with innovative programmes, cultural broadcasts and live shows;
  - allowing for the early release of rights in audiovisual works on final broadcast;
  - making NT1's programmes more easily accessible to individuals with partial or total hearing disabilities

The undertakings given by the TF1 group to the two authorities do not undermine either the financial or industry appeal of this deal, which will give TF1 a prime position in free-to-air DTT.

The deal was finally completed on 11 June 2010.

Métropole Télévision (part of the M6 group) appealed to the Conseil d'État (Supreme Administrative Court) against the Competition Authority and CSA rulings using both the summary procedure and on the substantive issues. The Conseil d'État dismissed the summary appeal on 22 April 2010 and the appeal on the merits on 30 December 2010.

These decisions have finally validated the acquisition of TMC and NT1 by the TF1 group. The commissioners are continuing their assignment. Since 26 January 2010, TF1 has been implementing the training programmes and procedures necessary to ensure full compliance with all the undertakings given to the Competition Authority.

The independent commissioners responsible for overseeing due compliance are regularly monitoring TF1's adherence to its commitments to the Competition Authority.

The commissioners have established various procedures to be implemented by the TF1 group to facilitate verification of due compliance with undertakings. They have conducted a number of tests from which it has been possible to confirm that all the commitments have been respected. Reports on the procedures and tests have been submitted to the Competition Authority.

Bouygues Telecom

Competition

- Bouygues and Bouygues Telecom are pursuing their law suit before the Court of Justice of the European Union ("ECJ") challenging the State aid (of approximately €9 billion) provided when France Telecom was recapitalised in 2002. In a decision issued in August 2004, the European Commission confirmed that State aid incompatible with the common market had indeed been granted but it decided not to order its repayment. The Court of First Instance later annulled the Commission's decision in May 2010, holding that there was no clear proof of the granting of State aid. The European Commission appealed the Court of First Instance's ruling to the ECJ. Bouygues and Bouygues Telecom also applied to the ECJ challenging this ruling. Furthermore Germany made voluntary submissions in the proceedings in support of France. The written procedure is now closed. A hearing for oral submissions was held before the ECJ on 12 March 2012.
- The European authorities recently found in favour of Bouygues and Bouygues Telecom in relation to two other instances of State aid granted to the France Telecom group after the opening up of the electronic communications market to competition. The ECJ ordered France Telecom to repay the fiscal aid it enjoyed between 1994 and 2002 in the form of exceptions to the rules on business tax liability (saving it around €1 billion). The European Commission has also just issued a decision approving the financing of the pensions of civil servants working for France Telecom, introduced in 2006 when the State operator became a private company, conditional upon full alignment of the employer's contributions paid by the France Telecom group on behalf of its staff with civil service status with that of its competitors before 31 July 2012 to re-establish the competitive balance.
- Bouygues Telecom also filed a complaint about the practices of Orange, which dominates the French mobile telephone market, in terms of its business offers. This complaint to the Competition Authority is still being investigated.
- Bouygues Telecom also filed a complaint with the Competition Council alleging abuse by Orange France and SFR of their joint dominant position by virtue of their unlimited on-net offers. The Competition Council (now the Competition Authority) issued a decision on 15 May 2009 and referred the case back for more detailed investigation of the discriminatory pricing complaint. Orange France appealed and then filed an appeal petition to the *Cour de Cassation* challenging this decision. The *Cour de Cassation* upheld the Competition Authority, ruling that no appeal was available against a decision to refer a case back for more detailed investigation. The Competition Authority is expected to issue its final report in the first six months of 2012.
- Bouygues Telecom filed a complaint with the European Commission against State aid granted in connection with the award of the fourth 3G licence. The complaint was rejected in May 2011.
- On 17 February 2011, following incidents that occurred on New Year's Eve disrupting the multimedia messaging service (MMS) and short message service (SMS), Orange brought suit against Bouygues Telecom using the fast track procedure before the Paris Commercial Court (seeking an immediate hearing), seeking a ruling that Bouygues Telecom was liable for this disruption and an order for it to pay Orange damages. The Paris Commercial Court found in favour of Bouygues Telecom on 15 November 2011 dismissing the claims of Orange in their entirety. It ordered Orange to pay Bouygues Telecom 1 euro in symbolic damages as relief for disparagement and 1 euro in symbolic damages for abuse of legal process.
- At the end of December 2010, Bouygues Telecom used the fast track procedure (seeking an immediate hearing) to bring suit against Iliad for a series of disparaging comments made by its CEO, Xavier Niel, between May 2009 and December 2010. In his most recent comments, Mr Niel had described Bouygues Telecom as a "parasite". Such disparaging comments are

(1) http://www.autoritedelaconcurrence.fr/pdf/engag/10DCC11engagementsversionpublication.pdf.

regarded as unfair competition. Free and Free Mobile responded by bringing suit against Bouygues SA and Bouygues Telecom in the same court for alleged historic disparaging comments. In a judgment of 17 June 2011, the Paris Commercial Court threw out both companies holding that disparaging comments had been made on both sides.

> SFR is suing Bouygues Telecom in relation to its "Bbox Fibre" offer before the Paris Commercial Court alleging that this offer competes unfairly with SFR's FTTH (Fibre To The Home) offer. In its claims, it is attempting to prohibit use of the terms "fibre", "very high speed" and "up to 100 MB" which are key elements in the marketing of this offer based on Numericable's FTTLA (Fibre To The Last Amplifier) network. Bouygues Telecom is contesting these claims, citing a previous ruling of the Paris Commercial Court in support of its position. This judgment denied similar claims by France Telecom against Numericable. The preparation of this case for trial is continuing.

Regulatory matters

> The European Commission commenced infringement proceedings against France in relation to its new tax on the sales revenues of electronic communications operators intended to contribute towards the funding of public service broadcasting. France has been requested to abolish this tax but the government has refused.

Bouygues Telecom has also challenged this tax in the domestic courts. The claims are currently being examined.

> Legal challenges were also filed in December 2011 with the tax authorities to contest the legality of various taxes and duties.

> As an internet service provider (ISP), Bouygues Telecom is the target of numerous legal actions to block access to contentious websites. Operators have appealed against a Paris District Court injunction issued on 6 August 2010 ordering various ISPs to impede access to contentious sites on the grounds that action should be taken against companies hosting such websites before action is taken against ISPs. The ISPs withdrew their appeal before the ruling was handed down. These proceedings have been brought in an attempt to establish the limits of ISPs' duties under the Trust in the Digital Economy Act (LCEN). The Court of Justice of the European Union has just held website filtering illegal on the grounds that it constitutes an infringement of the right to freedom of expression, a violation of the private lives of Internet users and a breach of the fundamental rights of European citizens.

> Bouygues Telecom has commenced dispute settlement proceedings before Arcep in an attempt to obtain fair rights of access to the vertical fibre optic network being rolled out by France Telecom in areas of dense population. In its decision of 16 November 2010, Arcep accepted some of Bouygues Telecom's claims. Consequently, the terms of the rollout require amendment to suit Bouygues Telecom as a new market entrant and a significant portion of the cost has to be spread more equitably between operators. France Telecom appealed to the Paris Court of Appeal to have these findings overturned. The Paris Court of Appeal upheld Arcep's decision.

Consumer protection – Customers

> After judgment was handed down in the "mobile phone operator cartel" case, over 3,500 compensation claims were filed against Bouygues Telecom by customers and the UFC-Que Choisir consumer protection association. In December 2007, the court accepted Bouygues Telecom's arguments and held that such claims were invalid. UFC-Que Choisir appealed. This appeal was dismissed by the Paris Court of Appeal on 22 January 2010. UFC-Que Choisir filed an appeal petition to the *Cour de Cassation*. In a judgment of 26 May 2011, the *Cour de Cassation* dismissed the damages claims filed by UFC-Que Choisir and the 3,500 consumers.

> The financial and IT crimes unit of the Marseille Police, acting under powers delegated to officers by the investigating magistrate, notified Bouygues Telecom that an investigation has been launched into alleged hacking into automated data processing systems in an attempt to bypass SIM card locking codes. This investigation follows a claim filed by SFR and has uncovered a large-scale scam that is also targeted at Bouygues Telecom and Orange France. Bouygues Telecom has joined itself as a civil party in the criminal proceedings to obtain access to the case file so that it can assess the extent of its financial loss. The investigation is in progress.

> Bouygues Telecom is being sued in the Paris District Court by the UFC-Que Choisir consumer protection association alleging that it is an unfair contract term to impose time limits on the validity of prepaid call cards. Similar cases are pending against Orange France and SFR. Judgment is likely to be handed down in the second quarter of 2012.

Distribution

Bouygues Telecom and its subsidiaries may be held liable on various grounds in connection with their distribution businesses and may be required to pay penalties under various contracts.

Contracts

> Following the commencement of insolvency proceedings against Nortel, an equipment manufacturer, in January 2009, an agreement was signed on 25 November 2009 with a view to selling the entire worldwide assets of Nortel's GSM and GSM-R businesses. Bouygues Telecom filed proof of its debt claims and laid claim to product stocks in which title was still vested in Bouygues Telecom. Bouygues Telecom is also facing direct payment claims (amounting to about €750,000) from Nortel subcontractors whose invoices have not been paid by Nortel. The proceedings are ongoing and another case management hearing is due to be held on 13 February 2012.

> Bouygues Telecom received a claim concerning a GHT white chrome KP handset whose battery allegedly exploded while it was being recharged. As a precaution, Bouygues Telecom recalled all the potentially defective handsets. Bouygues Telecom also applied to the Paris Commercial Court in connection with this case for it to appoint an expert. The expert confirmed the precautionary measures taken by Bouygues Telecom.

Mobile phone base stations

- The challenge to the jurisdiction of the ordinary (rather than administrative) courts to decide disputes regarding antenna is continuing before both first instance and appellate courts. This issue has been referred to the *Cour de Cassation,* which has decided to submit the question on whether the ordinary courts have jurisdiction to order the dismantling of base stations to the Jurisdiction Court *(Tribunal des Conflits).* A ruling should be made in the first quarter of 2012.

  In the absence of clarification by the *Cour de Cassation,* the civil court decisions are still contradictory.

  A noteworthy case is pending before the *Cour de Cassation.* A pensioner applied in summary proceedings for the base station erected only a few metres from his retirement home to be dismantled. His application was rejected by the summary hearings judge, and this ruling upheld on appeal, due to a lack of evidence of there being any imminent danger. An appeal petition has been filed and process served on Bouygues Telecom on the substantive issues. The proceedings should draw to a conclusion in the first half of 2012.
- Two Bouygues Telecom cases concerning prohibition orders issued by a mayor, based on the precautionary principle, were examined before the *Conseil d'Etat* (Supreme Administrative Court). In its judgments of 26 October 2011, the *Conseil d'Etat* ruled that mayors were no longer entitled to prevent the erection of base stations on health grounds nor to rely on the precautionary principle to prohibit them and that only the State authorities designated by law (Minister, ANFR and Arcep) had jurisdiction in this field.

ANFR: National Frequencies Agency – Arcep: French telecommunications and postal service regulator

Patents

A US corporation has brought suit against Bouygues Telecom and all telecoms operators worldwide alleging infringement of a patent covering an application used for international SMS messaging. The US court rejected the claim on grounds of lack of geographical jurisdiction. However, US mobile operators have been ordered to disclose relevant documents (discovery). At the end of this procedure, the claimant decided to appeal.

Bouygues SA

Bouygues SA is in dispute with the French tax authorities following the capital increase reserved for employees under the Bouygues Partage employee share ownership plan. The dispute relates to the tax deductibility of the difference between the value of the shares at the date of the increase in capital and the subscription price of the shares.

On 18 January 2012, the Paris District Court heard the libel suit brought by Bouygues, Bouygues Construction and Bouygues Bâtiment Ile-de-France against *Le Canard enchaîné,* its publisher and the two journalists responsible for the articles about the award of the contract for the new French Ministry of Defence headquarters in Paris. The Bouygues group was claiming a total amount of €9 million in damages for accusations that it considers false and seriously defamatory. On 14 March 2012, the District Court dismissed the Bouygues group's case, finding that the journalists may have erred in good faith. However, it did recognise that most of the passages contained in the article published by *Le Canard enchaîné* were libellous. It also found that *Le Canard enchaîné* had failed to provide any evidence that a judicial investigation into Bouygues was in progress.

INSURANCE – RISK COVERAGE

An Insurance department manages insurance policy for each of the Group's core businesses individually and with considerable autonomy. There is also a central risks and insurance division that heads up and coordinates the Group's insurance activity.

Allowing each Insurance department to contract insurance for its businesses means that greater consideration can be given to the great diversity of risks and how they may vary from one business to another. Some insurance programmes, less sensitive to the special needs of individual businesses, are centralised with the aim of achieving greater cost-effectiveness.

The Group and its subsidiaries operate a prevent and protect policy, including the development of new measures to reduce the probability of occurrence and the financial effects of accidents and claims. This policy also improves the Group's position when negotiating premiums and terms with its insurers.

The proportion of mandatory insurance policies (e.g. vehicle civil liability cover and, for buildings in France, ten-year building guarantees, builder's liability insurance, etc.) reflects the importance of construction activity within the Group. Up to 75 % of the insurance budget of the relevant business can be spent on these contracts.

Aside from the insurance obligations imposed on it by law, it is the Group's aim to transfer the most significant risks to the insurance market through establishing stable relationships with top insurance companies and striving constantly to secure the best available insurance in terms of both cover or cost.

Insurers are selected using criteria such as their financial stability, technical competence and management expertise. The main programmes are placed using specialist insurance brokers with leading insurers such as Allianz, Axa, Generali, SMABTP, Zurich, etc.

The required level of cover is defined according to worst-case scenarios subject to the restrictions imposed by insurance market capacity and the cost of cover.

Deductibles on these policies are set so as to optimise the overall cost to the Group, based on the likelihood of claims and the premium reductions that can be obtained from insurers by increasing the deductible. On this basis, some risks are insured with no deductible, while others are subject to a higher deductible, of up to €1.5 million in some cases.

Total premiums paid by the Group to general insurance companies for fire, accident and sundry risk cover is between 0.15% and 1.2% of gross sales depending on the business concerned.

The Bouygues group owns a reinsurance company called Challenger Re. In certain circumstances, it may play a role regarding the risks to which the Group is exposed. The company is governed by Luxembourg law and is supervised by the Luxembourg insurance regulator.

Core insurance programmes

To prevent certain information being used to the detriment of the Group and its shareholders, especially in legal disputes, the amount of premiums and terms of cover are kept strictly confidential, especially in the case of liability insurance.

> **Property insurance:** damage insurance cover is generally set according to capital value or, where this is impossible, subject to a ceiling set according to the worst-case scenario and subject to market limits.

  When damage to insured assets is liable to lead to an interruption in business, insurance is taken out to cover the financial consequences, such as operating losses and/or additional cost. The amount of cover reflects the expected downtime at the damaged site based on the worst-case scenario applied and the recovery plans in place.

> **Contractor's insurance:** cover is generally equal to market value. Exceptionally, cover for some geographically dispersed projects may be limited to the cost of repairing damage incurred in a worst-case scenario. The scenario used depends on the type of project (e.g. motorway, viaduct or tunnel) and its geographical location so as to build in the risk of damage arising from natural disasters such as earthquakes and hurricanes. In some cases, the amount of cover may be limited by the total capacity available in the world insurance market, for example in the case of earthquake damage or acts of terrorism abroad.

> **Liability insurance:** these policies provide cover against loss or injury to third parties for which Group companies may be liable. Because Group companies vary greatly in size and in the nature of their activities, cover is tailored to the risks incurred.

The Group is of the view that current policies are suitably matched to its risk exposure profile considering the possibilities available on insurance markets in terms of capacity, cover and terms. The insurance policies detailed are subject to market constraints. They contain exclusions and/or limitations. They are subject to change according to market conditions and variations in Group risks.

Legal and financial information

Trust. Training, advancement, the integration of people from different backgrounds and promotion on merit are a source of strength, creativity and trust that benefits the Group as a whole.

A camera journalist in the corridors of TF1.

Information on **directors** and **non-voting directors**
(at 31 December 2011)

CHAIRMAN AND CEO

Martin Bouygues

32 avenue Hoche, 75008 Paris, France
Date of birth: 03/05/1952 – French
Date of first appointment: 21/01/1982
Expiry date of current term of office: 2012
Number of shares in the company: 374,040 (65,718,293 *via* SCDM)

Expertise/experience

Martin Bouygues joined the Bouygues group in 1974 as a works supervisor. In 1978, he established Maison Bouygues, specialising in the sale of catalogue homes. In 1987, Martin Bouygues was appointed Vice-Chairman of Bouygues' Board of Directors, on which he has served since 1982. On 5 September 1989, Martin Bouygues took over from Francis Bouygues as Chairman and CEO of Bouygues. At Martin Bouygues' instigation, the Group pursued its development in construction as well as in media (TF1) and launched Bouygues Telecom in 1996. In 2006, Bouygues acquired a stake in Alstom and is thus in a position to expand into new high-growth business lines in transport and power.

Principal positions outside Bouygues SA

Chairman of SCDM

Other positions and functions in the Group

In France: Director of TF1*; member of the Board of Directors of the Francis Bouygues Foundation

Other positions and functions outside the Group

In France: Member of the supervisory board of Paris-Orléans*; standing representative of SCDM and Chairman of Actiby, SCDM Participations and SCDM Invest-3

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

2010 – Standing representative of SCDM, Chairman of SCDM Invest-1 (June 2008 to April 2010); Director of Sodeci* in Ivory Coast (June 2002 to March 2010) and CIE* in Ivory Coast (June 2001 to March 2010)
2009 – Standing representative of SCDM, Chairman of Investaq Énergie (June 2008 to July 2009)
2007 – Director of HSBC France (July 2002 to October 2007)

(*) Listed company

DEPUTY CEO

Olivier Bouygues

32 avenue Hoche, 75008 Paris, France
Date of birth: 14/09/1950 – French
Date of first appointment: 05/06/1984
Expiry date of current term of office: 2013 (2012 Deputy CEO)
Number of shares in the company: 281,687 (65,718,293 *via* SCDM)

Standing representative of SCDM and director

Expertise/experience

Olivier Bouygues is a graduate of École Nationale Supérieure du Pétrole (ENSPM) and joined the Bouygues group in 1974. He began his career in the Group civil works branch. From 1983 to 1988 at Bouygues Offshore, he held the 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 was appointed Deputy CEO of Bouygues.

Principal positions outside Bouygues SA

CEO of SCDM

Other positions and functions in the Group

In France: Director of TF1*, Colas*, Bouygues Telecom, Bouygues Construction and Eurosport

Other positions and functions outside the Group

In France: Director of Alstom* and Finagestion; Chairman of SCDM Énergie, Sagri-E and Sagri-F; non-partner manager of Sir and Sib
Outside France: Chairman & CEO and Director of Seci (Ivory Coast); Director of Sodeci* (Ivory Coast), CIE* (Ivory Coast) and Sénégalaise des Eaux (Senegal)

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

2011 – Standing representative of SCDM, Chairman of SCDM Énergie (September 2005 to September 2011)
2010 – Standing representative of SDCM, Chairman of SCDM Investur (July 2007 to September 2010) and SCDM Investcan (January 2008 to September 2010); member of the board of Cefina (February 2005 to June 2010)

(*) Listed company

DIRECTORS

Pierre Barberis

7 Pili Street, South Forbes Park
Makati 1200 Metro Manila, Philippines
Date of birth: 29/05/1942 – French
Date of first appointment: 24/06/1997
Expiry date of current term of office: 2012
Number of shares in the company: 500

Chairman of the Remuneration Committee

Expertise/experience

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

Other positions and functions outside the Group

In France: Director of François Charles Oberthur Fiduciaire; manager of Amrom
Outside France: Director of Wyde Corporation (United States); Head of Wyde RHQ for Asia-Pacific (Philippines)

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

2011 – Director of Oberthur Technologies (May 2009 to November 2011); Chairman of the Board of Wyde Corp (United States) (2002 to August 2011)
2008 – Advisor to the Chairman of Oberthur Technologies (until 2008); Chairman and director of Wilson Gestion (until 2008)

Patricia Barbizet

12 rue François 1er, 75008 Paris, France
Date of birth: 17/04/1955 – French
Date of first appointment: 22/12/1998 (as standing representative of Artémis)
Date of second appointment: 13/12/2005 (in her personal capacity)
Expiry date of current term of office: 2014
Number of shares in the company: 500

Member of the Accounts Committee and the Remuneration Committee

Expertise/experience

Patricia Barbizet graduated from École Supérieure de Commerce de Paris (ESCP) in 1976. She began her career with the Renault group as treasurer at Renault Véhicules Industriels, then finance director at Renault Crédit International before joining the Pinault group in 1989 as finance director. She was appointed CEO of Artémis in 1992 and became CEO of Financière Pinault in 2004. She was Chairman of the supervisory board of the PPR group until May 2005 when she was appointed Vice-Chairman of the Board of Directors of PPR. Patricia Barbizet is also director of Total, TF1, Air France-KLM and Fonds Stratégique d'Investissement.

Principal positions outside Bouygues SA

CEO and Director of Artémis
Vice-Chairman of the Board of Directors of PPR*

Other positions and functions in the Group

In France: Director of TF1*

Other positions and functions outside the Group

In France: CEO (non-proxy) and member of the supervisory board of Financière Pinault; Deputy CEO and director of Société Nouvelle du Théâtre de Marigny; director of Fonds Stratégique d'Investissement, Total* and Air France-KLM*; member of the supervisory board Yves Saint-Laurent; member of the management board of SC du Vignoble de Château Latour; standing representative of Artémis on the boards of Agefi and Sebdo Le Point
Outside France: *amministratore delegato* of Palazzo Grassi (Italy); Chairman of the Board of Directors and Board member of Christies International Plc* (United Kingdom); member of the supervisory board of Gucci Group NV* (Netherlands); non-executive director of Tawa PLC* (United Kingdom)

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

2011 – Director of Fnac (October 1994 to May 2011)
2009 – Director of Piasa (April 2007 to January 2009)
2008 – Chairman of the Board of Directors of Piasa (April 2007 to May 2008)
2007 – Chairman and CEO of Piasa (December 2001 to April 2007)

(*) Listed company

François Bertière

3 boulevard Gallieni, 92130 Issy-les-Moulineaux, France
Date of birth: 17/09/1950 – French
Date of first appointment: 27/04/2006
Expiry date of current term of office: 2012
Number of shares in the company: 65,882

Expertise/experience

François Bertière graduated from École Polytechnique and École Nationale des Ponts et Chaussées, and is a qualified architect (DPLG). He began his career in 1974 in the Infrastructure Ministry. In 1977, he was appointed technical advisor to the office of the French Education Ministry, then deputy director in charge of planning at the Regional Infrastructure Department of Upper Corsica in 1978. In 1981, he became director of urban development at the Public Development Agency (EPA) of Cergy-Pontoise. He joined the Bouygues group in 1985 as Deputy CEO of Française de Constructions. In 1988, he was appointed Chairman and CEO of France Construction, Vice-Chairman and CEO of Bouygues Immobilier in 1997, then Chairman and CEO of Bouygues Immobilier in 2001. François Bertière has been a director of Bouygues Immobilier since 1991.

Principal positions outside Bouygues SA

Chairman and CEO of Bouygues Immobilier

Other positions and functions in the Group

In France: Director of Colas*; Chairman and director of the Bouygues Immobilier Corporate Foundation; member of the Board of Directors of the Francis Bouygues Foundation

(*) Listed company

Mrs Francis Bouygues

50 rue Fabert, 75007 Paris, France
Date of birth: 21/06/1924 – French
Date of first appointment: 19/10/1993
Expiry date of current term of office: 2012
Number of shares in the company: 110 (5,290,034 *via* FMB)

Georges Chodron de Courcel

3 rue d'Antin, 75002 Paris, France
Date of birth: 20/05/1950 – French
Date of first appointment: 30/01/1996
Expiry date of current term of office: 2012
Number of shares in the company: 930

Member of the Accounts Committee

Expertise/experience

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

Principal positions outside Bouygues SA

Chief Operating Officer of BNP Paribas*

Other positions and functions outside the Group

In France: Chairman of Compagnie d'Investissement de Paris and 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 and Scor*
Outside France: Chairman of BNP Paribas SA (Switzerland); Vice-Chairman of Fortis Bank SA/NV* (Belgium), director of CNP — Compagnie Nationale à Portefeuille (Belgium), Erbé SA (Belgium), Groupe Bruxelles Lambert SA (Belgium), Scor Holding (Switzerland) AG* (Switzerland), Scor Global Life Rückversicherung Schweiz AG (Switzerland) and Scor Switzerland AG (Switzerland)

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

2011 – Non-voting director of Safran* (March 2005 to April 2011)
2009 – Director of BNP Paribas Zao (Russia) (January 2006 to July 2009)
2008 – Director of Banca Nazionale del Lavoro (Italy) (April 2006 to September 2008)
2007 – Chairman of BNP Paribas UK Holdings Ltd (United Kingdom) (May 2005 to September 2007)

(*) Listed company

Lucien Douroux

20 rue de la Baume, 75008 Paris, France
Date of birth: 16/08/1933 – French
Date of first appointment: 30/03/1999
Expiry date of current term of office: 2013
Number of shares in the company: 500

Chairman of the Ethics and Sponsorship Committee

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

Yves Gabriel

1 avenue Eugène Freyssinet, 78280 Guyancourt, France
Date of birth: 19/03/1950 – French
Date of first appointment: 10/09/2002
Expiry date of current term of office: 2013
Number of shares in the company: 116,788

Expertise/experience

Yves Gabriel is a civil engineering graduate of École Nationale des Ponts et Chaussées, and joined the Bouygues group in 1976. His career began at Screg Île-de-France as works engineer; he then became sector head and manager of a regional branch office. In 1985, he established Screg Bâtiment where he was CEO until 1992. From 1989 to 1992, he also served as COO of Bouygues' industrial construction division and was Chairman of Ballestrero. From 1992 to 1996, he was CEO of the Screg group (French 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, acquired from Saint-Gobain. In June 2000, he was appointed CEO of the Saur group. In September 2002, he was appointed Chairman and CEO of Bouygues Construction, and director of Bouygues.

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; Chairman and director of Fondation Terre Plurielle, Bouygues Construction's Corporate Foundation

Other positions and functions outside the Group

In France: Director of Institut de la Gestion Déléguée (IGD)

Patrick Kron

3 avenue Malraux, 92300 Levallois-Perret, France
Date of birth: 26/09/1953 – French
Date of first appointment: 06/12/2006
Expiry date of current term of office: 2013
Number of shares in the company: 500

Expertise/experience

Patrick Kron is a graduate of École Polytechnique and an engineer of the Corps des Mines de Paris. He began his career at the French Industry Ministry in 1979 as an engineer in the Loire Valley regional department for industry, research and the environment (DRIRE), then in the Ministry's general directorate. In 1984, he joined the Pechiney group, where he held senior operational responsibilities in one of the group's factories in Greece before becoming manager of Pechiney's Greek subsidiary in 1988. Between 1988 and 1993, Patrick Kron held various operational and financial positions at Pechiney, notably President of the Electrometallurgy Division. In 1993, he became member of the executive committee of the Pechiney group and was Chairman and CEO of Carbone Lorraine from 1993 to 1997. From 1995 to 1997, he ran Pechiney's Food and Health Care Packaging Sector and held the position of COO of the American National Can Company in Chicago (United States). From 1998 to 2002, Patrick Kron was Chairman of the executive board of Imerys before joining Alstom where he has been CEO since 1 January 2003, and Chairman and CEO since 11 March 2003. He has also been a Director since 24 July 2001.

Principal positions outside Bouygues SA

Chairman and CEO of Alstom*

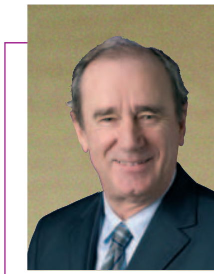
Other positions and functions outside the Group

In France: Chairman of Alstom Resources Management; director of Afep and *"Les Arts Florissants"* vocal group
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) (April 2004 to March 2007)

(*) Listed company



Hervé Le Bouc

7 place René Clair, 92653 Boulogne-Billancourt cedex, France
Date of birth: 07/01/1952 – French
Date of first appointment: 24/04/2008
Expiry date of current term of office: 2014
Number of shares in the company: 2,010

Expertise/experience

Hervé Le Bouc holds a degree in engineering from École Spéciale des Travaux Publics (ESTP). He joined the Bouygues group in 1977 and began his career at Screg Île-de-France (now a Colas subsidiary) as a site engineer, subsequently working as an area supervisor and then a regional manager until 1989. In 1985, he was appointed Director reporting to the Chairman and Chief Executive Officer. In 1989, he was named director in charge of commercial development of Bouygues Offshore for Europe, French overseas departments and territories (Dom-Tom) and Australia, and subsequently South East Asia and Mexico. He became COO of Bouygues Offshore in 1994, then CEO in 1996 and Chairman and CEO in 1999. From November 2001 to September 2002, he served concurrently as COO of Bouygues Construction, Chairman of the Board of Bouygues Offshore and Chairman of the Board of ETDE. From September 2002 to February 2005, Hervé Le Bouc was CEO of Saur, then Chairman and CEO from February 2005 to April 2007. In February 2007, Hervé Le Bouc became a director of Colas and was named Deputy CEO in August of the same year. On 30 October 2007, he was appointed Chairman and CEO of Colas.

Principal positions outside Bouygues SA

Chairman and CEO of Colas*

Other positions and functions in the Group

In France: Chairman & CEO and director of Colasie; director of Bouygues Immobilier; standing representative of Colas* on the boards of Société Parisienne d'Études d'Informatique et de Gestion, Colas Midi Méditerranée, Screg Est and Échangeur International; standing representative of Spare on the board of Sacer Atlantique; standing representative of IPF on the boards of Spac and Aximum; Chairman of the Colas Foundation
Outside France: Member of the supervisory board of La Route Marocaine (Morocco) and La Société Maghrébienne d'Entreprises et de Travaux (Morocco); director of Hindustan Colas Limited (India), ColasCanada (Canada), Tipco Asphalt (Tasco) (Thailand), Isco Industry (Korean Republic) and Colas Inc (United States); standing representative of Colas* on the supervisory boards of Colas Émulsions (Morocco) and Grands Travaux Routiers (Morocco)

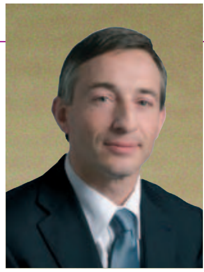
Other positions and functions outside the Group

In France: standing representative of Colas* on the board of Cofiroute

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

2007 – Chairman of Novasaur (April 2005 to April 2007), Finasaur (April 2005 to April 2007) and Investisaur (March 2005 to April 2007); director of Aguas de Valencia (Spain) (July 2003 to July 2007)

(*) Listed company



Helman le Pas de Sécheval

22 rue Beaujon, 75008 Paris, France
Date of birth: 22/01/1966 – French
Date of first appointment: 24/04/2008
Expiry date of current term of office: 2014
Number of shares in the company: 1,220

Chairman of the Accounts Committee

Expertise/experience

Helman le Pas de Sécheval is a graduate of École Normale Supérieure with a PhD in Physical Sciences and an engineering degree from École des Mines. He began his career in 1991 as a project manager in the financial engineering department of Banexi. From 1993 to 1997, he was deputy inspector-general of the underground quarries of Paris. In July 1997, he was appointed deputy to the head of the Department of Financial Operations and Information of the COB (former name of the French securities regulator), becoming head of this department in 1998. From November 2001 to December 2009, Helman le Pas de Sécheval was group Chief Financial Officer of Groupama, with responsibility for the group's financing, investing, reinsurance and accounting divisions and oversight of the group's financial subsidiaries: Groupama Banque, Banque Finama (which merged with Groupama Banque on 1 October 2009), Groupama Asset Management, Groupama Immobilier, Groupama Private Equity and GIE Groupama Systèmes d'Information. From January 2010 to December 2011, he was Managing Director of Groupama Centre-Atlantique.

Other positions and functions outside the Group

In France: Vice-Chairman and director of Groupama Banque; director of Gan Assurances, Groupama Holding and Groupama Holding 2

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

2011 – Standing representative of Groupama Centre-Atlantique on the board of GIE Groupama Systèmes d'Information (January 2010 to June 2011); Managing Director of Centaure Centre-Atlantique (January 2010 to December 2011); director of Silic* (November 2001 to December 2011); standing representative of Groupama Centre-Atlantique on the board of GIE Groupama Supports & Services (July to December 2011); standing representative of Groupama SA and co-manager of SCI d'Agassac (January 2004 to December 2011); standing representative of Groupama Centre-Atlantique and co-manager of SCA d'Agassac (January 2004 to December 2011); director of Groupama Assicurazioni S.p.A., former Nuova Tirrena (Italy) (October 2009 to December 2011)
2010 – Standing representative of Groupama SA on the board of GIE Groupama Systèmes d'Information (October 2007 to January 2010); non-voting director of Gimar Finance & Compagnie (December 2004 to January 2010)
2009 – Chairman of Groupama Asset Management (May 2005 to December 2009), Groupama Private Equity (May 2005 to November 2009), Groupama Immobilier (May 2005 to December 2009) and Compagnie Foncière Parisienne (October 2003 to December 2009); standing representative of Groupama SA on the supervisory board of Lagardère SCA* (September 2002 to December 2009); director of Groupama Vita S.p.A. (Italy) (March 2002 to November 2009) and Groupama Assicurazioni S.p.A.** (Italy) (March 2002 to November 2009)
2008 – Director of Groupama International (September 2006 to December 2008)

Helman le Pas de Sécheval (continued)

2007 – Standing representative of Gan Assurances Vie on the board of Locindus* (October 2001 to March 2007); director of Scor (November 2004 to August 2007) and Scor Vie (November 2004 to August 2007)

(*) Listed company
(**) Groupama Assicurazioni was absorbed by Nuova Tirrena on 1 November 2009, which took on the Groupama Assicurazioni company name.

Colette Lewiner

Tour Europlaza, 20 avenue André Prothin,
92927 Paris La Défense cedex, France
Date of birth: 19/09/1945 – French
Date of first appointment: 29/04/2010
Expiry date of current term of office: 2013
Number of shares in the company: 11,930

Expertise/experience

Colette Lewiner is a graduate of École Normale Supérieure and holds the prestigious rank of *"agrégée"* teacher in physics, as well as a PhD in science. She spent a large part of her career with EDF, where she was the first woman to be appointed Senior Vice President within the group, with responsibility for development and marketing strategy. She went on to lead Cogema's engineering subsidiary SGN. In 1998, she joined Capgemini, where she now heads the Global Energy, Utilities and Chemicals sector. In September 2010, in addition to her functions at Capgemini, Colette Lewiner was appointed non-executive chairwoman of TDF. She is an Officer of the Legion of Honour and a Commander of the National Order of Merit.

Principal positions outside Bouygues SA

Vice-Chairwoman, Global Leader Energy, Utilities and Chemicals sector, Capgemini*

Other positions and functions in the Group

In France: Director of Colas*

Other positions and functions outside the Group

In France: Chairwoman and member of the Board of Directors of TDF; director of Nexans*, Eurotunnel* and Lafarge*
Outside France: Director of TGS Nopec Geophysical Company

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

2011 – Director of La Poste (December 2005 to April 2011)
2008 – Director of Ocean Rig (January 2008 to June 2008)

(*) Listed company

Sandra Nombret

1 avenue Eugène Freyssinet, 78280 Guyancourt, France
Date of birth: 24/05/1973 – French
Date of first appointment: 29/04/2010
Expiry date of current term of office: 2013

Director representing employee shareholders

Expertise/experience

Sandra Nombret has a DESS postgraduate diploma in foreign trade law. After joining the Bouygues group in 1997, she is currently a department head with Bouygues Bâtiment International, where she is Senior Legal Officer for the Near and Middle East, Africa, Central Asia, Canada and Cyprus.

Principal positions outside Bouygues SA

Department Head and Senior Legal officer, Bouygues Bâtiment International

Nonce Paolini

1 quai du Point du Jour, 92656 Boulogne-Billancourt cedex, France
Date of birth: 01/04/1949 – French
Date of first appointment: 24/04/2008
Expiry date of current term of office: 2014
Number of shares in the company: 500

Expertise/experience

Nonce Paolini holds a Master of Arts degree and graduated from Institut d'Études Politiques de Paris (IEP) in 1972. He started his career at the French power and gas utility EDF-GDF, where he worked first in operational positions (customer service/sales and marketing), and then in senior management (organisation, training, human resources, corporate communications). He joined the Bouygues group in 1988 as human resources development director, then became the Group corporate communications director in 1990. He joined TF1 in 1993 as human resources director and became Deputy CEO of the TF1 group in 1999. In January 2002, he was appointed Senior Vice-President of Bouygues Telecom to head up sales and marketing, customer relations and human resources. Nonce Paolini became Deputy CEO in April 2004 and a director in April 2005.
Nonce Paolini has been CEO of TF1 since 22 May 2007, and Chairman and CEO since 31 July 2008.

Principal positions outside Bouygues SA

Chairman and CEO of TF1*

Other positions and functions in the Group

In France: Chairman of TF1 Management, NT1, Holding Omega Participations (H.O.P.) and Programmes Européens Francophones Audiovisuels Spéciaux 4 (PREFAS 4); Chairman and director of Monte Carlo Participation (MCP) and of the TF1 Corporate Foundation; director of Bouygues Telecom; standing representative of TF1 Management and manager of La Chaîne Info and TF1 D.S.; standing representative of TF1* on the boards of Extension TV, TF1 – Acquisitions de Droits and TF6 Gestion; standing representative of TF1* and member of the Board of Directors of Groupe AB
Outside France: Vice-Chairman and director of Tele Monte Carlo (TMC) (Monaco)

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

2009 – Standing representative of TF1* on the board of Médiamétrie (July 2007 to November 2009); standing representative of TF1* on the board of WB Television (September 2008 to November 2009); member of the supervisory board and Vice-Chairman of France 24 (September 2007 to February 2009)

(*) Listed company

Jean Peyrelevade

32 rue de Lisbonne, 75008 Paris, France
Date of birth: 24/10/1939 – French
Date of first appointment: 25/01/1994
Expiry date of current term of office: 2013
Number of shares in the company: 500

Chairman of the Selection Committee

Expertise/experience

Jean Peyrelevade is a graduate of École Polytechnique and Institut d'Études Politiques de Paris (IEP), and is a senior civil aviation engineer. He was deputy head of the private office of the Prime Minister in 1981, and in 1983 became Chairman of Compagnie Financière de Suez and, at the same time, of Banque Indosuez. He was appointed Chairman and CEO of Banque Stern, then in 1988 became Chairman of UAP, before becoming Chairman of Crédit Lyonnais in 1993 for ten years. He is currently a merchant banker at Banca Leonardo group.

Principal positions outside Bouygues SA

Chairman of the Board of Leonardo & Co

Other positions and functions outside the Group

In France: Chairman of Leonardo Midcap Cf; director of DNCA Finance
Outside France: Director of Bonnard et Gardel (Switzerland); member of the supervisory board of KLM (Netherlands)

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

2010 – Vice-Chairman of Leonardo France (November 2006 to March 2010)
2009 – Member of the supervisory board of CMA-CGM (June 2005 to September 2009); director of Société Monégasque d'Électricité et de Gaz (Monaco) (June 1991 to June 2009)
2008 – Director of Suez* (June 1983 to July 2008)

(*) Listed company

François-Henri Pinault

10 avenue Hoche, 75008 Paris, France
Date of birth: 28/05/1962 – French
Date of first appointment: 22/12/1998
(as standing representative of Financière Pinault)
Date of second appointment: 13/12/2005 (in his personal capacity)
Expiry date of current term of office: 2013
Number of shares in the company: 500
Member of the Selection Committee and the Ethics and Sponsorship Committee

Expertise/experience

François-Henri Pinault is a graduate of École des Hautes Études Commerciales (HEC). He has spent his whole career within the PPR group. He was CEO of France Bois Industries from 1989 to 1990 and was appointed Chairman and CEO of Pinault Distribution in 1991. In 1993, he became Chairman of CFAO. He was appointed Chairman and CEO of Fnac in 1997, then executive vice-president of the PPR group and subsequently head of Internet activities and Chairman of the supervisory board of PPR-Interactive from 2000 to 2001. Since 1998, François-Henri Pinault has been a director, and since 2003 Chairman of the Board of Directors of Artémis. In March 2005, he became Chairman of the Executive Board and then Chairman and CEO of PPR.

Principal positions outside Bouygues SA

Chairman, CEO and director of PPR*

Other positions and functions outside the Group

In France: Managing partner of Financière Pinault; Chairman and director of Artémis; Vice-Chairman and member of the supervisory board of Boucheron Holding; Vice-Chairman of the supervisory board of CFAO*; director of Sapardis, Fnac SA and Soft Computing*; Chairman and member of the supervisory board of Yves Saint-Laurent SAS; member of the management board of SC du Vignoble Château Latour
Outside France: Chairman and member of the Board of Gucci Group NV* (Netherlands); member of the Administrative Board of Puma SE* (Germany); board member of Christies International Plc* (United Kingdom) and Volcom Inc (United States); Chairman and director of Sowind Group (Switzerland); director of Stella Mc Cartney (United Kingdom)

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

2011 – Vice-Chairman of Sowind Group (June 2008 to July 2011); Chairman and member of the supervisory board of Puma AG* (June 2007 to July 2011)
2009 – Chairman and CEO of Redcats (December 2008 to April 2009)

(*) Listed company

Michèle Vilain

3 boulevard Gallieni, 92130 Issy-les-Moulineaux, France
Date of birth: 14/09/1961 – French
Date of first appointment: 29/04/2010
Expiry date of current term of office: 2013

Director representing employee shareholders

Expertise/experience

Michèle Vilain joined Bouygues Immobilier in 1989, holding various positions in the IT and Office Automation department, including responsibility for customer services. She is currently department head at the Residential Property France division, where she is responsible for customer mediation.

Principal positions outside Bouygues SA

In charge of customer mediation for Bouygues Immobilier

SCDM

32 avenue Hoche, 75008 Paris, France
Date of first appointment: 22/10/1991
Expiry date of current term of office: 2013
Number of shares in the company: 65,718,293

Other positions and functions in the Group

In France: Director of GIE 32 Hoche

Other positions and functions outside the Group

In France: Chair of Actiby, SCDM Participations and SCDM Invest-3

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

2011 – Chair of SCDM Énergie (September 2005 to September 2011)
2010 – Chair of SCDM Investcan (January 2008 to September 2010); SCDM Investur (July 2007 to September 2010) and SCDM Invest-1 (June 2008 to April 2010)
2009 – Chair of Investaq Énergie (June 2008 to July 2009)

NON-VOTING DIRECTOR

Alain Pouyat

32 avenue Hoche, 75008 Paris, France
Date of birth: 28/02/1944 – French
Date of first appointment: 26/04/2007
Expiry date of current term of office: 2013
Number of shares in the company: 5,830

Expertise/experience

A graduate of École Nationale Supérieure des Arts et Métiers (Ensam) Alain Pouyat joined Bouygues in 1970 as an IT engineer. He was appointed IT Manager in 1981, then Group IT Director in 1986. He has been Executive Vice-President, Information Systems and New Technologies since 1988.

Other positions and functions in the Group

In France: Director of Bouygues Telecom, TF1*, ETDE, Société Parisienne d'Études d'Informatique et de Gestion; standing representative of Bouygues on the board of C2S

(*) Listed company

Information on auditors

1 • STATUTORY AUDITORS

> Mazars (formerly Mazars & Guérard), 61 rue Henri Regnault, 92400 Courbevoie, France, appointed as statutory auditors at the Annual General Meeting on 10 June 1998, and reappointed for a further six-year term at the Annual General Meeting on 22 April 2004 and then at the Annual General Meeting on 29 April 2010.

  Mazars are represented by Gilles Rainaut.

> Ernst & Young Audit, Tour First, 1 place des Saisons, 92400 Courbevoie, France, appointed as statutory auditors at the Annual General Meeting on 24 April 2003, and reappointed for a further six-year term at the Annual General Meeting on 23 April 2009.

  Ernst & Young Audit are represented by Jean Bouquot.

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

2 • ALTERNATE AUDITORS

> Philippe Castagnac (Mazars group), appointed as alternate auditor at the Annual General Meeting on 29 April 2010, for an initial six-year term.

> Auditex (Ernst & Young group), appointed as alternate auditor at the Annual General Meeting of 23 April 2009, for an initial six-year term.

3 • FEES PAID BY THE GROUP TO THE AUDITORS AND MEMBERS OF THEIR NETWORKS

The fees paid to each of the auditors and to the members of their networks by Bouygues and all fully consolidated Group companies are shown in Note 22 to the consolidated financial statements *(Financial statements* section of this document).

Chairman's report
on corporate governance and internal control

Procedures followed in preparing this report

This report has been prepared taking into consideration regulations in force, the reports and recommendation of the Autorité des Marchés Financiers (AMF) concerning corporate governance and internal control, the AMF guidelines for internal control and risk management, the Afep/Medef corporate governance code, practices adopted by other issuers and various internal documents (by-laws, rules of procedure and minutes of the Board of Directors and its committees, internal control principles and procedures, etc.). The writers have consulted several of the company's bodies and divisions (Chairman of the Board of Directors, Chairman of the Accounts Committee, senior management and the management of the Legal, Finance and HR departments), business segment Corporate Secretaries and the statutory auditors. They have gathered information about the directors from the directors themselves.

The "Internal control and risk management procedures" section has been prepared with input from Bouygues' Corporate Secretary and its Internal Control department, in collaboration with stakeholders in the internal control process at the business segments.

The draft report was submitted to the Chairman of the Board of Directors before being sent to the directors for review. The Accounts Committee has reviewed the section on internal control and risk management procedures. This report was discussed and approved by the Board of Directors at its meeting of 28 February 2012.

1 • CORPORATE GOVERNANCE CODE

For many years Bouygues has referred to the Afep and Medef recommendations on corporate governance. Pursuant to Article L. 225-37, paragraph 7 of the Commercial Code, at its meeting of 3 March 2009 the Board of Directors decided that in corporate governance matters it would voluntarily refer to the provisions of "The Corporate Governance of Listed Corporations", a code published in December 2008 by the French Association of Private Companies (Afep) and the French employers' federation (Medef) (hereafter "the Afep/Medef Code"). On 1 June 2010, the Board of Directors adopted the April 2010 update of the Afep/Medef Code.

The Afep/Medef Code is downloadable from the Medef website (www.medef.com). It is also included as an appendix to the Rules of Procedure of the Board of Directors, which is downloadable from the Bouygues website (www.bouygues.com) under Group, Corporate governance, Board of Directors.

In accordance with Article L. 225-37, paragraph 7 of the Commercial Code, the table on page 169 will indicate the provisions of the Afep/Medef Code that have been set aside and the reasons for doing so.

2 • RULES OF PROCEDURE OF THE BOARD OF DIRECTORS

At its meeting in September 2002 the Board adopted a set of procedural rules intended to clarify the conditions under which its work is prepared and organised. These Rules of Procedure have since been amended on several occasions in order to comply with changes in laws and regulations and to take account of recommendations issued by the AMF, Afep and Medef as well as Bouygues' own internal control principles.

The contents of the Rules of Procedure are described in this report. The full text is downloadable from the company's website www.bouygues.com (Group, Corporate governance, Board of Directors).

3 • MEMBERSHIP OF THE BOARD OF DIRECTORS

The by-laws stipulate that the Board of Directors should include between three and 18 directors appointed by a general meeting of shareholders for a period of three years, and a maximum of two directors representing employee shareholders, elected by a general meeting for a period of three years at the proposal of the Supervisory Boards of the employee share ownership funds.

The by-laws also stipulate that a general meeting may appoint one or more non-voting directors for a three-year term. Non-voting directors attend Board meetings in an advisory capacity. They are tasked with ensuring that the by-laws are strictly enforced. They review the inventories and full-year financial statements and, where they consider appropriate, present their observations in this connection at general meetings.

The by-laws set no age limit for directors. However, a maximum age of 70 is stipulated for the functions of chairman, chief executive officer and deputy chief executive officer. When a person serving in one of these functions reaches 65, his term is submitted to the Board of Directors at its next meeting for confirmation for a period of one year. The Board of Directors may then renew the term annually for one-year periods up to the age of 70, at which time the person steps down automatically.

The Rules of Procedure of the Board of Directors lay down certain imperatives regarding Board membership. They specify that the number of directors or standing representatives of legal entities coming from external companies in which a corporate officer or salaried director of Bouygues holds an executive position must not exceed two.

Reappointments are staggered across three consecutive years.

The Board currently comprises 18 directors and one non-voting director:

> 16 directors appointed by the Annual General Meeting: Pierre Barberis, Patricia Barbizet, François Bertière, Mrs Francis Bouygues, Martin Bouygues, Georges Chodron de Courcel, Lucien Douroux, Yves Gabriel, Patrick Kron, Hervé Le Bouc, Nonce Paolini, Helman le Pas de Sécheval, Colette Lewiner, Nonce Paolini, Jean Peyrelevade, François-Henri Pinault and SCDM (represented by Olivier Bouygues);
> two directors elected by the Annual General Meeting from among the members of the Supervisory Boards of the employee share ownership funds (profit-sharing and the company savings schemes), representing employee shareholders: Sandra Nombret and Michèle Vilain;
> one non-voting director: Alain Pouyat.

Provisions of the Afep/Medef Code	Explanation for waiver
Article 8.1 *in fine* *"Independent directors must represent at least half of all Board members in widely held companies with no controlling shareholder, and at least two thirds of all Board members in companies with a controlling shareholder".*	No definition of "controlling shareholder" is given in the Afep/Medef Code. According to Article 7 of this Code, *"It is not desirable, having regard to the great diversity of listed corporations, to impose formal and identical ways of organisation and operation for all Boards of Directors. The organisation of the Board's work, and likewise its membership, must be suited to the shareholder make-up, to the size and nature of each firm's business (…). Each Board is the best judge of this, and its foremost responsibility is to adopt the modes of organisation and operation enabling it to carry out its mission in the best possible manner."* The Rules of Procedure of Bouygues' Board of Directors also specifies that at least one third of directors must be independent within the meaning of the Afep/Medef Code. As at 31 December 2011, seven of the 18 directors were independent, representing a proportion of 39%. The Board considers this percentage to be justified, since the company is not widely held: there is a main shareholder with 29.55% of the voting rights and there are two directors representing significant shareholders (employee shareholders). Moreover, in line with Bouygues' tradition, there are directors holding executive management positions within the Group or at Alstom, in which Bouygues has a 30.75% equity interest. Consequently, the Board's composition reflects the company's specific characteristics and is considered as representing a good balance, notably because it enables the Board to obtain good information on the activities and strategies of the Group's various business segments.
Article 8.4 Among *"the criteria to be reviewed by the committee and the Board in order to have a director qualified as independent and to prevent risks of conflicts of interest between the director and the management, the corporation or its group"*, the Afep/Medef Code mentions *"Not to have been a director of the corporation for more than twelve years".*	According to Article 8.3 of the Afep/Medef Code, the Board may find that a director who does not satisfy all the criteria for independent status set forth by the Code is nevertheless independent in view of his/her or the company's situation in relation to its shareholders or for any other reason. In accordance with this provision, the Bouygues Board of Directors considers that being a director for more than twelve years does not automatically result in the loss of independent director status. At the conclusion of the term in which this twelve-year period ends, it decides whether the director shall retain or lose this status by taking into consideration his/her particular situation. Accordingly, having examined the situation of Patricia Barbizet, Pierre Barberis, Lucien Douroux, François-Henri Pinault and Jean Peyrelevade, all of whom have been directors for more than twelve years, the Board agreed that they had retained their status as independent directors. The Board noted in particular that these directors' contributions to the Board's work showed that their long period on the Board and their experience gave them additional expertise and authority as well as excellent knowledge of the company without in any way compromising their freedom of judgement or their opinions on matters in the Board's domain.
Article 9.2 In particular, the Board's assessment should enable it to *"measure the actual contribution of each director to the Board's work through his or her competence and involvement in discussions".*	As in previous years the Board decided not to apply this recommendation literally, on the grounds that it is neither possible nor desirable to measure each director's actual contribution to the work of the Board, which, by nature, is a collegial body. However, when reviewing the membership of the Board and its committees, the Selection Committee and the Board looked at the directors' skills. Further, when examining director independence, the Board examined the contribution and involvement in its proceedings of Patricia Barbizet, Pierre Barberis, Lucien Douroux, François-Henri Pinault and Jean Peyrelevade, who have been directors for more than twelve years.

Name	Age[a]	Accounts Committee	Remuneration Committee	Selection Committee	Ethics and Sponsorship Committee	Start of first term	End of current term	Years on the Board[a]	Professional experience
Executive Directors									
Martin Bouygues Chairman and CEO	59					1982	2012	29	Industry
Olivier Bouygues Deputy CEO Standing representative of SCDM	61					1997[b]	2013	27	Industry
Independent directors									
Pierre Barberis	69		●			1997	2012	14	Banking, Insurance, IT
Patricia Barbizet	56	●	●			2005[c]	2014	13	Industry, Retail
Lucien Douroux	78				●	1999	2013	12	Banking, Finance
Helman le Pas de Sécheval	45	●				2008	2014	3	Finance, Insurance
Colette Lewiner	66					2010	2013	1	Industry
Jean Peyrelevade	72			●		1994	2013	17	Banking, Finance
François-Henri Pinault	49			●	●	2005[d]	2013	13	Industry, Retail
Directors representing employee shareholders									
Sandra Nombret	38					2010	2013	1	Industry, Construction
Michèle Vilain	50					2010	2013	1	Property development
Salaried directors from Bouygues business segments or Alstom									
François Bertière	61					2006	2012	5	Property development
Yves Gabriel	61					2002	2013	9	Industry, Construction
Patrick Kron	58					2006	2013	5	Industry
Hervé Le Bouc	59					2008	2014	3	Industry, Construction
Nonce Paolini	62					2008	2014	3	Telecoms, Media
Other directors									
SCDM						1991	2013	20	-
Mrs Francis Bouygues	87					1993	2012	18	-
Georges Chodron de Courcel	61	●				1996	2012	15	Banking, Finance
Non-voting director									
Alain Pouyat	67					2007	2013	4	Industry, IT

(a) At 31 December 2011 (b) From 1984 to 1997, either in a personal capacity or as a standing representative (c) From 1998 to 2005 as a standing representative of Artémis (d) From 1998 to 2005 as a representative of Financière Pinault

The directorships of Patricia Barbizet, Hervé le Bouc, Helman le Pas de Sécheval and Nonce Paolini were renewed for three years by the Combined Annual General Meeting of 21 April 2011.

The combined Annual General Meeting on 26 April 2012 will be asked to renew the directorships of Martin Bouygues, François Bertière, Mrs Francis Bouygues and Georges Chodron de Courcel and to appoint Anne-Marie Idrac as a director.

Anne-Marie Idrac was born on 27 July 1951.

A graduate of École Nationale d'Administration, Anne-Marie Idrac served in a number of posts at the French Infrastructure Ministry and on ministerial staffs from 1974 to 1990. From 1990 to 1993 she was managing director of the public body responsible for developing the city of Cergy-Pontoise. From 1993 to 1995 she was director of land transportation. She served as Member of Parliament for a constituency in the Yvelines from 1997 to 2002. From 2002 to 2006 she was Chairwoman and CEO of the Paris public transport authority, RATP, and Chair and Chief Executive of SNCF (French state railways) from 2006 to 2008. From 2008 to 2010 she was Secretary of State for foreign trade.

Anne-Marie Idrac is a director of Vallourec and Saint-Gobain.

Information about the terms of office and duties of the directors and the non-voting director (in accordance with Article L. 225-102-1 paragraph 4 of the Commercial Code) is given in the Board of Director's management report, pages 158-166 of this Registration Document.

4 • ASSESSING DIRECTOR INDEPENDENCE

In defining the concept of independent director, the Rules of Procedure refer to the criteria set out in the Afep/Medef Code and the European Commission Recommendation of 15 February 2005 on the role of directors of listed companies. They specify that, when identifying independent directors, the Board of Directors must attach greater weight to substance than to form. To this end, the Selection Committee gives an opinion on the circumstances of each of its members.

The Board of Directors may conclude that even though directors meet these criteria, they cannot be considered independent because of their specific situation. Conversely, the Board may decide that a director not meeting the criteria set out below is nonetheless independent.

Independence should be understood as referring to the absence of any material conflict of interest. Directors should only be considered independent where they are not bound by any business, family or other relationship – with the company, its controlling shareholder or the senior management of either – which creates a conflict of interest liable to impair their judgement.

A director is independent when he or she has no relationship of any kind whatsoever with the company, its Group or the management of either that is such as to colour his or her judgment. Accordingly, an independent director is to be understood not only as a non executive director, i.e. one not performing management duties in the company or its Group, but also as one devoid of any particular bonds of interest (significant shareholder, employee, other) with them.

The independence criteria applied by the Afep/Medef Code are as follows:

> not being an employee or corporate officer of the company or an employee or director of its parent company or of a company that it consolidates; and not having been in such a position during the previous five years;

> not to be a corporate officer of a company in which the company holds a directorship, directly or indirectly, or in which an employee appointed as such or a corporate officer of the company (currently in office or having held such office going back five years) is a director;

> not to be 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 significant part of its business;

> not to be related by close family ties to a corporate officer;

> not to have been an auditor of the company within the previous five years;

> not to have been a director of the company for more than 12 years, on the understanding that independent status expires at the end of the term of office during which the 12-year threshold is exceeded.

The Bouygues Board of Directors considers that being a director for more than 12 years does not automatically result in the loss of independent director status (see page 169).

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 share capital or voting rights, the Board should systematically review their independent status, based on the report of the Selection Committee and taking into account the composition of the company's capital and any conflicts of interest that may exist.

In line with the recommendations of the Afep/Medef Code, after seeking the opinion of the Selection Committee, and as it does each year, the Board of Directors carried out its annual assessment of Board members and determined the proportion of its members that were independent. It reviewed each director's situation in light of the independence criteria defined by the Afep/Medef Code.

After examining the situation of each of the persons concerned and made sure than none had a material business relationship with the company, the Board duly noted at its meeting of 6 December 2011 that seven directors (Pierre Barberis, Patricia Barbizet, Lucien Douroux, Helman le Pas de Sécheval, Colette Lewiner, Jean Peyrelevade and François-Henri Pinault) were independent in light of the Afep/Medef criteria.

It is specified that:

> Lucien Douroux has held management positions with financial institutions that have a business relationship with the company, but has not held such positions for a number of years; furthermore, the institutions concerned have undergone substantial changes since that time;

> François-Henri Pinault and Patricia Barbizet are respectively Chairman and Chief Executive Officer of Artémis, a Pinault group company that had entered into a shareholder agreement with SCDM. However, that agreement expired in 2006 and Artémis is no longer a shareholder in the company;

> Patricia Barbizet, Pierre Barberis, Lucien Douroux, François-Henri Pinault and Jean Peyrelevade have been directors for more than 12 years. However, after examining their situation in accordance with Article 8.3 of the Afep/Medef Code, the Board accepted that all five had retained their status as independent directors (see page 169).

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 a conflict of interest. These seven directors are therefore considered independent in light of the Afep/Medef Code.

5 • GENDER BALANCE OF THE BOARD

In accordance with Article L. 225-37, paragraph 6 of the Commercial Code, the Board reports below on applying the principle of balanced gender representation on boards of directors.

At the beginning of 2010, only two of the 18 directors on the Bouygues Board were women, or a proportion of 11.1%.

In June 2010, the Board decided to expand its rules of procedure by incorporating the recommendations of the Afep/Medef Code on better gender balance in the boardroom.

At the recommendation of the Board, the Combined Annual General Meeting of 29 April 2010 appointed three women directors: Colette Lewiner, Sandra Nombret and Michèle Vilain. Since that date, five of the 18 directors have been women, or a proportion of 27.8%.

If the Combined Annual General Meeting on 26 April 2012 decides to appoint Anne-Marie Idrac as a director to replace Pierre Barberis, six of the 18 directors will be women, i.e. 33.3%.

The Board will seek to increase the proportion of women among its directors over the next few years, in accordance with the recommendations of the Afep/Medef Code and the Act of 27 January 2011.

6 • ROLE OF THE BOARD OF DIRECTORS

The Board of Directors has the powers and carries out the tasks laid down in law. In addition, the Rules of Procedure of the Board of Directors specify the following:

> The Board, assisted where applicable by an *ad hoc* committee, reviews and decides on genuinely strategic activities.

> The strategic priorities for each business segment and for the Group as a whole are submitted to the Board for approval.

> Any operations considered to be of importance for the Group as a whole, including investments in organic growth, acquisitions, divestments, and internal restructuring measures, must also be approved by the Board, particularly those falling outside the company's business strategy.

> The Board authorises major corporate finance transactions involving public offerings of securities, as well as major guarantees and commitments.

> The Board monitors the quality of information provided to shareholders and the markets, particularly through the financial statements and in connection with major transactions.

The rules also recall the role of the Board in determining the remuneration of the executive directors with the help of the Remuneration Committee, in accordance with the recommendations of the Afep/Medef Code (which are appended to the internal Rules of Procedure).

7 • GOVERNANCE STRUCTURE

The law stipulates that the Board should elect one of its individual members as Chairman to organise and direct the Board's work and ensure the smooth running of the company's management bodies. The Board entrusts executive power over the company either to the Chairman of the Board of Directors or to another individual, who may or may not be a director, carrying the title of Chief Executive Officer.

In April 2002 the Board of Directors opted not to separate the functions of Chairman and Chief Executive Officer. It renewed that option in April 2006 and again in April 2009.

The Board considers that combining the positions of Chairman and Chief Executive Officer is a source of effective governance, particularly in view of the Bouygues group's organisational structure: Martin Bouygues is Chairman and Chief Executive Officer of Bouygues, the Group's parent company. He does not have general management authority over the Group's five business segments; this is vested in the senior management of its major subsidiaries: Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom. Martin Bouygues does not therefore combine operational responsibility over these subsidiaries with his other duties. While Bouygues and its Chairman sometimes play an important role in projects that are essential for the Group, they do not replace the senior management of the Group's business segments.

Martin Bouygues is Chairman of the Board of Directors and Chief Executive Officer. Olivier Bouygues is Deputy Chief Executive Officer, and has the same powers as the Chief Executive Officer. At the end of the Combined Annual General Meeting held on 23 April 2009, the Board of Directors reappointed Martin Bouygues as Chairman and Chief Executive Officer for the period of his term of office as a director, i.e. until the end of the Ordinary General Meeting called to approve the 2011 financial statements. The Board also decided to reappoint Olivier Bouygues as Deputy Chief Executive Officer throughout Martin Bouygues' term of office as Chairman and Chief Executive Officer. Should Martin Bouygues cease to be Chief Executive Officer, Olivier Bouygues' duties would cease on the date on which a new Chief Executive Officer was appointed, unless the Board decided they should cease immediately or, conversely, that they should continue at the proposal of the new Chief Executive Officer.

8 • RESTRICTIONS ON THE POWERS OF THE CHIEF EXECUTIVE OFFICER

According to law and the by-laws, the Chief Executive Officer has the broadest possible powers to act on the company's behalf under all circumstances. He exercises these powers within the confines of the corporate purpose and subject to powers expressly granted by law to general meetings and the Board of Directors.

The Rules of Procedure of the Board of Directors set out certain decisions that must be made by the Board: adopting strategic priorities, business plans and financing policy for the business segments and the Group; approving genuinely strategic activities; authorising activities considered to be of importance for the Group as a whole, including investments in organic growth, acquisitions, divestments and internal restructuring measures, and particularly those falling outside the company's stated strategy; authorising major corporate finance transactions involving public offerings of securities; and authorising key guarantees and major commitments.

9 • PREPARATION AND ORGANISATION OF THE BOARD'S WORK

9.1 Meeting notices, *quorum* and majority

The by-laws repeat or stipulate the following rules: the Board of Directors meets as often as the company's interests require, at the invitation of the Chairman, either at the registered office or at any other place; invitations may be issued by any method, including verbally; the Board may only validly deliberate where at least half its members are in attendance; decisions are made on the basis of a majority of those members in attendance or represented; in the event of a tie, the Chairman of the meeting has the casting vote.

The Rules of Procedure stipulate that any director participating in a Board meeting by videoconferencing, or any other telecommunications method having technical characteristics that allow directors to be identified and participate fully in the meeting, is deemed to be in attendance for the purposes of quorum and majority. In accordance with law, this provision does not apply to decisions on the preparation of the parent company and consolidated financial statements within the management report.

9.2 Board meetings

The Rules of Procedure state that in principle the Board of Directors holds five ordinary meetings a year (February/March, May, August, November and December). In February/March, the Board closes the financial statements for the previous financial year; at the May meeting, it closes the financial statements as at 31 March and reviews first-half performance; in August, it closes the financial statements for the first half; in November, it closes the financial statements as at 30 September and reviews the estimated sales and earnings for the past year and for the following year. In December, the strategic priorities for each business segment and for the Group, along with the business plans for the following three years and the financing policy for the business segments and the Group, are presented to it for approval. 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.

The statutory auditors have been systematically called to all meetings at which the Board examines full-year or first-half financial statements.

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

9.3 Information provided to the Board of Directors

The rules of procedure stipulate that the Chairman or Chief Executive Officer provide directors with all documents and information they need to fulfil their duties, including in particular:

> the information needed to follow the progress of business activities and in particular sales figures and order books;

> the financial situation and in particular the company's cash position and commitments;

> any event that materially affects the Group's consolidated financial results or that may do so;

> material events in the human resources area and in particular changes in the workforce;

> major risks to the company, any change therein, and the steps taken to control them.

Each quarter, senior management presents a report on consolidated sales and earnings for the quarter just ended to the Board of Directors.

Each director may, on his or her own initiative, gather additional information; the Chairman, Chief Executive Officer and Deputy Chief Executive Officer are always available to provide Board members with explanations and any other relevant information.

Directors may also meet with key senior executives of the company, including when the executive directors are not present, provided that the latter have been informed in advance.

Through their work and the reports they produce, the committees tasked by the Board with studying specific matters help to ensure that the Board is properly informed and prepared for the decisions it has to make.

Directors always receive all documents publicly issued by the company or its subsidiaries, and in particular all information intended for shareholders.

Directors may, if they wish, receive additional training in matters pertaining to the company and its businesses and sectors. Accordingly, Michèle Vilain, director representing the employee shareholders, appointed by the Combined Annual General Meeting of 29 April 2010, took several days training in 2010 provided by an external organisation and specifically intended for new directors.

10 • DIRECTORS' CODE OF CONDUCT

At its meeting on 1 March 2011, the Board of Directors approved the directors' Code of Conduct, which is appended to the Rules of Procedure. This Code contains all the provisions relating to ethical conduct that were previously found in various articles of the aforementioned Rules of Procedure. The text of this Code is reproduced below.

10.1 Directors' and non-voting directors' Code of Conduct

1. Preface

Directors and non-voting directors are required to comply with this Code of Conduct, which sets forth the rules of conduct listed in Article 17 of the Afep/Medef Corporate Governance Code regarding the ethical conduct of directors.

Before accepting their position on the Board, directors and non-voting directors must be familiar with the general and specific obligations of this position. In particular, they must be familiar with relevant laws, regulations, by-laws, rules of conduct and the Board's Rules of Procedure.

When directors and non-voting directors have a question concerning the interpretation or application of a rule in this charter, they should consult the chairman of the Ethics and Sponsorship Committee and/or the Group Ethics Officer, if they judge it would be useful.

2. Representation of shareholders

Though directors are shareholders themselves, they are the representatives of all shareholders and must act as such in performing their duties; failure to do so can give rise to personal liability.

3. Duty to be informed

Directors have a duty to be well informed. Accordingly, they must request from the Chairman in a timely manner the information they need to work effectively on the issues on the Board's agenda.

4. Regular attendance – Multiple directorships

Directors must devote the necessary time and attention to their functions. They must attend and participate regularly in the meetings of the Board and of any committees of which they are a member.

All directors are required to comply with the instructions set out in the Commercial Code governing the holding of multiple positions as corporate officers in *Sociétés Anonymes* (public limited companies), as well as the Afep/Medef recommendation according to which directors with executive powers must not, in principle, agree to hold more than four directorships in listed companies, including foreign companies, outside their group.

5. Preventing conflicts of interest

Directors and non-voting directors shall see that they do not exercise an activity that would place them in a conflict of interest with the company. In particular, directors shall not seek to hold an interest or invest in a company, whether a customer, supplier or competitor of the company, if this interest or investment could influence their actions in their role as a director or non-voting director.

Directors undertake to inform the Chairman of any conflict of interest, even of a potential nature, between their duties in relation to the company and their private interests and/or other duties, and not to take part in voting on any resolution directly or indirectly affecting them.

If the situation requires, directors may be obliged not to attend Board meetings during deliberations and not to take part in any voting on a resolution and not to have access to documents and information brought to the attention of the other directors concerning the subject in question.

The Chairman of the Board may ask directors at any time to confirm in writing that they are not subject to any conflict of interest.

6. Information concerning directors

The Chairman of the Board may ask directors at any time to provide a certification, statement or details, notably on the following points: their family ties with other directors; service contracts binding them to the company or to any of its subsidiaries and entitling them to benefits under such a contract; their curriculum vitae; their management expertise and experience; the activities and mandates they exercise or have exercised in other listed or unlisted companies in France or abroad; the number of the company's shares they own; their situation with regard to the Afep/Medef Code's criteria for independent director's status; a detailed account of any restriction accepted by them concerning the sale, within a certain period of time, of their shareholding in the company.

The directors undertake to inform the Chairman of the Board of any convictions for fraud, of any incrimination, preventive measure or official sanctions issued in the last five years as well as of any insolvency, compulsory administration or liquidation proceedings with which they have been associated in the last five years. The Chairman of the Board may ask directors at any time to confirm in writing that they are not affected by any of these situations.

7. Share ownership

The by-laws stipulate that each director must hold at least ten shares in the company. The Rules of Procedure recommend that each director and non-voting director own 500 shares in the company.

8. Holding of company shares in registered form

In accordance with Article L. 225-105 of the Commercial Code, the Chairman, the Chief Executive Officer, the Deputy Chief Executive Officer, the directors, whether individuals or legal entities, as well as standing representatives of legal entity directors (the "Persons Concerned"), are required to convert to registered form any Bouygues shares as well as listed shares issued by any subsidiary held by them (or owned by any minor-age children of theirs) when they take up their duties and any shares they subsequently acquire. The same obligation applies to the non-separated spouses of the Persons Concerned. It is recommended that non-voting directors follow the preceding rules.

9. Confidentiality

Directors and non-voting directors shall consider themselves bound to professional secrecy that exceeds the mere obligation of discretion stipulated by regulations, with regard to non-public information acquired in the performance of their duties.

Directors and non-voting directors as well as any person called to attend a meeting of the Board or of one of its committees are bound by a strict obligation of confidentiality with regard both to persons outside the company and to persons with no cause to be aware of information as a result of their duties in the company.

Only the Chairman, Chief Executive Officer and Deputy Chief Executive Officer are authorised to provide third parties and the public with information on company policy, strategy, business and performance.

10. Prevention of insider trading

Directors and non-voting directors are reminded that they are likely to hold inside information at all times and that they must ensure before carrying out any transaction that they are not engaging in insider trading. Directors and non-voting directors must therefore manage their shares in the company in a rigorous and ethical manner.

Directors and non-voting directors must observe the following rules of conduct, which apply to all financial markets, whether French or foreign, in which they carry out transactions.

10.1 Ban on circulating or making use of inside information

Besides the general obligation of confidentiality described in paragraph 9 above, any Person Concerned holding inside information about the company, its subsidiaries or a transaction under consideration by the company or its subsidiaries is bound by an obligation of strict confidentiality and non-participation.

Accordingly, Persons Concerned are prohibited from directly or indirectly acquiring or selling, or attempting to acquire or sell, on their own account or on behalf of others, financial instruments to which such inside information relates, and any financial instruments to which those instruments are in turn connected.

More generally, they are prohibited from communicating any inside information to third parties, and from recommending to third parties that they buy or sell, or arrange for another person to buy or sell, the aforementioned financial instruments on the basis of inside information.

Inside information is understood to mean any specific information that has not been made public, that relates directly or indirectly to the company, its subsidiaries or one or more financial instruments issued by them, and which, if made public, would be likely to have a significant effect on the price of the financial instruments in question or the price of financial instruments connected to them.

The Persons Concerned are bound by this obligation of confidentiality and non-participation even where they hold inside information by chance and in no way as a result of their role as a director or non-voting director.

Directors and non-voting directors are reminded of the seriousness of the legal sanctions that may be imposed for failing to observe the aforementioned obligations:

- the AMF may impose a fine of up to €100 million or, if profits have been realised, ten times the amount of the profits;
- a senior executive or person who holds inside information while exercising his/her profession or duties and who carries out directly or allows an intermediary to carry out one or more transactions before the public is aware of this information is liable to two years' imprisonment and a fine of €1,500,000, with the possibility of the fine's being increased by up to ten times the amount of any profits realised;
- any person possessing inside information concerning the prospects or situation of an issuer and who communicates this information to a third party outside of the normal scope of his/her profession or duties is liable to one year's imprisonment and a fine of €150,000.

10.2 Closed periods

In any case, all Persons Concerned must refrain from trading in the company's shares or those of its subsidiaries (and in particular, where they can exercise stock options, they are prohibited from selling any shares arising from the exercising of those options), during:

- the period of 30 calendar days preceding the publication of Bouygues' full-year, first-half or quarterly financial statements, and the day of their publication;
- the period of 15 calendar days preceding the publication of Bouygues' quarterly sales, and the day of their publication.

This obligation to refrain from trading should also be observed during any period in which a Person Concerned is aware of inside information and the day of its publication.

In addition, pursuant to Article L. 225-197-1 of the Commercial Code, bonus shares may not be sold:

- in the ten trading sessions following the date on which the consolidated financial statements are published;
- in the ten trading sessions following the date on which inside information is published.

10.3 Consultation of the Ethics Officer

Any Person Concerned who wishes to carry out a transaction (other than simply exercising stock options with no follow-up sale of the stock, a transaction that is always authorised) in the shares of Bouygues or one of its listed subsidiaries may consult the Group Ethics Officer to confirm that he/she would not be engaging in insider trading.

This consultation is obligatory for executive directors and salaried directors.

In any case, the Group Ethics Officer's opinion is advisory only, and the decision to trade in the company's shares or not is the sole responsibility of the Person Concerned.

10.4 Ban on speculative transactions

Directors and non-voting directors undertake not to engage in speculative trading in the shares of Bouygues or those of its listed subsidiaries through such transactions as short selling or buying on margin, rolling orders over onto the deferred settlement market, round-tripping or transactions on derivatives.

10.5 Ban on hedging

Directors and non-voting directors are formally forbidden to hedge bonus shares or stock options they receive.

10.6 Share trading plans

It is noted that the AMF recommends the setting up of share trading plans allowing senior executives to benefit, under certain conditions specified by the AMF, from a rebuttable presumption that they are not engaging in insider trading.

Directors and non-voting directors should determine, in light of their personal situation, the advisability of setting up such plans, which, where appropriate, may remain in place during the closed periods described above.

10.7 Declaring transactions in the company's shares

In accordance with Article L. 621-18-2 of the Monetary and Financial Code and Article 223-22 of the AMF General Regulation, the persons concerned must declare to the AMF all their transactions in Bouygues shares, whether made directly or through an intermediary, on their own account or on behalf of a third party under the terms of an agreement, unless that agreement is performed under a third-party management agreement.

The same applies to transactions in Bouygues shares carried out by persons closely related to a Person Concerned, namely:

- their non-separated spouse or civil-union partner;
- children over whom the Persons Concerned exercise parental authority or who usually or alternately reside with them and whom they effectively and permanently support;
- any other direct relative or relative by marriage having lived in the home of the Person Concerned for at least one year at the time of the transaction;
- any legal entity other than Bouygues and:
  - whose supervision, administration or management is performed by the Person Concerned or by a person closely related to him/her and acting for the benefit of one of these persons (for example, a transaction carried out for the benefit of the Person Concerned by a company that the Person Concerned manages); or
  - that is controlled, directly or indirectly, by the Person Concerned or by a person closely related to them (for example, a transaction carried out by a company in which the Person Concerned has more than a 50% shareholding); or
  - that is constituted for the benefit of the Person Concerned or a person closely related to them; or
  - for which the Person Concerned or a person closely related to them enjoys at least the majority of the economic benefits (for example, a transaction carried out by a company of which the Person Concerned is the principal supplier).

The transactions covered by this obligation are subscriptions, purchases, sales and exchanges involving:

- shares of Bouygues, including the subscription of shares through the exercise of stock options (even when not followed by a sale of shares obtained) and the sale of bonus shares;
- securities giving access to shares of Bouygues;
- or derivatives on Bouygues shares;

- as well as forward transactions on Bouygues shares;

if the said transactions carried out by the Person Concerned and/or persons closely related to them should exceed a total of €5,000 per civil year. Once the cumulative amount of transactions over the civil year goes over €5,000, the Person Concerned is required to declare all transactions carried out including those that had not been declared because the €5,000 limit had not been reached.

Transactions carried out by legal entities in the group to which they belong are not taken into account.

The Persons Concerned must declare directly to the AMF any transaction mentioned above within a maximum of five trading days from the conclusion of the transaction, using the AMF's standard report form and sending it by email to the following address: declarationdirigeants@amf-france.org. A copy of this declaration must be sent to the Chairman of the Board of Bouygues within the same time period.

The persons concerned may ask the manager of their share account to file the required declarations.

Persons who are closely related to the persons concerned are also required to declare within the same time period and in the same way the transactions they have carried out in Bouygues shares.

The members of the Board shall be informed within the same time period of any transaction carried out by one of the executive directors.

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The following stipulations are made:

Directors' fees – Regular attendance

Since 2009, directors' fees have included a variable component linked to attendance at the four Board meetings at which the financial statements are approved and, where applicable, to committee meetings. Since 2011, attendance of the meeting that reviews the business plans has also been taken into account in calculating the variable component.

Multiple directorships

As far as Bouygues is aware, the rules in Article 4 of the Code of Conduct, whose aim is to ensure that directors devote the necessary time and attention to their duties, are respected.

Conflicts of interest

Article 5 of the Code of Conduct (see above) contains detailed measures for preventing conflicts of interest.

At this time, the company is aware of the following potential conflicts of interest:

- Major shareholders of the Group (SCDM and Mrs Francis Bouygues), as well as the Group's employee shareholders, are directly or indirectly represented on the Board of Directors by Martin Bouygues, Olivier Bouygues, Mrs Francis Bouygues, Sandra Nombret and Michèle Vilain.
- Patrick Kron is a director and Chairman and Chief Executive Officer of Alstom, a company in which Bouygues held 30.75% of the share capital at 31 December 2011, and of which Olivier Bouygues, Bouygues represented by Philippe Marien, and Georges Chodron de Courcel are directors.
- Georges Chodron de Courcel is also Chief Operating Officer of BNP Paribas, a financial institution that may offer banking services or loans to the Group.
- Martin Bouygues, Olivier Bouygues et Mrs Francis Bouygues have family ties. The company is not aware of other family ties between Board members;
- Potential conflicts of interest exist because some of the directors hold directorships in other companies. The list of directorships is given in the Board of Director's management report, on pages 158-166 of this Registration Document;
- François Bertière, Yves Gabriel, Hervé Le Bouc, Nonce Paolini and Alain Pouyat are bound to the company by employment contracts. Sandra Nombret and Michèle Vilain are bound by employment contracts to Bouygues subsidiaries.

As far as the company is aware, and subject to the contract between SCDM and Bouygues, none of the members of the Board of Directors is linked to the company or any of its subsidiaries by a contract providing for benefits.

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

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

The Auditors' special report on regulated agreements and commitments (pages 290-294 of this Registration Document) details the agreements and commitments submitted to the Board of Directors for authorisation and on which directors abstained from voting because of ongoing or potential conflicts of interest.

Judicial convictions

As far as the company is aware, during the last five years, none of the members of the Board of Directors has been:

- found guilty of fraud, incriminated or subjected to official public sanction by any statutory or regulatory body;
- associated with any insolvency, compulsory administration or liquidation proceedings;
- 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.

Restrictions agreed to by the members of the Board of Directors in relation to the sale of their shares in the company

The by-laws stipulate that each director must hold at least ten shares in the company. The Rules of Procedure recommend that each director and non-voting director own 500 shares in the company.

Subject to the foregoing, the members of the Board of Directors have not agreed to any restriction in relation to the sale of their investment in the capital of the company, with the exception of the rules relating to the prevention of insider dealing.

11 • BOARD COMMITTEES

Committees are tasked by the Board of Directors with studying matters submitted for their review by the Board or its Chairman, as well as any matters that may be assigned to them by law. Four Committees have been set up since 1995: the Accounts Committee, the Remuneration Committee, the Selection Committee and the Ethics and Sponsorship Committee.

Annexes to the Rules of Procedure, the content of which is indicated below, define the composition, remit and operating rules of the four committees. Corporate officers and salaried directors of the company cannot sit on the committees. The committees are chaired by independent directors within the meaning of the Afep/Medef Code.

The Board determines the membership and remit of committees, which carry on their activities under the Board's responsibility. The Board appoints committee members from among directors and non-voting directors, on the understanding that the Accounts Committee must consist only of directors.

11.1 Accounts Committee

Article L. 823-19 of the Commercial Code, arising from the Order of 8 December 2008, requires French listed companies to form, within the Board, a "specialised" committee tasked with overseeing matters relating to the preparation and audit of accounting and financial information. Bouygues had long anticipated this reform, setting up its Accounts Committee in 1995.

The Rules of Procedure of the Accounts Committee were amended in March 2009 to incorporate clarifications provided by the aforementioned Order of 8 December 2008 and the recommendations in the Afep/Medef Code. They were amended in February 2012 to incorporate some of Bouygues' internal control principles.

In accordance with the law, the Accounts Committee acts under the responsibility of the Board of Directors. In the context of its role of overseeing matters relating to the preparation and audit of accounting and financial information, the Accounts Committee is tasked more specifically with overseeing the following:

> The process for preparing financial information. This involves:
- reviewing the parent company and consolidated financial statements at least two days before they are presented to the Board;
- ensuring that the accounting methods used to draw up the financial statements are both relevant and consistent;
- reviewing the internal control procedures for the preparation of the financial statements, in conjunction with the relevant internal departments and advisors;
- reviewing any changes having a material impact on the financial statements;
- reviewing the main accounting options, estimates and judgements made at year-end, as well as the main changes in the scope of consolidation;

> The effectiveness of internal control and risk management systems; to this end, in particular:
- reviewing once a year the key risks faced by the company, any changes in them and the arrangements put in place to manage them;
- reviewing at least once a year the main accounting and financial risks faced by the company, any changes in them and the arrangements put in place to manage them;
- getting the head of the Internal Audit department to present, at least once a year, the departmental organisation chart, along with the audit plan and a summary of the head's reports and the action taken in light of his or her recommendations.

> The audit of the parent company and consolidated financial statements by the statutory auditors;

> The independence of the statutory auditors. This involves:
- reviewing the breakdown of audit fees paid by the company and Group, and ensuring that they do not represent a proportion of the auditors' revenue such that their independence may be impaired;
- supervising the auditor selection and renewal procedure; making recommendations on statutory auditors proposed for appointment at general meetings.

In addition to carrying out general and regular checks, the Committee selects specific topics for indepth review, such as the consequences of disposals or acquisitions. It checks the accounting treatment of the major risks incurred by Group companies, particularly country risk and, for example, at Bouygues Construction, risks involved in the execution of certain projects. The Committee pays particular attention to changes in accounting methods and to the main accounting options used to prepare the financial statements.

The Accounts Committee issues all reports and recommendations in relation to the foregoing, both periodically when the financial statements are closed and as required by circumstances.

The Accounts Committee reviews the Chairman's draft report on internal control and risk management, and, if necessary, comments on this draft.

The Accounts Committee has at least three members selected from among the members of the Board with the most financial and/or accounting experience. It does not include any Bouygues corporate officers or senior executives. At least two of its members, including the Committee Chairman, are independent directors within the meaning of the Afep/Medef Code and the European Commission Recommendation of 15 February 2005.

A director may not be appointed to the Bouygues Accounts Committee if he or she also serves as a director of a company where a Bouygues director is a member of an equivalent committee.

Members of the Committee receive information on accounting, financial and operational matters specific to the company when they are appointed.

Committee meetings are valid only if two members, including the Committee Chairman, are in attendance. The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. It meets at least twice each year to review the first-half and full-year financial statements before they are submitted to the Board. The agenda is drawn up by the Committee Chairman. The opinions put forward by the Committee are based on a simple majority. In the event of a tie, the Chairman holds the casting vote.

To carry out its duties, the Committee has access to all accounting and financial documents that it deems useful. It may also meet with the employees of the company in charge of the financial statements, cash management and internal audit, as well as with the external auditors without the company's corporate officers being present. The Committee also has the option of consulting external experts, as provided for in the Afep/Medef Code.

The Committee may seek the views of the statutory auditors without a company representative being present, to ensure that they were given full access to information and that they have all the resources they need to fulfil their duties. The statutory auditors provide the Accounts Committee with a summary of their work and of the accounting options used in preparing the financial statements.

When the financial statements are reviewed, the statutory auditors provide the Committee with a memorandum discussing the key issues regarding the consolidated Group, its results and the accounting options used. The Chief Financial Officer provides the Committee with a memorandum describing the company's risk exposure and any material off-balance sheet commitments.

Key recommendations made by the statutory auditors are covered by an action plan and monitoring procedures presented to the Accounts Committee and senior management at least once each year.

The Committee reports on its work at the following meeting of the Board of Directors, and immediately informs the Board of any difficulties encountered. The Accounts Committee's deliberations and the information provided to it are of a particularly confidential nature and must not be disclosed outside the Board of Directors. However, this rule does not impinge upon the financial reporting obligations incumbent upon listed companies.

The current members of the Accounts Committee are Helman le Pas de Sécheval (Chairman), Patricia Barbizet and Georges Chodron de Courcel. Helman le Pas de Sécheval and Patricia Barbizet, are independent directors within the meaning of the Afep/Medef Code. Bouygues thus complies with the Afep/Medef recommendation according to which two thirds of the members of the accounts committee should be independent directors.

It is hereby noted that Helman le Pas de Sécheval, Patricia Barbizet and Georges Chodron de Courcel have extensive financial skills. Specifically, Helman le Pas de Sécheval was head of the Corporate Finance and Disclosures department of the Commission des Opérations de Bourse (which became the AMF) and, having served as finance director of the Groupama group from November 2001 to December 2009, was managing director of Groupama Centre-Atlantique until December 2011. Patricia Barbizet held key financial positions at the Renault group and then at the PPR group, where she has been Vice-Chairman and director since 2005. Georges Chodron de Courcel has held significant financial responsibilities within the BNP Paribas group, where he has been Chief Operating Officer since 2003.

Furthermore, until December 2009, Helman le Pas de Sécheval was Chairman of Groupama Private Equity's Audit Committee and a member of the Audit Committee of Banque Finama; he chaired the Internal Control Committee and the oversight body of Groupama Assicurazioni until December 2011. Patricia Barbizet is chair of the Appointments Committee and of the Strategy and Development Committee and a member of the Audit Committee and the Remuneration Committee of PPR; she is also a member of the Audit Committee of TF1 and chair of the Audit Committee of Total. Georges Chodron de Courcel is a member of Alstom's Audit Committee and chair of Nexans' Accounts Committee.

11.2 Remuneration Committee

The Remuneration Committee was formed in 1996. In accordance with recommendations in the December 2008 Afep/Medef Code on the remuneration of executive directors and corporate officers of listed companies, it is responsible for:

> submitting proposals to the Board of Directors concerning the remuneration to be paid to corporate officers as well as any benefits provided to them;

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

> proposing a standard stock option policy, stipulating in particular that no discount may be offered on options awarded to Group senior executives, and in particular corporate officers;

> examining stock option plans available to corporate officers and employees; and making recommendations to the Board on whether the option plans should concern new or existing shares;

> proposing remuneration and incentive arrangements for the Group's senior executives;

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

> proposing the performance conditions applicable to the allocation and exercising of options awarded to the Chairman and Chief Executive Officer and/or the Deputy Chief Executive Officer;

> submitting each year to the Board the draft of the report required by the Commercial Code concerning:

- 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;
- stock options granted to and exercised by corporate officers and the top ten grantees among the company's employees;
- stock options granted to and exercised by employees of companies in which Bouygues has a controlling interest.

The Remuneration Committee must have at least two members. It is chaired by an independent director within the meaning of the Afep/Medef Code and the European Commission Recommendation of 15 February 2005. The Committee may not include corporate officers or senior executives of the company; it is mainly composed of independent directors as defined in the above texts.

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

The Rules of Procedure stipulate that the Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. Committee meetings are valid only where two members, including the Committee Chairman, are in attendance. The agenda is drawn up by the Committee Chairman.

The opinions made by the Remuneration Committee are based on a simple majority. Where only two members are in attendance at a Committee meeting, the Chairman has the casting vote.

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

The Committee reports on its work at the meeting of the Board of Directors. When the report on the work of the Remuneration Committee is presented to it, the Board of Directors deliberates with no executive directors present.

The current members of the Committee are Pierre Barberis (Chairman) and Patricia Barbizet. Both are independent directors within the meaning of the Afep/Medef Code, representing 100% of the Committee's members.

11.3 Selection Committee

The Selection Committee was formed in July 1997. According to its Rules of Procedure, it is responsible for:

> periodically reviewing issues related to the membership, organisation and operation of the Board of Directors in order to make proposals to the Board;

> reviewing for this purpose:
  - applications for directorships and non-voting directorships, taking care to ensure that at least one third of Board members are independent directors within the meaning of the Afep/Medef Code and the European Commission Recommendation of 15 February 2005;
  - plans to form analysis committees within the Board, and proposed lists of their remits and members;

> giving an opinion on appointments to the Board and on membership renewals or dismissals of a director or an executive director presented to the Board;

> considering solutions for replacing executive directors in the event of an unforeseen vacancy.

The Selection Committee pays particular attention to the mix of skills, experience and knowledge of the Group businesses that each candidate will need to make an effective contribution to the Board's work.

The Selection Committee comprises two or three directors. It does not include any executive directors and consists mainly of independent directors within the meaning of the Afep/Medef Code and the European Recommendation of 15 February 2005. It is chaired by an independent director, within the meaning of this code.

Committee meetings are valid only if two or more of its members, including its Chairman, are in attendance. The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. The agenda is drawn up by the Committee Chairman.

The Chairman of the Board of Directors is involved in the Committee's proceedings. In the course of its work, the Committee may meet with any candidates it considers suitable for positions to be filled.

The opinions made by the Selection Committee are based on a simple majority. Where only two members are in attendance at a Committee meeting, the Chairman has the casting vote.

The Committee reports on its work at the following meeting of the Board of Directors.

The Selection Committee's current members are Jean Peyrelevade (Chairman) and François-Henri Pinault. They are both independent directors within the meaning of the Afep/Medef Code, representing 100% of the Committee's members.

11.4 Ethics and Sponsorship Committee

The Ethics and Sponsorship Committee, set up in March 2001, has the following responsibilities:

> in the field of ethics, the Committee:
  - helps define the Code of Conduct or principles underpinning corporate behaviour applicable to senior management and employees alike;
  - makes recommendations or gives an opinion on initiatives aimed at promoting best practices in this area;
  - ensures compliance with the values and rules of conduct thus defined.

> in the field of sponsorship, the Committee:
  - sets rules or makes recommendations for Bouygues' corporate sponsorship policy;
  - gives its opinion to the Chairman of the Board on corporate sponsorship projects identified by Bouygues when they represent a significant financial investment;
  - ensures that its recommendations are implemented and that these projects are properly carried out.

The Committee also gives the Board an opinion on the report on the social and environmental consequences of the company's business, as required by Article L. 225-102-1 of the Commercial Code.

The Ethics and Sponsorship Committee has to comprise two or three directors. It is chaired by an independent director within the meaning of the Afep/Medef Code and the European Commission Recommendation of 15 February 2005.

The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. Committee meetings are valid only where two members, including the Committee Chairman, are in attendance. In the course of its work, the Committee may meet with the Chairman of the Board of Directors or any other person designated by him. The Committee reports on its work at the following meeting of the Board of Directors.

The Committee's current members are Lucien Douroux (Chairman) and François-Henri Pinault. Lucien Douroux and François-Henri Pinault are independent directors within the meaning of the Afep/Medef Code, representing 100% of the Committee's members.

12 • WORK OF THE BOARD AND ITS COMMITTEES IN 2011

12.1 Work of the Board

The Board of Directors met six times in 2011. The attendance rate was 93%.

At its meeting on 1 March 2011 the Board reviewed business for FY2010, as well as the parent company and consolidated financial statements and the outlook and objectives for the Group and its business segments for FY2011. It examined the results of Alstom for the third quarter of FY2010/11. It reviewed the action taken by the Group with regard to workplace stress. It familiarised itself with the Accounts Committee's report on the 2010 financial statements and the statutory auditors' opinion. It closed the parent company financial statements, accounting and forecasting documents, the consolidated financial statements, the proposed appropriation of net profit, the management report and in particular, after hearing the Remuneration Committee's report, the section on remuneration of corporate officers and the special report on stock options. It also signed off the description of the share buyback programme in the management report. It approved the Chairman's report on corporate governance and internal control.

After hearing the report of the Selection Committee, the Board examined the Committee's membership in light of the issues of gender balance on the Board and director independence. It decided to ask the Annual General Meeting to reappoint four directors.

It decided to convene a Combined Annual General Meeting for 21 April 2011. It agreed the agenda and prepared the draft resolutions to be submitted to the Combined Annual General Meeting, together with its report on those resolutions.

At the same meeting, it renewed for one year the authority granted to Martin Bouygues and Olivier Bouygues to make decisions on issuing bonds. It empowered Martin Bouygues and Olivier Bouygues, also for one year, to decide on one or more public exchange offers on bond issues. It familiarised itself with a list of current agreements entered into by the company during the past year. It authorised a number of regulated agreements.

The Board familiarised itself with the Remuneration Committee's report concerning the variable portion of the remuneration of the two executive directors and four senior executives of business segments, remunerations and stock options granted in 2010, the Group's remuneration policy in 2010. The Board also made recommendations with regard to policies for 2011. It voted in favour of these recommendations. It decided that, in future, stock options would be granted to the Group's senior executives and employees in May at the Board meeting that closes the first-quarter financial statements. It also acknowledged that the complementary retirement benefit received by members of the Group Management Committee would remain capped at eight times the upper earnings limit for social security contributions (i.e. approximately €283,000).

The Board updated its Rules of Procedure to clarify certain issues relating to the Accounts Committee, collate the ethical rules applicable to directors and non-voting directors in a special appendix, and stipulate that the Board would deliberate once a year on the company's equal opportunities and pay policy.

On 16 May, the Board reviewed the company's business and financial statements to 31 March 2011. It heard the Accounts Committee's report and the statutory auditors' opinion. It was informed of the Alstom group's annual results and outlook. At the recommendation of the Remuneration Committee, it decided to establish a new stock option plan for the Group's senior executives and employees, noting that Bouygues did not fulfil the conditions set by the Act of 3 December 2008 for option grants to the executive directors. It approved the text of the press release.

On 30 August, the Board reviewed the company's business and financial statements to 30 June 2011 as well as the outlook and objectives for FY2011. Having heard the opinions of the Accounts Committee and the statutory auditors, it closed the first-half financial statements and approved the Half-year financial review. It cancelled the shares repurchased by the company. It decided to launch a share tender repurchase offer for the company's shares with a view to cancel them, and it convened an Extraordinary General Meeting on 10 October 2011 to authorise the offer. It ratified the appointment of Ricol Lasteyrie as the firm of independent experts charged by the company with determining whether the terms of the buyback were fair. It renewed the authority granted to the Chairman and Chief Executive Officer to give guarantees, endorsements and sureties. It heard the report of the Ethics and Sponsorship Committee. It authorised a number of regulated agreements. And it approved the text of the press release.

On 20 September the Board heard the report prepared by Ricol Lasteyrie; it appointed the presenting banks; it issued a reasoned opinion on the share repurchase tender offer; it approved the draft offer document; it authorised pledges in favour of the presenting banks; it authorised the filing of the offer and approved the text of the press release.

On 15 November, the Board reviewed the company's business and financial statements to 30 September 2011 and the estimates of sales and earnings for the year. It heard the Accounts Committee's report. It was informed of Alstom's sales and earnings for the first half of FY2010/2011, as well as its outlook for the second half. It reduced the share capital further to the repurchase tender offer and made the necessary adjustments to the company savings schemes and stock option plans. It authorised a number of regulated agreements. And it approved the text of the press release.

On 6 December the Board of Directors examined and approved the strategic priorities for the Group and its business segments, the three-year business plans and the financing policy of the five business segments. It familiarised itself with the mapping of the Group's major risks. It carried out a formal assessment of the Board's membership and operation. It considered company policy on equal opportunities and pay. It decided to renew its tax election option. It authorised a number of regulated agreements. It approved the text of the press release.

12.2 Work of the Accounts Committee

The Accounts Committee met five times in 2011. The attendance rate was 93.33%.

The Accounts Committee reviewed, at least two days before they were presented to the Board, the quarterly, first-half and full-year parent company and consolidated financial statements, the draft Half-year financial review and corresponding draft press releases and the section of the draft

Chairman's report on internal control and risk management procedures. It also reviewed, among other things, the following subjects:

- mapping of the Group's major risks;
- accounting standards and rules applied by the Group;
- oversight of the legal audit of the financial statements by the statutory auditors;
- the Group's cash position;
- creation of the Group Internal Control and Audit department;
- scrutiny of internal control arrangements in each business segment;
- review of the audit plan;
- examination of provisioning by business segment and type of provision;
- analysis of goodwill;
- the Bouygues Confiance 5 employee share ownership plan;
- impairment testing of Bouygues' shareholdings in Alstom and TF1;
- Bouygues Construction: the Miami, Gautrain, Flamanville and Chernobyl worksites; worksites in Turkmenistan and Congo;
- Bouygues Immobilier: legal dispute concerning Saint-Malo; rental of the Farman building; hedging of currency risk on Poland;
- Colas: situation of the subsidiaries and some worksites in central Europe; a complaint in Belgium; an acquisition in Mauritius; French competition authority ruling against a subsidiary;
- TF1: disposal of 1001 Listes, Eurosport Bet, SES; termination of the *Carré VIP* show; analysis of shareholdings in Groupe AB and *Métro;*
- Bouygues Telecom: decision not to pass on the VAT hike; issue involving the rights collection agency Sacem; accounting treatment of the agreement with SFR to deploy optical fibre cable; off-balance sheet commitments;
- calculation of Alstom's contribution to the Group's results.

In the course of its duties, the Accounts Committee interviewed the Group's CFO (regarding the company's material risks and off-balance sheet commitments), the Accounts and Audit Director and the statutory auditors, without senior executives present.

12.3 Work of the Remuneration Committee

The Remuneration Committee met twice in 2011. The attendance rate was 100%. It analysed the remuneration and stock options granted to corporate officers and suggested a number of criteria for calculating the variable portion of executive remuneration. It made proposals concerning the length of time that corporate officers should hold a percentage of their option shares; it reviewed the Group's remuneration policy. It made proposals for determining the remuneration of senior executives and suggested clarifying the procedures for awarding the variable portion of the remuneration package. It examined the conditions in which senior executives received complementary retirement benefit. At its meeting in March 2011, it recommended that no new option plan be set up and that, in future, this decision should be postponed until the Board meeting that closes the first-quarter financial statements; at the May 2011 Board meeting, the Committee recommended setting up a new option plan and proposed that options not be granted to the executive directors. Precise information is provided below in the report on stock options.

The Committee also examined and put to the Board reports on the remuneration of corporate officers and the grant and exercise of stock options during the year. The Committee took care to ensure that these reports complied with the Afep/Medef and AMF presentation guidelines. It reviewed information on executive remuneration included in the Chairman's report.

12.4 Work of the Selection Committee

The Selection Committee met once in the year, in February 2011. The attendance rate was 100%. In February 2011, after examining the Board's membership and checking the gender balance, the Selection Committee gave a positive opinion on the reappointment as directors of Patricia Barbizet, Hervé Le Bouc, Helman le Pas de Sécheval and Nonce Paolini.

The Committee confirmed that Pierre Barberis, Patricia Barbizet, Lucien Douroux, Helman le Pas de Sécheval, Colette Lewiner, Jean Peyrelevade and François-Henri Pinault were independent directors. It reviewed the "Corporate governance" section of the draft Chairman's report.

12.5 Work of the Ethics and Sponsorship Committee

The Ethics and Sponsorship Committee met three times in 2011. The attendance rate was 100%.

In the corporate sponsorship area, after reviewing numerous projects proposed to Bouygues, the Committee gave a favourable opinion on the commencement or continuation of 33 corporate sponsorship initiatives of a humanitarian, medical, social and cultural nature. The main corporate sponsorship activities are described in the *Corporate, social and environmental responsibility* and *Business activity and CSR* sections of this Registration Document.

The Committee gave particular attention to the activities of the Francis Bouygues Foundation, which grants scholarships to students from disadvantaged backgrounds.

In the field of ethics, the Committee also kept itself informed of the most important legal cases, which relate to events dating from the early 1990s. The only important matters pending are two civil actions for damages for alleged anti-competitive behaviour. One concerns schools in the Paris region, the other an affair involving Colas subsidiaries in the Seine-Maritime *département.*

The Committee also kept abreast of various issues concerning employment law. It was consulted on the ethics-related recommendations and rules put in place by the Group. The Committee focused attention mainly on the measures to prevent misconduct related to sales agents or intermediaries and on others to avoid anti-competitive practices and corruption. The Committee gave a favourable opinion for an update of the Group's Code of Ethics to take account of statutory and regulatory developments as well as new incentives put forward by credit rating agencies and other organisations.

In case of internal fraud or misconduct, the Committee is informed about any measures taken or penalties imposed.

13 • ASSESSMENT OF THE BOARD OF DIRECTORS

The Board's Rules of Procedure stipulate that the Board should periodically assess its ability to meet shareholders' expectations by reviewing its membership, organisation and operation, and by undertaking a similar review of Board committees.

Once a year, the Board devotes an item on the agenda of one of its meetings to assessing its own operations.

This formal assessment is intended to:

> take stock of the operating methods of the Board and its committees;

> ensure that important issues are properly prepared and debated.

Shareholders are informed every year, in the Registration Document, of the completion of this assessment, together with any action to be taken as a result.

The Rules of Procedure stipulate that external directors (who are neither executive directors nor salaried directors) are completely free to meet periodically, in particular to assess executive performance and consider future management arrangements.

Pursuant to these provisions, on 6 December 2011, the Board of Directors devoted an item on its agenda to a discussion of its organisation and operations. As in previous years, this assessment was of a formal nature: a detailed questionnaire and a memorandum on the Board's operations had been sent in advance by the Chairman and Chief Executive Officer to directors and the non-voting director to enable them to prepare for this discussion. The questionnaire included both closed questions, intended to accurately categorise responses, and open questions, giving directors the opportunity to qualify and explain their responses. Supplemental questionnaires had been sent to the members of each committee. In accordance with a suggestion put forward at a previous assessment, it was proposed that those directors who so wished could hold a discussion with the Group's Corporate Secretary with a view to optimising preparations for the meeting.

In all, 15 written responses to the questionnaire were received, a response rate of 83%.

These responses, most of which were anonymous, were reviewed by the Corporate Secretary and compared with those from previous years in order to measure progress.

In their responses and the discussion that took place on 6 December 2011, members expressed positive or very positive views on the composition, organisation and operation of the Board and its committees.

The Board considers its membership to be balanced given the presence of representatives of major shareholders, executives from each of the business segments, industry leaders, and individuals with skills in accounting and finance.

It was unanimously agreed that, although high, the number of directors was appropriate, especially in view of the diversity of the Group's business segments.

All the directors believe that the proportion of independent directors (39%) is satisfactory, since the Group has a principal shareholder.

Most directors want to pursue efforts already made to increase the presence of women on the Board. By contrast, most of them do not consider it essential to increase the diversity of member profiles. And the majority of directors think there is no point bringing foreign directors onto the Board.

The quality of information provided to directors on most subjects was judged highly satisfactory. In line with the wishes expressed during previous assessments, further improvements have been made to reporting in several areas, notably business activity, competition and competitors, corporate sponsorship, financing and cash position, financial statements and results, audit and internal control, risk mapping, and ongoing legal disputes. Some directors believe that information could be improved in other areas, such as R&D.

The directors appreciate the quality of dialogue with one another and with the senior management team; they also appreciate the freedom of expression they enjoy during meetings. Furthermore, they praise the senior executives' availability and responsiveness with regard to requests for additional information.

The directors stress the high standard of work done by the Accounts Committee and the Remuneration Committee. They note that the reports of the Ethics and Sponsorship Committee have improved, as requested during previous assessments.

Most of the directors still see little point in having the Board assessed by an external body.

Finally the Board decided once again not to apply the Afep/Medef recommendation that the actual contribution of each director should be measured when conducting the annual review of the Board's work (see page 169).

14 • PRINCIPLES AND RULES APPLICABLE TO THE REMUNERATION OF CORPORATE OFFICERS

The corresponding information is set out in the Board of Director's reports on the remuneration of corporate officers and stock options granted on pages 190-198 of this Registration Document.

15 • SHAREHOLDER PARTICIPATION IN ANNUAL GENERAL MEETINGS

Specific arrangements for shareholder participation in Annual General Meetings and, in particular, the conditions under which double voting rights are granted to shareholders holding shares in registered form for over two years, are set out on page 210 of this Registration Document.

16 • FACTORS LIKELY TO HAVE AN IMPACT ON ANY PUBLIC TENDER OFFER PRICE

The information covered by Article L. 225-100-3 of the Commercial Code is published in the management report on pages 211-212 of this Registration Document.

17 • INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

17.1 Introduction

Bouygues and its subsidiaries are acutely aware of the importance of internal control and risk management, which are processes that help give reasonable assurance that the Group's principal objectives are being achieved.

Risk management has always been an essential part of the Group's corporate culture. It is a key concern of the Group's managers and is based on internal control procedures inspired by principles that have been applied across the Group's business segments for many years. Compliance with business ethics is one of the basic objectives of these procedures.

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

Like any control and risk management system, however, the system set up by Bouygues cannot provide a cast-iron guarantee of the Group's ability to reach its goals.

While the aim of internal control is to ensure that the instructions and guidelines set by senior management are applied, the process is also intended to ensure that the way in which the Group is managed and conducts its business, and the behaviour of staff, comply with regulations and with the regulations, ethics, rules and principles that Bouygues wishes to apply within the Group.

Internal control plays its primary role in operations, and risk management is deeply embedded in key processes of the Group's business segments, for which internal control aims to ensure the smooth operation.

Given the potential importance of the quality and reliability of the Group's accounting and financial information, internal control is also widely applied in accounting and financial matters.

The purpose of the risk management system is to safeguard the value, assets and reputation of the company while buttressing its processes and decision-making arrangements. The system helps people act in a way that is consistent with the company's values and to unite employees behind a shared view of the main risks.

The scope of this report covers the Bouygues group (parent company, Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom).

17.2 Bouygues group internal control and risk management

The Bouygues group's system of risk management and internal control is based on the reference framework published by the AMF.

This system was updated in 2010 after the framework was revised to accommodate changes in laws and regulations on risk management as well as the AMF recommendation on audit committees.

The Bouygues system covers the general principles of internal control and risk management, on the one hand, and internal control principles relating to accounting and finance, on the other.

The main objectives are to:

> formalise the Group's key internal control principles;

> better identify common best practices across its business segments;

> develop a consistent approach to major issues affecting the entire Group.

Each business segment further developed this Group approach by analysing the specific aspects of its own internal control procedures and supplementing the Group-wide procedures with principles specifically related to its own activities.

The procedures include a "Risk management principles and method" component, which describes the approach to be used in the Group to:

> identify and monitor major risks;

> pass knowledge from one generation to another (experience).

This approach encompasses the various key stages of risk management: identification, classification, assessment, prioritisation, handling, reporting and communication.

A series of key principles have been defined for each stage for which the concept has been precisely defined. Taken as a whole, these principles make up the Group procedure for managing risks.

Every year, each business segment presents its risk map based on the above principles to its Accounts Committee and its Board. A map of Group-wide risks, derived from the segments' maps, is then presented to the Accounts Committee and subsequently to the Bouygues Board.

The procedure also includes a "Permanent oversight of internal control" component, which describes in particular the method for self-assessing internal control principles.

Using this method, the business segments continued to assess the extent to which these internal control principles were being applied in 2011.

At Colas, a new assessment was done in 2011 at each regional subsidiary in France and in each international subsidiary, a total of 65 subsidiaries in all. In this 2011 campaign, the assessment once again focused in particular on the operational units and covered about 100 principles. Action plans were put in place for principles that were assessed as sub-par.

This third self-assessment campaign showed that the internal control principles had been properly applied, that operations were broadly under control and that stakeholders were aware of their responsibilities.

At Bouygues Telecom, the 2011 self-assessment campaign had an even broader scope, encompassing not just the company itself but also its subsidiaries RCBT and Extenso Telecom. The campaign concerned the full internal control reference manual, i.e. all joint and business-specific principles.

The 2011 campaign at Bouygues Construction focused on a broader swathe of support and operational functions, with more than 90 entities involved. Some 14 topics were selected (each of the eight major entities was allowed to add extra topics) and then assessed by all the entities. Once the summaries had been presented, each major entity drew up action plans to be implemented or taken forward.

At Bouygues Immobilier, the 2011 self-assessment campaign concerned almost all the Residential Property operational departments as regards business-specific principles. For the France and Europe subsidiaries, all the principles were assessed. For the corporate departments, the focus was on monitoring the action plans decided on in 2009 and 2010.

At TF1, the 2011 campaign looked mainly at the principles specific to the TF1 group, including all its entities.

In each business, a summary of the assessments made in the 2011 campaign was presented to the Accounts Committee of the business segment's lead company.

In addition, the Group IT tool for assessing internal control was installed in all the business segments in July 2011.

17.3 General internal control environment

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

That determination was further reflected in the Group Conference on Internal Control and Risk Management, organised on 19 January 2012 and attended by the principal managers involved in this process. During the conference, which served as an interim review, the Group's senior management once again stressed that the internal control approach ought to be implemented with ever greater effectiveness throughout the Group. They said that risk management needed to be increasingly hands-on so that it could make a truly significant contribution to the smooth organisation and management of the Group.

More generally, Group senior management's desire to promote the general internal control environment is expressed in various areas and notably employee behaviour and respect for ethics. The Chairman and Chief Executive Officer regularly issues strong messages to the Group's senior executives about the need for impeccable conduct in every respect, which means both complying with prevailing laws and regulations and observing the Group's own ethics and values.

He does so firstly at Group Management Meetings, which are attended once a quarter by the Group's top managers (about 450 people), and also through the Bouygues Management Institute (IMB), which organises regular seminars on Development of Bouygues Values, designed to raise awareness among top management of the need to comply in all circumstances with laws and regulations and with the ethical rules that form the basis of the Group's mindset. The Chairman and Chief Executive Officer of Bouygues and other members of the company's senior management always speak at these seminars.

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

These efforts are taken up and amplified in the business segments. At Bouygues Construction, for example, the management committees of all the entities as well as the top managers of the holding company – 140 people in all – followed a special training programme as part of the ethics policy. In 2011 at Colas, 400 employees attended day-long training sessions in ethics and managerial accountability.

The Board of Directors of Bouygues has formed an Ethics and Sponsorship Committee. Detailed information on the committee and what it does can be found in section of the report devoted to corporate governance.

The Bouygues group also has a Code of Ethics that lays down the essential values to which the Group and its employees are expected to adhere in the workplace. The existence of this code contributes to achieving the objective of better conduct and is intended to help staff make decisions in real situations by reference to clear and precise principles.

This momentum is continuing, with each business segment appointing an Ethics Officer and the Boards of Directors of most business segments (Bouygues Immobilier, Bouygues Telecom, Bouygues Construction and Colas) creating Ethics Committees.

The Bouygues group has implemented a whistle-blowing procedure so that employees can report infringements of ethical principles.

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

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

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

These principles are formulated at Management Committee level and passed on to business segments at all levels (Board of Directors, senior management and management committee). Strategic decisions taken by the Group at the highest level are consistently inspired by this philosophy and serve as a benchmark for each business segment.

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

The Senior Vice-President, Human Resources and Administration chairs and coordinates the Group Human Resources Committee, an essential link in passing on the Group's values.

The Group's Human Resources Charter helps to spread the Group's culture by reminding everyone that the company's development is primarily dependent on employees.

17.4 Objectives/ management cycle

The purpose of introducing internal control procedures is to help the Group achieve its objectives by taking into consideration the risks to which it is exposed.

The Group's general objectives are defined through the management cycle, a process which enables the Group's senior management to participate early on in determining the strategies of each business segment, to approve their business plans prepared in the context of that strategic framework, and then to monitor the gradual achievement of objectives in the course of the year.

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

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

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

The key members of the parent company's senior management team sit on the Boards of the lead companies of the Group's business segments, and it is those Boards that decide on strategic priorities and business plans.

17.4.1 Strategic plan and business plan

Each business segment defines its own strategic plan for the medium term (three years) 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 segment in May/June and to the Bouygues Board of Directors in December.

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 segment in November and to the Bouygues Board of Directors in December.

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

17.4.2 Annual plan

In the December business plan, the first year is described in the greatest detail and represents a commitment by each business segment to the Group's senior management. This is known as the annual plan.

An initial review of progress (or update) of the annual plan for the current year takes place in May/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.

17.5 Organisation – Key players

Senior management

Senior management teams are responsible for managing internal control arrangements as a whole, defining strategic priorities and ensuring that internal control and risk management procedures are designed and implemented in a manner appropriate to each company's development.

Accounts committees

The characteristics and responsibilities of the Bouygues Accounts Committee are set out in the Corporate Governance section of this report. Each business segment's Board of Directors has formed an Accounts Committee with similar responsibilities to those of the Bouygues Accounts Committee. In particular, these include monitoring the effectiveness of internal control and risk management systems. The business segments' Accounts Committees review the programmes and findings of internal audits as well as the risk mapping exercises. Consequently, the Accounts Committee is a key component in the internal control and risk management mechanism.

Internal control departments

The parent company created a Group Internal Control and Audit department in 2010. The department will play a major role in developing the Group's internal control policy. The Group Internal Control and Audit department is charged in particular with:

> directing up the Group's internal control and audit functions;

> coordinating the business segments' internal control, risk management and audit activities;

The business segments are gradually putting in place an organisational structure dedicated to internal control. Generally, the bodies that are set up are mainly in charge of assessment campaigns and risk mapping. They sometimes take on more overarching responsibilities in relation to internal control procedures.

The Bouygues Construction holding company directs internal control and receives support in rolling out the approach mainly from support sectors. Each entity has nominated an internal control correspondent, who serves as the operational contact point. This role is generally performed by the subsidiary's Corporate Secretary.

Bouygues Telecom has put in place a business-wide risk management process that is embedded in the company's normal business cycle. A risk manager is responsible for the process, assisted by 22 risk correspondents who represent the organisation's main departments and whose main task is to collate and assess risk. Risk correspondents and a validation group make sure that the overall system and its development are coherent. A report is submitted every four months to senior management. Furthermore, a presentation is made twice a year to the Accounts Committee and once a year to the Board of Directors.

At TF1, the internal control approach is directed by the internal control manager, who reports to the Financial Control and Strategic Planning department. Risk Committees have been set up within operating entities, and each entity has a risk correspondent. There is also a Support Risk Committee, which deals with issues falling within the scope of support divisions.

At Bouygues Immobilier, the Internal Control department is in charge of maintaining and developing all processes and procedures, risk mapping with assistance from the relevant bodies and managers, organisation, and direction of the self-assessment procedure, including the monitoring of action plans.

At Colas, a manager reporting to the Corporate Secretary and working with the correspondents in the subsidiaries organises and directs internal control at the parent company level.

Corporate Secretary – Legal Affairs departments

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

In this context, the Group's Corporate Secretary may occasionally become involved alongside the business segments 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 affairs directors of the business segments. He thus coordinates and supervises all the Group's legal affairs.

The Corporate Secretary is also the Group Ethics Officer.

Within the business segments, the legal affairs departments, and more generally the support departments, play a major role in preventing and dealing with risks. They are sometimes directly involved in the internal control process (this is the case, for example, at Bouygues Construction).

Risk and Insurance departments

The Group Risk and Insurance department provides assistance, advice and support to the Group's subsidiaries. It also has a role in risk management.

Based on its comprehensive overview of the business segments' guidelines on insurance, the Group's Risk and Insurance department takes out Group-wide insurance policies to supplement the insurance taken out at business segment level.

It ensures that subsidiaries are insured with top-ranking companies and that the terms of their policies (coverage, deductibles and premiums) are consistent with their risk exposure.

The Risk and Insurance departments of the business segments make a vital contribution to risk management.

Management control

The management control system is organised such that no Group company escapes the control process. Any company not controlled by the business segments is controlled by the parent company.

The principles governing operational relations between the parent company and the business segments have been summarised in a regularly updated document drawn up by the Group Strategy and Development department. This document serves as a guideline for all the business segments.

Group reporting

The parent company systematically controls subsidiaries' financial management through an annual plan (including updates) and sets of monthly indicators. The indicators are sent directly to the Group's senior management and centralised by the Group Strategy and Development department, which plays a pivotal role in the Group's management control mechanism.

The monthly indicators provided to the parent company are the same as those prepared by each business segment for its own senior management.

Every quarter, interim financial statements are produced and consolidated at Group level.

The management cycle and control and reporting procedures thus provide a regular flow of information and ensure ongoing dialogue with the business segments. Plans can be adjusted and the parent company is always in a position to control the management of its subsidiaries and intervene in advance of strategic decisions.

Business segment reporting

In the business segments, management control is also carried out according to the same principles through the specifically assigned departments and dedicated information systems that have been put in place.

At TF1, for example, the process is decentralised. It is handled by each structure and coordinated by the Group's Financial Control and Strategic Planning department. A system of rolling forecasts was introduced in 2009 so that the accounting impacts of ongoing projects and events could be updated on a monthly basis. Once a month each structure prepares a reporting schedule comprising a monthly statement, a year-end forecast and key performance indicators. On this basis the Financial Control and Strategic Planning department draws up a consolidated reporting schedule for the group and presents it to senior management.

Cash management and finance

The Group Cash Management and Finance department at the parent company defines and monitors the application of sound financial management principles at Group level. Its role is both to direct and to coordinate.

The operating principles mainly concern the Bouygues Relais and Uniservice cash management centres, managed at parent company level, and at the business segments' 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 credit facilities, investment of cash surpluses, etc.), counterparty quality, legal documentation for loan agreements and the assessment and hedging, where necessary, of exchange rate risk.

Internal audit

Internal audit is an analytical and monitoring tool that plays a key role in risk management.

Each business segment has a structured Internal Audit department carrying out tasks in a broad range of areas.

The Group's internal audit charter stresses that the main tasks of internal audit are to provide senior management with reasonable assurance that the organisational and management principles and the internal control and risk management systems are both reliable and effective. Internal audit assesses:

- the identification and control of risks based on an analysis of key issues;
- effectiveness of risk management and internal control systems and implementation of action plans;
- the control and efficiency of operational and support processes;

- the integrity, reliability, completeness, traceability and protection of information produced for accounting, financial and management purposes.

At parent company level, the newly-formed Group Internal Control and Audit department combines both functions, coordinating the internal audit function at Group level and performing internal audit assignments at the request of Bouygues' senior management. The Group thus has around 45 auditors.

17.6 Internal control and risk management procedures

Specific risks may differ considerably depending on the business segment concerned. For example, they may relate to regulation (TF1, Bouygues Telecom), technology (TF1 and Bouygues Telecom), competition (Bouygues Telecom), the environment (Bouygues Immobilier and Colas), country risk or risks involved in major projects (Bouygues Construction) (see the *Risk factors* section of this Registration Document).

The business segments have thus set up formalised and appropriate procedures aligned with the nature of risks in order to ensure better control.

17.6.1 Bouygues Construction

At Bouygues Construction, risk management is fully integrated in to the company's processes: strict procedures apply to the selection and submission of tenders, which are considered by formal Commitment Committees in light of the risks arising on each contract. Depending on the level of financial commitments, the cost of work or the technical challenges involved, Bouygues Construction's entities are required to make an application to request the agreement of Bouygues Construction's senior management. Financial, legal affairs and technical teams are involved before projects are launched. The financial risk curve is monitored on an ongoing basis for major contracts. The management control function has the resources and authority to track the results of each construction project every month and to flag any discrepancies with budgeted figures.

17.6.2 Bouygues Immobilier

Bouygues Immobilier has an internal procedures manual that is updated on a regular basis.

Particular attention is paid to the land acquisition commitment process (promises to sell/purchase, acquisition) and the start of works.

A meeting of the Commitments Committee must be held before any deed is signed with a view to acquiring land (or buildings). All decisions to acquire land are strictly controlled.

Furthermore, the company has strengthened its environmental risk prevention policy in connection with land purchases.

The company could also be implicated by its customers if the properties it sells were found to be poorly constructed. Under the terms of its performance guarantee, Bouygues Immobilier calls on external companies to address any reservations as quickly as possible. It is also careful to ensure that all involved parties (contractors, engineering consultants, technical design firms, etc.) scrupulously comply with ten-year insurance requirements.

17.6.3 Colas

Financial and accounting risks have always been managed by reference to clearly defined principles and procedures within the Colas group. Risk management is mainly based on preventive measures and insurance cover.

Despite a very strong culture of decentralisation, arrangements exist for the control of commitments both in terms of commercial commitments (projects are submitted to Contract Committees) and in terms of external growth or property acquisitions, which must be presented for prior agreement to the senior management of Colas and, in some cases, to its Board of Directors.

Furthermore, contracts generating sales in excess of €20 million on completion are monitored on a quarterly basis by the Accounts Committee.

17.6.4 TF1

A procedure for identifying major risks has been launched by TF1, with a view to establishing a decision-making procedure in crisis situations. This resulted in the "Réagir" committee, whose objective, linked to business continuity, is to build and update a model of mission-critical processes. The "Réagir" committee monitors and forestalls the major risks associated with the TF1 group's mission-critical processes. It also updates and adds to the various procedures.

Particular attention is given to the purchasing process, which can result in substantial commitments (for example, in the case of contracts for the 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 commitment and the nature of the contract concerned.

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

- the Technical and Information Systems department, which is responsible for making some of the channels shows, programme broadcasting, broadcasting networks and IT systems. The department also guarantees the channel's security and works to formally document an information security policy and establish security standards across the TF1 group;
- the TF1 Programme department, which ensures that programmes are compliant and that the channel's operating terms of reference are observed.

17.6.5 Bouygues Telecom

Product/service offerings are vitally important and are therefore examined by a special committee in which Bouygues Telecom's senior management is involved. For the same reasons, a review committee has been set up to follow up product/service offerings and monitor results in light of initial forecasts.

Investments continued in 2011 to ensure that key technical components of the network were fully redundant with the aim of increasing security. The company has established contingency plans to guarantee service continuity in the event of a disruption.

Purchasing is particularly tightly controlled at Bouygues Telecom in light of the volume of purchases made by the company. The Purchasing department applies very strict procedures, and is itself subject to regular checks.

17.7 Information and communication

The production and dissemination of information, both inside and outside the Group, does much to enhance internal control.

Information systems have been put in place to manage and supervise the business. 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 that complies with legal requirements.

17.7.1 Internal communications

The Group Corporate Communications department plays an active part in circulating information to the Group's employees. This strengthens the Bouygues group's identity and plays a unifying role.

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

The department also supervises e.by and e.bysa, the respective Bouygues group and parent company intranet portals, which provide online access to a wealth of information. Bouygues and Group employees use these sites as tools of work and tools to share information.

The Group Corporate Communications department also publishes Bouygues' *In Brief,* a brochure summarising financial, corporate, social and environmental information that is circulated externally as well as to the Group's managerial, supervisory, technical and clerical staff.

The Group Management Meeting is also an important channel for transmitting key information and messages to the Group's senior executives.

This is also the case at business segment level. At TF1, for example, the Internal Communication department publishes an employee magazine three times a year *(Regards)* and a monthly newsletter *(Coup d'œil).* In addition, employees can access a wealth of information through the intranet portal Declic.

17.7.2 External communications

The Group Corporate Communications department works in close cooperation with the business segments for their mutual benefit.

Its main tasks are to:

> promote the Group's image (press relations, public relations, corporate sponsorship, etc.);

> pass on information from external sources to the Group's senior management and executives.

> handle financial disclosures to the press and the public, in collaboration with the Investor Relations department.

17.8 Internal control procedures relating to accounting and financial information

One of the main aims of internal control is to ensure the reliability of accounting and financial reporting. This is done through a comprehensive system and a set of stringent procedures.

17.8.1 Quarter-end close

Each business segment sets its own procedures for closing financial statements, which have to fit into the broader framework of the Group's consolidation process.

At TF1, for example, the Accounting and Financial Control departments use a common process to analyse and sign off on inventory entries. The Accounting department ensures compliance with asset measurement procedures, which include identifying impairment indicators for intangible assets and accounting for impairments after testing. It then presents the results for approval to the Audit Committee and the statutory auditors. Provisions are recognised in collaboration with the Finance department, the corporate secretary and the Legal Affairs department.

17.8.2 Consolidation process

At the parent company, the Group Consolidation and Accounting department is chiefly responsible for determining and establishing consistent rules and methods of consolidation for the Group and assisting the business segments 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 segment consolidates at its own level using identical methods defined by the Group Consolidation and Accounting department, which then carries out the overall consolidation of the Group's financial statements.

Special software, widely used by listed companies, is used to consolidate the financial statements at the various levels. Each of the business segments uses it as part of their step-by-step approach to consolidation. It ensures rigorous control over preparation of the financial statements, which are thus subject to standard procedures.

In addition to the computerised accounting system, the Group Consolidation and Accounting department has produced a Group consolidation handbook containing the rules and procedures applicable to consolidation throughout the Group. The handbook is an important reference tool for preparing the consolidated financial statements. It is accessible to all accounting staff on a dedicated intranet site describing the various principles and options that apply within the Group.

As part of its task of organising and coordinating financial statement consolidation, the Group Consolidation and Accounting department also regularly provides the business segments with information about applicable rules and methods (by organising seminars, distributing circulars, etc.), and thus helps to maintain the consistency of the system used to prepare the consolidated financial statements. This was particularly the case for the introduction of IFRS, and the related interpretations and amendments.

The company uses accounting software to manage its commitments and control its expenditure. To monitor expenses, it also uses an application that allows formalised and secure procedures to be followed whenever expenses are incurred.

17.8.3 Internal control procedures for finance and accounting

In addition to the core procedures set out in the Bouygues group's internal control guidelines in terms of accounting and finance, each business segment organises its internal controls in accordance with its own system.

At Bouygues Telecom, for example, the system is as follows:

Ongoing control

> Management of the Accounting department's documentary database, comprising procedures, operating methods, special principles, etc. The contents of the database are revised and updated periodically, and the accounting managers concerned are duly informed;

> Analysis of data on accounting entries from the general ledger (supporting evidence for balances, compliance with accounting and tax legislation, etc.). Analysis reports and action plans are presented to the accounting management committee;

> Monitoring of compliance with the segregation-of-duties principle (respect for the security charter establishing the prerogatives of each accounting discipline). Periodic controls are carried out to ensure that the principles are being applied;

> Monitoring the recommendations of the statutory auditors further to interim reviews.

Selective control

The system is assessed on an annual basis (See 17.2).

17.8.4 Accounts Committee

The Accounts Committee is a key component of the internal control system at the accounting and financial level.

Detailed information about Bouygues' Accounts Committee is set out in the section on corporate governance. The parent company of each business segment has an accounts or audit committee with responsibilities similar to those of the Bouygues Accounts Committee.

17.8.5 Investor relations

For Bouygues SA, the Group Cash Management and Finance department is responsible for relations with investors and financial analysts. The department is constantly in contact with shareholders and analysts while providing the market with the information it needs.

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

These documents are prepared using a process that involves various support divisions (Communications, General Secretariat, etc.). They are approved by senior management and checked by the statutory auditors. The quarterly press releases are approved by the Accounts Committee and the Board of Directors.

Procedures have been put in place to inform staff about regulations concerning inside information. These procedures are described in the management report on pages 202-203 of this Registration Document.

The other listed companies in the Group (TF1, Colas) handle their own investor relations.

17.9 Steering

Internal control systems must themselves be controlled by means of regular assessments, and they must be subject to continuous improvement.

The Audit departments of the parent company and the business segments have always assessed the effectiveness of internal control in the course of their work, and are actively involved in this improvement process.

The recent Conference on Risk Management and Internal Control reflects the Group's determination to continually improve the existing arrangements.

The essential concern is still to define and implement action plans with the primary objective of controlling the Group's operations more effectively.

The Chairman of the Board of Directors

Remuneration of corporate officers
and stock options granted to corporate officers and Group employees

1 • REMUNERATION

Report required by Articles L. 225-102-1 and L. 225-37 paragraph 9 of the Commercial Code.

This chapter contains the reports required under the French Commercial Code. It also includes the tables required by the Afep/Medef Corporate Governance Code of December 2008 and by the AMF Recommendation of 22 December 2008 (as updated on 10 December 2009) on the information to be provided in registration documents concerning the remuneration of corporate officers.

1.1 Principles and rules for determining the remuneration of executive directors

In 2007, the Board took into account the Afep/Medef recommendations published in January 2007 relating to the remuneration of executive directors of listed companies. Afep and Medef published a new set of recommendations on 6 October 2008. The Board noted that virtually all these recommendations had already been implemented and adopted the remaining provisions in early 2009.

1.1.1 Fixed remuneration and benefits in kind in FY2011

The rules for determining fixed remuneration were decided in 1999 and have been applied consistently since then.

Fixed remuneration takes account of the level and difficulty of the individual's responsibilities, job experience, and length of service in the Group and also the wage policy of groups or companies in similar sectors.

Benefits in kind involve use of a company car and, in the case of Martin Bouygues and Olivier Bouygues, the part-time assignment of an assistant and a chauffeur/security guard for their personal requirements.

1.1.2 Variable remuneration in FY2011

The rules for determining the variable portion 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. It then modified them again in 2010.

Variable remuneration is awarded on an individual basis. The Board decides the criteria for the variable portion of each executive director's remuneration and limits it to a percentage of the fixed remuneration. The percentage limit relative to the fixed remuneration also depends on the individual executive director.

Variable remuneration is based on the performance of the Group, with performance being determined by reference to the following key economic indicators:

> increase in current operating profit;

> change in consolidated net profit (attributable to the Group) relative to the plan;

> change in the consolidated net profit (attributable to the Group) compared with the preceding year;

> free cash flow of Bouygues (before changes in working capital).

These quantitative objectives have been calculated precisely but are not publicly disclosed for confidentiality reasons.

Each criterion is used to determine part of the variable remuneration.

In exceptional cases, upon the advice of the Remuneration Committee, the Board may award special bonuses.

The existence of a capped additional retirement provision is taken into account when setting the overall remuneration of executive directors, as is the fact that they have received no severance compensation.

1.1.3 Other information regarding remuneration

Remuneration accruing to Martin Bouygues and Olivier Bouygues is paid by SCDM, which then invoices Bouygues pursuant to the agreement governing relations between Bouygues and SCDM, approved under the regulated agreements procedure.

1.2 Table 1 – Overview of remuneration, benefits in kind and options granted to the two executive directors in 2011

(€)	M. Bouygues Chairman and CEO		O. Bouygues Deputy CEO	
	2010	2011	2010	2011
Remuneration owing in respect of the year (see breakdown in table 2)	2,421,235	2,419,525	1,329,153	1,335,605
Value of options granted in the year[a]	248,000	0	139,500	0
Value of performance shares in the year[b]	0	0	0	0
Total	**2,669,235**	**2,419,525**	**1,468,653**	**1,335,605**
YoY change		**-9%**		**-9%**

(a) Book value at the grant date, i.e. €1.55 per option for options granted in 2010. No options were granted in 2011
(b) The company granted no performance shares

1.3 Table 2 – Remuneration of the two executive directors

Position and years in the Group		Remuneration[a]	Amounts[b] in respect of FY2010 (€) Due[c]	Amounts[b] in respect of FY2010 (€) Paid	Amounts[b] in respect of FY2011 (€) Due[c]	Amounts[b] in respect of FY2011 (€) Paid	Variable remuneration criteria (FY2011)[f]
M. Bouygues	Chairman and CEO 38 years	Fixed	920,000	920,000	920,000	920,000	> Increase in current operating profit (50%). > Change in consolidated net profit[g] versus the Plan (25%). > Change in consolidated net profit[g] versus 2010 (25%). > Free cash flow before changes in working capital (50%).
		- Change	0%		0%		
		Variable	1,380,000	1,380,000	1,380, 000	1,380,000	
		- Change	0%		0%		
		- % variable/fixed[d]	150%		150%		
		- Ceiling[e]	150%		150%		
		Exceptional remuneration	0	0	0	0	
		Directors' fees	73,900	73,900	73,900	73,900	
		Benefits in kind	47,335	47,335	45,625	45,625	
		Total	**2,421,235**	**2,421,235**	**2,419,525**	**2,419,525**	
O. Bouygues	Deputy CEO 38 years	Fixed	500,000	500,000	500,000	500,000	> Increase in current operating profit (50%). > Change in consolidated net profit[g] versus the Plan (25%). > Change in consolidated net profit[g] versus 2010 (25%). > Free cash flow before changes in working capital (50%).
		- Change	0%		0%		
		Variable	750,000	750,000	750,000	750,000	
		- Change	0%		0%		
		- % variable/fixed[d]	150%		150%		
		- Ceiling[e]	150%		150%		
		Exceptional remuneration	0	0	0	0	
		Directors' fees	67,499	67,499	73,950	73,950	
		Benefits in kind	11,654	11,654	11,655	11,655	
		Total	**1,329,153**	**1,329,153**	**1,335,605**	**1,335,605**	
Total executive directors			**3,750,388**	**3,750,388**	**3,755,130**	**3,755,130**	
Change			**0%**		**0%**		

(a) No remuneration other than that mentioned in the table was paid to the executive directors by companies in the Group
(b) 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 component allocated for a financial year is actually paid in the first quarter of the following year
(c) Amounts due – Change: the percentages inserted under the fixed and variable remuneration show variations relative to the previous financial year
(d) Variable remuneration expressed as a percentage of fixed remuneration
(e) Variable remuneration ceiling, set as a percentage of fixed remuneration
(f) Variable remuneration criteria: the portion expresses the weighting of the criterion when determining total variable remuneration
(g) Consolidated net profit = consolidated net profit (attributable to the Group) of Bouygues

1.4 Table 3 – Directors' fees

The Annual General Meeting of 24 April 2003 set the total amount of directors' fees to be allocated to corporate officers and directors of Bouygues at €700,000 each year, leaving it to the Board's discretion as to how this amount should be split.

The amounts of the directors' fees are as follows:

Chairman and CEO	€50,000
Directors	€25,000
Member of the Accounts Committee	€14,000
Member of another committee (Remuneration, Selection, Ethics and Sponsorship)	€7,000

Attendance is now taken into account in the payment of directors' fees. These now include a variable component (50% of the total) that is reduced if the director is absent from any of the five Board meetings where the financial statements and business plan are reviewed or from a committee meeting.

The table below shows the directors' fees paid for participation on the Board of Directors and on one or more committees.

(€)		Origin (Notes 1 and 2)	2010	2011
M. Bouygues	Chairman and CEO	Bouygues	50,000	50,000
		Subsidiaries	23,900	23,900
O. Bouygues	Deputy CEO	Bouygues	25,000	25,000
		Subsidiaries	42,499	48,950
Sub-total for executive directors		Bouygues	75,000	75,000
		Subsidiaries	66,399	72,850
		Total	141,399	147,850
P. Barberis	Director	Bouygues	25,000 7,000	25,000 7,000
P. Barbizet	Director	Bouygues	25,000 21,000	25,000 21,000
		Subsidiaries	30,587	32,900
F. Bertière	Director	Bouygues	25,000	25,000
		Subsidiaries	20,000	20,000
Mrs F. Bouygues	Director	Bouygues	21,875	17,500
G. Chodron de Courcel	Director	Bouygues	21,875 12,250	25,000 12,600
L. Douroux	Director	Bouygues	25,000 7,000	22,500 7,000
Y. Gabriel	Director	Bouygues	25,000	25,000
P. Kron	Director	Bouygues	21,875	25,000
H. Le Bouc	Director	Bouygues	25,000	25,000
		Subsidiaries	20,000	20,000
C. Lewiner	Director	Bouygues	18,750	22,500
		Subsidiaries	-	-
H. le Pas de Sécheval	Director	Bouygues	25,000 14,000	25,000 14,000
S. Nombret	Director	Bouygues	18,750	25,000
N. Paolini	Director	Bouygues	25,000	25,000
		Subsidiaries	31,000	31,000
J. Peyrelevade	Director	Bouygues	18,750 7,000	25,000 7,000
F.-H. Pinault	Director	Bouygues	25,000 14,000	25,000 14,000
M. Vilain	Director	Bouygues	18,750	25,000
Sub-total for Directors (Note 3)		Bouygues	447,875	470,100
		Subsidiaries	101,587	103,900
		Total	549,462	574,000
Total directors' fees Executive Directors + Directors (Note 3)		**Bouygues**	**558,875**	**545,100**
		Subsidiaries	**167,986**	**176,750**
		Total	**726,867**	**721,850**

Note 1: Bouygues = directors' fees paid in respect of participation on the Board of Bouygues. The first line shows directors' fees paid for attending Board meetings; the second line shows directors' fees paid for participation in one or more committees.

Note 2: Subsidiaries = directors' fees paid by Group companies, within the meaning of Article L. 233-16 of the Commercial Code, i.e. mainly Colas, Bouygues Telecom and TF1.

Note 3: The grand total for FY2010 include directors' fees paid to:
- *Charles de Croisset who received €9,375 in 2010 from Bouygues;*
- *Jean-Michel Gras who received €12,000 in 2010 from Bouygues and for participation in the Ethics and Sponsorship Committee;*
- *Thierry Jourdaine who received €14,625 in 2010 from Bouygues and for participation in the Accounts Committee.*

These directors left the Board in 2010.

Note 4: Alain Pouyat, non-voting director, receives directors' fees of €25,000 per year. He also received directors' fees of €36,400 for serving as a director of Group subsidiaries.

1.5 Other remuneration

1.5.1 Remuneration of salaried directors

The principles and rules for determining the remuneration of salaried directors, including François Bertière, Yves Gabriel, Hervé Le Bouc and Nonce Paolini, each of whom is in charge of one of the Group's businesses, are the same as those used to calculate the remuneration of the two executive directors. However, the criteria for determining variable remuneration take into account the specifics of the business concerned.

Qualitative criteria are also used to determine these directors' variable remuneration.

The criteria for determining variable remuneration are as follows:

- change in the consolidated net profit (attributable to the Group) of Bouygues;

- change, relative to the plan, in the consolidated net profit (attributable to the Group) of the subsidiary managed by the corporate officer (Bouygues Construction, Bouygues Immobilier, Colas or TF1);
- change in the consolidated net profit (attributable to the Group) of the subsidiary managed in relation to the preceding year;

These quantitative objectives have been calculated precisely but are not publicly disclosed for confidentiality reasons.

- qualitative criteria: four pre-established qualitative criteria, which are not publicly disclosed for confidentiality reasons.

On the recommendation of the Remuneration Committee, the Board decided in early 2009 to place greater emphasis on these qualitative criteria, since the performance of senior executives during periods of crisis should be measured by more than financial results.

Remuneration paid by Bouygues is invoiced to the subsidiary managed by the senior executive (F. Bertière: Bouygues Immobilier; Y. Gabriel: Bouygues Construction; H. Le Bouc: Colas; N. Paolini: TF1).

1.5.2 Salaried directors representing employee shareholders

The salary paid to the two directors who represent employee shareholders and who have an employment contract with Bouygues or one of its subsidiaries is not disclosed.

1.5.3 Remuneration of salaried directors

See table.

Position and years of service in the Group		Remuneration[a]	Amounts[b] in respect of FY2010 (€[b])		Amounts[b] in respect of FY2011 (€[b])	
			Due[c]	Paid	Due[c]	Paid
F. Bertière	Director 27 years	Fixed - Change	920,000 0%	920,000	920,000 0%	920,000
		Variable - Change - % variable/fixed[d] - Ceiling[e]	1,236,204 +19.5% 134% 150%	1,034,632	1,380,000 +11.6% 150% 150%	1,236,204
		Exceptional remuneration	0	0	0	0
		Directors' fees	45,000	45,000	45,000	45,000
		Benefits in kind	4,944	4,944	4,944	4,944
		Total	**2,206,148**	**2,004,576**	**2,349,944**	**2,206,148**
Y. Gabriel	Director 37 years	Fixed - Change	920,000 0%	920,000	920,000 0%	920,000
		Variable - Change - % variable/fixed[d] - Ceiling[e]	972,716 -29.5% 106% 150%	1,380,000	1,380,000 +41.9% 150% 150%	972,716
		Exceptional remuneration	0	0	0	0
		Directors' fees	25,000	25,000	25,000	25,000
		Benefits in kind	8,652	8,652	9,704	9,704
		Total	**1,926,368**	**2,333,652**	**2,334,704**	**1,927,420**
H. Le Bouc	Director 34 years	Fixed - Change	920,000 0%	920,000	920,000 0%	920,000
		Variable - Change - % variable/fixed[d] - Ceiling[e]	650,716 -27.7% 71% 150%	900,000	1,380,000 +112% 150% 150%	650,716
		Exceptional remuneration	0	0	0	0
		Directors' fees	45,000	45,000	45,000	45,000
		Benefits in kind	4,099	4,099	4,100	4,100
		Total	**1,619,815**	**1,869,099**	**2,349,100**	**1,619,816**
N. Paolini[f]	Director 23 years	Fixed - Change	TF1 700,000 Bouygues 290,000 +17.16%	990,000	920,000 -7%	920,000
		Variable - Change - % variable/fixed[d] - Ceiling[e]	1,050,000 +106% 150% 150%	510,230	936,284 -11% 101.77% 150%	1,050,000
		Exceptional remuneration	0	0	0	0
		Directors' fees	56,000	56,000	56,000	56,000
		Benefits in kind	5,037	5,037	5,037	5,037
		Total	**2,101,037**	**1,561,267**	**1,917,321**	**2,031,037**

(a) No remuneration other than that mentioned in the table was paid to corporate officers by companies in the Group

(b) 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 remuneration allocated for a financial year is actually paid in the first quarter of the following year

(c) Amounts due – Change: the percentages inserted under the fixed and variable remuneration show variations relative to the previous financial year

(d) Variable remuneration expressed as a percentage of fixed remuneration

(e) Variable remuneration ceiling, set as a percentage of fixed remuneration

(f) The fixed remuneration of Nonce Paolini in 2010 was composed of his fixed remuneration as Chairman and Chief Executive Officer of TF1 (€700,000) and the remuneration for the Group task assigned to him by Bouygues (€290,000). See 2010 Registration Document, page 196.

1.6 2012 financial year

The Board of Directors has decided that none of the above rules will be changed for 2012.

2 • 2011 REPORT ON STOCK OPTIONS AND PERFORMANCE SHARES

Report required under Articles L. 225-184 and L. 225-197-4 of the Commercial Code.

This chapter contains the reports required under the Commercial Code and the tables recommended by the Afep/Medef Corporate Governance Code of December 2008 or by the AMF Recommendation of 22 December 2008 (updated on 10 December 2009) concerning the information to be provided in registration documents concerning the remuneration of corporate officers.

2.1 Principles and rules for granting stock options and bonus shares

The eleventh resolution of the Combined Annual General Meeting of 24 April 2008 authorised the Board of Directors on one or more occasions to grant options conferring the right to subscribe new shares or to purchase existing shares. This authorisation, granted for thirty-eight months, requires the beneficiaries of these options to be employees and/or corporate officers of Bouygues or of companies or economic interest groupings directly or indirectly associated with Bouygues under the terms of Article L. 225-180 of the Commercial Code.

The nineteenth resolution of the Combined Annual General Meeting on 29 April 2010 also authorised the Board of Directors to grant on one or more occasions existing or future shares for free. This authorisation, granted for thirty-eight months, requires the beneficiaries of these bonus shares to be employees and/or corporate officers of Bouygues or of companies or economic interest groupings directly or indirectly associated with Bouygues under the terms of Article L. 225-197-2 of the Commercial Code.

To date, the Board of Directors has not made use of the authorisations granted by the Annual General Meeting to allot bonus shares or grant options to purchase shares. All of the options granted have been to subscribe for shares.

2.1.1 General rules applicable to grants of stock options and bonus shares

The Board of Directors has taken into account the Afep/Medef's January 2007 recommendations as well as the recommendations published on 6 October 2008.

The Board of Directors also decided in 2010 to adopt AMF Recommendation No. 2010-07, "Guide to preventing insider misconduct by executives of listed companies".

It should be noted that:

> Stock options or bonus shares are granted to help attract senior executives and employees, secure their loyalty, reward them and give them a medium- and long-term interest in the company's development, in light of their contribution to value creation;

> More than 1,000 senior executives and employees are beneficiaries under each plan. The beneficiaries are selected and individual allotments are decided by reference to each beneficiary's responsibility and performance, with particular attention being paid to executives with potential.

> In the case of stock options, no discount is applied;

> A ceiling has been set to prevent a significant increase in the size of stock option plans when the market is falling. This ceiling has been set at 15% of the volume of the previous plan;

> At its meeting on 2 December 2010, the Board of Directors changed the periods during which senior executives and employees are prohibited from selling shares arising from the exercise of stock options:

- for the thirty calendar days immediately preceding the publication of the first-quarter and third-quarter financial statements and those for the first half and full year as well as on the day these statements are publicly disclosed;
- for the fifteen calendar days immediately preceding the publication of Bouygues' quarterly sales figures and on the day this information is publicly disclosed.

The Board of Directors reiterated that this obligation to refrain from selling shares arising from the exercise of stock options was also to be observed during the period in which a senior executive or employee was privy to confidential information and on the day this information is publicly disclosed.

> The frequency of allotments and the period of the year in which these allotments must be made were defined. The Board of Directors had previously decided that barring an exceptional decision to the contrary, stock options would be granted each year after the publication of the full-year financial statements for the previous financial year. This rule has been amended. Most Group companies now calculate their senior managers' variable remuneration after the financial year-end, when they also determine the remuneration to be paid for the forthcoming year. It therefore seemed more relevant to grant options in May or June, i.e. after the closing of the first-quarter financial statements, barring exceptional decisions;

> In addition to these measures, several internal rules were laid down and disseminated to prevent breaches of insider trading policy or insider trading offences: the drawing up of a list of people having access to inside information; a reminder of the three abstention obligations; information concerning stock market laws; and a recommendation concerning the setting-up of a share trading plan.

2.1.2 Specific rules applicable to corporate officers

The rules of procedure of the Board of Directors include the following:

> Stock options or bonus shares shall not be granted to senior executives leaving the company.

> Speculative trades and risk-hedging transactions relating to the exercise of stock options or the sale of bonus shares are forbidden; to the company's knowledge, no hedges have been put in place by corporate officers.

> Executive directors and salaried directors who wish to sell shares acquired through the exercise of stock options or sell bonus shares should obtain confirmation from the Group Ethics Officer that they do not hold inside information.

> The value must not exceed the value of the stock options allocated to a corporate officer, which is capped at 100% of his remuneration.

> A ceiling is set on allotments to the Chairman and CEO (a maximum of 5% of an allotment plan) and to the Deputy CEO (a maximum of 2.5% of an allotment plan).

> Performance criteria are set for the executive directors at the time of the allotment (consolidated net profit attributable to the Group earned during the year preceding the allotment)

and the exercise of options (consolidated net profit attributable to the Group earned in each of the four years preceding the exercise of the options).

- When stock options or bonus shares are granted, the Board of Directors shall set the number of bonus shares or exercise option shares that executive directors are required to retain until the expiry of their term of office. This provision was implemented for stock options granted in 2008, 2009 and 2010 (in 2011, at their request, the executive directors were not granted stock options or performance shares). The Board set the number of shares obtained from the exercise of stock options that executive directors are required to hold in registered form either directly or through a company. The percentage of shares they must keep from the 2008, 2009 and 2010 plans is 25% of the shares that remain after selling the number of shares required to cover the costs of exercising the options and paying any related taxes or social charges.
- Declaration to the Board of Directors of transactions performed.
- The rules of procedure note that the AMF recommends executives to set up share trading plans.

2.1.3 General information: stock option characteristics

All the stock options granted by the Board of Directors in 2011 have the following characteristics:

- Exercise price: the average of the opening prices quoted on the 20 trading days prior to the option grant, with no discount.
- Validity period: seven years and six months from the date the stock options are granted.
- Lock-up period: four years from the date the stock options are granted.
- Exercise period: three and six months after expiry of the lock-up period (with three exceptions where stock options may be exercised at any time during the seven years: stock options exercised by heirs within six months of death of a beneficiary; change of control of Bouygues or cash tender or exchange offer relating to Bouygues; exercise of stock options in accordance with Article L. 3332-25 of the Labour Code, using assets acquired under a Group savings plan).
- Automatic cancellation if the employment contract or appointment as corporate officer is terminated, unless given special authorisation, or in the case of invalidity, departure or retirement.

2.2 Stock options granted to or exercised by executive directors and salaried directors in 2011

Options for new Bouygues shares were granted in 2011. On 16 May 2011, the Board of Directors decided to make a grant on 14 June 2011 of 2,936,125 options to 1,083 beneficiaries who are corporate officers or employees of the company or companies in the Bouygues group.

The exercise price was set at €31.84 per share subscribed. As a result of the share repurchase tender offer organised in the second half of 2011, the exercise price and number of these options were adjusted in accordance with law. The post-offer exercise price is now €31.43. The number of options in the 2011 plan was increased to 2,974,497.

The value of each stock option was €1.38 at the grant date, estimated in accordance with the method used for the consolidated financial statements.

This stock option plan represented 0.80% of the company's share capital at 31 December 2010[1].

(1) Share capital of Bouygues at 31 December 2010: 365,862,523 shares

2.2.1 Table 4 – Options granted to executive directors and salaried directors of Bouygues

Martin Bouygues and Olivier Bouygues asked the Board of Directors not to grant options to the two executive directors in 2011.

Executive directors	Company granting the options	Grant date	Number of options	Exercise price (€)
Martin Bouygues	Bouygues	-	0	-
Olivier Bouygues	Bouygues	-	0	-
		Total	**0**	

Options were granted to salaried directors.

Before the share repurchase tender offer:

Salaried directors	Company granting the options	Grant date	Number of options	Exercise price (€)
François Bertière	Bouygues	14 June 2011	97,000	31.84
Yves Gabriel	Bouygues	14 June 2011	97,000	31.84
Hervé Le Bouc	Bouygues	14 June 2011	97,000	31.84
Nonce Paolini	Bouygues	14 June 2011	97,000	31.84
		Total	**388,000**	

Adjustments arising from the share repurchase tender offer:

Salaried directors	Company granting the options	Grant date	Number of options	Exercise price (€)
François Bertière	Bouygues	14 June 2011	98,257	31.43
Yves Gabriel	Bouygues	14 June 2011	98,257	31.43
Hervé Le Bouc	Bouygues	14 June 2011	98,257	31.43
Nonce Paolini	Bouygues	14 June 2011	98,257	31.43
		Total	**393,028**	

2.2.2 Table 5 – Stock options exercised by executive directors and salaried directors of Bouygues in 2011

Executive director	Company granting the options	Plan	Number of options exercised	Exercise price (€)
Olivier Bouygues	Bouygues	15 March 2004	117,690	25.15

No salaried directors exercised their options in 2011.

2.3 Performance (bonus) shares

2.3.1 Table 6 – Performance shares granted to each executive director

No performance shares were granted by the company.

2.3.2 Table 7 – Performance shares that became available during the year for each executive director

No performance shares became available during the year as no such shares had been granted by the company.

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2.4 Summary of outstanding stock option plans

2.4.1 Table 8 – Breakdown of stock options for each plan and category of beneficiary

	2005	2006	2007	2008	2009	2010	2011
Date of AGM	28/04/2005	28/04/2005	28/04/2005	28/04/2005	24/04/2008	24/04/2008	21/04/2011
Grant date	21/06/2005	05/09/2006	05/06/2007	26/02/2008	03/03/2009	30/06/2010	14/06/2011
Number of stock options granted by the Board	3,102,500	3,700,000	4,350,000	4,390,000	4,672,200	4,145,650	2,974,497[d]
- o/w to executive directors and salaried directors[a][b]	500,000	750,000	850,000	750,000	900,000	770,000	393,028[d]
	O. Bouygues Y. Gabriel	M. Bouygues O. Bouygues Y. Gabriel F. Bertière	M. Bouygues O. Bouygues Y. Gabriel F. Bertière	M. Bouygues O. Bouygues Y. Gabriel F. Bertière H. Le Bouc N. Paolini	M. Bouygues O. Bouygues Y. Gabriel F. Bertière H. Le Bouc N. Paolini	M. Bouygues O. Bouygues Y. Gabriel F. Bertière H. Le Bouc N. Paolini	Y. Gabriel F. Bertière H. Le Bouc N. Paolini
- o/w to ten employees of the company	347,000	356,000	530,000	470,000	520,000	534,000	409,441[d]
Pre-adjustment exercise price	€31.34	€40.00	€63.44	€43.23	€25.95	€34.52	€31.84
Post-adjustment exercise price[c]	€30.94	€39.49	€62.63	€42.68	€25.62	€34.08	€31.43
Start of exercise period	21/06/2009	05/09/2010	05/06/2011	31/03/2012	01/04/2013	30/06/2014	14/06/2015
End of exercise period	20/06/2012	04/09/2013	04/06/2014	30/09/2015	30/09/2016	30/12/2017	14/12/2018
Options outstanding at 31/12/2011	2,744,973	3,514,341	4,205,899	4,228,371	4,564,926	4,138,961	2,974,497[d]
Total							**26,371,968**

(a) Total options granted, including to salaried directors who left the Board in 2009
(b) Including only executive directors and salaried directors currently in office
(c) In accordance with law, the exercise prices and the number of options granted were adjusted on 7 January 2005 because of an exceptional payout and again on 15 November 2011 following the share repurchase tender offer
(d) After the number of options was adjusted on 15 November 2011 following the share repurchase tender offer

2.5 Stock options granted to or exercised by the ten employees having received or exercised the most options in 2011

2.5.1 Table 9 – Stock options granted to the ten Bouygues employees (not corporate officers) having received the largest number of options in 2011

Before the share repurchase tender offer

Employee	Company granting the options	Grant date	Number of options	Exercise price (€)
Jacques Bernard	Bouygues	14 June 2011	18,000	31.84
Michel Buxeraud	Bouygues	14 June 2011	9,700	31.84
Georges Colombani	Bouygues	14 June 2011	18,000	31.84
Emmanuel Forest	Bouygues	14 June 2011	13,500	31.84
Jean-François Guillemin	Bouygues	14 June 2011	33,000	31.84
Philippe Marien	Bouygues	14 June 2011	97,000	31.84
Alain Pouyat	Bouygues	14 June 2011	67,000	31.84
Olivier Roussat	Bouygues	14 June 2011	97,000	31.84
Jean-Claude Tostivin	Bouygues	14 June 2011	33,000	31.84
Gilles Zancanaro	Bouygues	14 June 2011	18,000	31.84
		Total	**404,200**	

Adjustments arising from the share repurchase tender offer:

Employee	Company granting the options	Grant date	Number of options	Exercise price (€)
Jacques Bernard	Bouygues	14 June 2011	18,234	31.43
Michel Buxeraud	Bouygues	14 June 2011	9,826	31.43
Georges Colombani	Bouygues	14 June 2011	18,234	31.43
Emmanuel Forest	Bouygues	14 June 2011	13,675	31.43
Jean-François Guillemin	Bouygues	14 June 2011	33,428	31.43
Philippe Marien	Bouygues	14 June 2011	98,257	31.43
Alain Pouyat	Bouygues	14 June 2011	67,868	31.43
Olivier Roussat	Bouygues	14 June 2011	98,257	31.43
Jean-Claude Tostivin	Bouygues	14 June 2011	33,428	31.43
Gilles Zancanaro	Bouygues	14 June 2011	18,234	31.43
		Total	**409,441**	

2.5.2 Table 9 a – Stock options exercised in 2011 by the ten Bouygues employees having exercised the largest number of options

Employee	Company granting the options	Grant date	Number of options	Exercise price (€)
Olivier Roussat	Bouygues	15 March 2004	4,708	25.15
Alain Moluschi	Bouygues	15 March 2004	4,500	25.15
Christine Marie Bonin	Bouygues	15 March 2004	2,943	25.15
Philippe Metges	Bouygues	15 March 2004	854	25.15
		Total	**13,005**	

In 2011, 515,814 Bouygues stock options were exercised by employees of Bouygues or one of its subsidiaries, other than the executive directors, the salaried directors and the ten employees listed above.

3 • OTHER INFORMATION ON THE EXECUTIVE DIRECTORS

Table 10 – Executive directors: restrictions on combining positions as corporate officer with employment contract – supplementary retirement benefits – severance compensation – non-competition indemnities

Executive directors	Employment contract		Supplementary pension scheme[a]		Severance compensation or benefits due or likely to be due on termination or change of office[b]		Indemnities relating to non-competition clause	
	yes	no	yes	no	yes	no	yes	no
Martin Bouygues Chairman and CEO		X	X[a]			X[b]		X
Olivier Bouygues Deputy CEO		X	X[a]			X[b]		X

(a) Additional retirement provision
Members of the Group's management committee receive an additional retirement provision set at 0.92% of the reference salary (average of the best three years) per year in the scheme. Benefits are capped at eight times the social security ceiling (i.e. around €291,000 at the date of this report). Entitlement is acquired only after ten years' service with the Group. The Group does not have to set aside provisions for 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.

(b) 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 executive directors leave the company. No such commitment or undertaking has been entered into as regards salaried directors. However, salaried directors are covered by 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. Yves Gabriel, François Bertière, Hervé Le Bouc and Nonce Paolini are eligible for such compensation.

Share ownership

1 • CHANGES IN SHARE OWNERSHIP OVER THE LAST THREE YEARS

Situation at 31 December 2011[a]				
Shareholder	Number of shares	% of capital	Number of voting rights[b]	% of voting rights
SCDM[c]	66,374,020	21.08	130,022,232	29.55
Bouygues employees[d]	73,471,908	23.33	123,587,833	28.09
Other French shareholders	61,224,374	19.45	72,585,330	16.50
Other foreign shareholders	113,690,777	36.11	113,690,777	25.84
Bouygues	108,000[f]	0.03	108,000[g]	0.02
Total	**314,869,079**	**100**	**439,994,172**	**100**

Situation at 31 December 2010				
Shareholder	Number of shares	% of capital	Number of voting rights[b]	% of voting rights
SCDM[c]	66,256,330	18.11	131,853,952	27.30
Bouygues employees[d]	69,459,570	18.99	109,095,706	22.59
Other French shareholders	77,970,139	21.31	89,870,654	18.60
Alliance Bernstein	17,869,767[e]	4.88	17,869,767	3.70
Other foreign shareholders	129,486,523	35.39	129,486,523	26.81
Bouygues	4,820,194[f]	1.32	4,820,194[g]	1.00
Total	**365,862,523**	**100**	**482,996,796**	**100**

Situation at 31 December 2009				
Shareholder	Number of shares	% of capital	Number of voting rights[b]	% of voting rights
SCDM[c]	65,839,335	18.58	128,798,107	27.17
Bouygues employees[d]	64,831,208[d]	18.30	110,173,300	23.23
Other French shareholders	99,947,124	28.21	111,504,376	23.52
Other foreign shareholders	121,471,744	34.29	121,471,744	25.62
Bouygues	2,178,500[f]	0.62	2,178,500[g]	0.46
Total	**354,267,911**	**100**	**474,126,027**	**100**

(a) Based on a survey of identifiable bearer shares as at 31 December 2011: 295 million shares identified
(b) In accordance with Article 223-11 of the AMF General Regulation, the total number of voting rights is calculated on the basis of all shares with voting rights attached, including those of which the voting rights have been suspended
(c) SCDM is a simplified limited company controlled by Martin Bouygues and Olivier Bouygues. This figure includes shares owned directly by Martin Bouygues and Olivier Bouygues
(d) Shares owned by employees under company savings schemes
(e) Based on a declaration of the passing of an ownership threshold on 28 June 2010
(f) Treasury shares held under share buyback programmes and the liquidity contract
(g) Voting rights attached to shares held by Bouygues are suspended

The company is not aware of any shareholder, other than those shown in the table above, holding more than 5% of the capital or voting rights.

Significant changes in share ownership

The main changes in share ownership since 31 December 2010 are as follows:

> Under the terms of a share repurchase tender offer announced on 30 August 2011, Bouygues acquired 41,666,666 of its own shares, which it subsequently cancelled (see page 75 of this Registration Document).

> The interest in the capital held by SCDM increased from 18.11% to 21.08%. SCDM did not tender its shares to the share repurchase tender offer, and the number of shares held by SCDM is virtually unchanged relative to 31 December 2010. The share of voting rights held by SCDM rose from 27.30% to 29.55%.

> The interest held by employees rose from 18.99% to 23.33%. The employee share ownership funds (FCPEs) tendered shares into the offer and reinvested the entire proceeds in Bouygues shares. The share of voting rights held by employees increased from 22.59% to 28.09% as a result of the cancellation of shares subsequent to the share repurchase tender offer and qualification for double voting rights.

> On 2 June 2011, Alliance Bernstein passed below the 5% share ownership threshold[a].

(a) Based on a declaration made on 9 June 2011

2 • VOTING RIGHTS

The terms on which the principal shareholders of Bouygues hold voting rights are no different from those enjoyed by the other shareholders. They are entitled, on the same terms as the other shareholders, to double voting rights subject to the conditions specified in Article 12 of the by-laws, the terms of which are reproduced below in the *Legal information* section.

3 • CONTROL

As of 31 December 2011, Martin Bouygues and Olivier Bouygues held 29.55% of the voting rights, either directly or via the simplified limited company SCDM, which gives them significant power at general meetings (35.79% of the voting rights exercised at the 2011 Annual General Meeting), given the number of voting rights actually exercised.

As indicated in the Chairman's report on corporate governance, the Board of Directors and Board committees include a significant proportion of independent directors.

4 • SHAREHOLDER AGREEMENTS

The shareholder agreement between SCDM and Artémis signed on 4 December 1998 was terminated on 24 May 2006, when the Artémis group passed below the thresholds of 5% of the capital and voting rights of Bouygues.

As far as the company is aware, no shareholder agreement relating to the company's capital has existed since that date and no agreement exists which could, if activated, result in a future change in control of Bouygues.

Stock market information

1 • STOCK MARKET PERFORMANCE IN 2011

Bouygues shares are listed on the Euronext Paris market (compartment A) and belong to 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 314,869,079 shares in issue on 31 December 2011.

The average number of shares in issue during 2011 was 349,686,165.

The average daily volume traded during 2011, as reported on Euronext, was 1,817,599.

During 2011, the Bouygues share price fell by 25% (versus 17% for the CAC 40). Trends in the share price during the year went through three phases:

> From the start of the year to the first-quarter results announcement, Bouygues shares rose by 5%, tracking the rise in the CAC 40.

> Following the first-quarter results announcement, the share price underperformed the index: the CAC 40 lost 21% between 16 May and 30 August 2011, while over the same period the Bouygues share price fell by 32%.

> From the announcement of the share repurchase tender offer on 30 August 2011 and until 31 December 2011, Bouygues shares outperformed the CAC 40, gaining 5.5% while the index remained flat.

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	Number of shares	Dividend paid for the year (€)	Quoted market price (€)			Dividend yield based on closing price (%)
		Net	High	Low	Closing	
2007	**347,502,578**	1.50	67.43	48.42	57.00	2.6
2008	**342,818,079**	1.60	57.25	24.04	30.20	5.3
2009	**354,267,911**	1.60	37.76	21.77	36.43	4.4
2010	**365,862,523**	1.60	40.56	30.40	32.26	5.0
2011	**314,869,079**	1.60	35.05	20.88	24.35	6.6

On 28 February 2012, Bouygues shares were trading at €24.39.

2 • TRENDS IN SHARE PRICE AND TRADING VOLUMES

Bouygues share price over the last 18 months

	High (€)	Low (€)	Volume of shares traded	Capital traded (€m)
2010				
July	33.52	30.40	36,038,639	1,145
August	34.30	31.38	25,856,688	849
September	33.27	30.62	40,584,624	1,312
October	32.98	30.71	27,145,420	868
November	33.99	30.59	34,021,719	1,100
December	32.70	30.97	32,500,266	1,046
2011				
January	35.05	31.84	34,123,567	1,146
February	34.50	32.70	29,400,285	988
March	34.90	31.56	40,549,895	1,360
April	34.83	32.96	28,416,607	962
May	34.40	31.42	33,915,961	1,115
June	32.21	28.65	33,104,472	1,009
July	30.46	26.02	31,743,380	879
August	27.22	20.88	60,351,682	1,446
September	26.69	23.49	51,552,681	1,299
October	28.69	23.96	38,078,983	1,016
November	28.58	21.49	60,913,214	1,532
December	24.57	22.97	27,731,850	683

Source: NYSE - Euronext. Volumes traded are those reported on Euronext

3 • STOCK MARKET RULES AND PREVENTION OF INSIDER MISCONDUCT

Bouygues complies with AMF recommendation 2010-07 of 3 November 2010 (Guide to preventing insider misconduct by executives of listed companies).

3.1 Rules contained in the Group Code of Ethics

The Group Code of Ethics, distributed to all Bouygues group employees since 2006, includes a reminder that the dissemination of financial information and stock market trading by employees (whether in connection with the office they hold, or in a personal capacity) must comply with laws and regulations governing financial activities. It also reminds employees that the dissemination of inaccurate information, the disclosure or use of inside information, and share price manipulation are all subject to criminal penalties.

The Code of Ethics states that it is the responsibility of all employees to safeguard the confidentiality of information not in the public domain that might influence the price of Bouygues shares, or of any other listed securities issued by a Group company, until such information has been published by duly authorised persons. It also requires employees to refrain from trading in Bouygues shares, or any other securities issued by a Group company, for as long as such information has not been made public. Finally, it reminds employees that they are prohibited from using such information for direct or indirect personal gain, or to enable a third party to deal on the stock market.

If employees (especially those who hold inside information) have doubts or questions about such issues, they are encouraged by the Code of Ethics to raise them with the Group Ethics Officer, to ensure they are in compliance with ethical standards and with the rules that apply to the exercise of stock options and to any other transaction in securities issued by a Group company. Hence, the Group Ethics Officer fulfils the "compliance officer" role specified in the AMF recommendation of 3 November 2010.

The Group Code of Ethics can be consulted at www.bouygues.com in the "Group/Ethics and values" section.

3.2 Rules contained in the Code of Conduct for Directors and Non-Voting Directors

The Code of Conduct, included as Annex 1 to the Board of Directors Rules of Procedure, sets out the rules that apply to directors and non-voting directors on confidentiality (Article 9) and preventing insider misconduct (Article 10). These rules are largely based on the AMF recommendation of 3 November 2010.

The Code of Conduct is reproduced in full in the Chairman's Report on Corporate Governance and Internal Control, on pages 173-176 of this Registration Document. The full text of the Board of Directors Rules of Procedure can be consulted at www.bouygues.com, in the "Corporate Governance" section.

In terms of preventing insider misconduct, the Code of Conduct gives a clear and detailed description of the obligations of the Chairman, the Chief Executive Officer, Deputy Chief Executives, directors (whether natural persons or legal entities), and personal representatives of legal entities with a seat on the Board, together with their spouses (unless legally separated). Such persons are obliged to hold any shares issued by Bouygues, or listed shares issued by subsidiaries of Bouygues, that they own (or their children below the age of majority own) in registered form. They are also prohibited from disseminating and/or using inside information, from trading during closed periods, and from carrying out speculative or hedging transactions; and are obliged to declare any dealings in the company's shares. The Code of Conduct also states that corporate officers and salaried directors are under an obligation to consult the Group Ethics Officer prior to any trading in the shares of Bouygues or of any of its listed subsidiaries, and reminds directors and non-voting directors of the seriousness of the legal penalties for insider trading.

The Code of Conduct also reiterates the AMF recommendation that share trading plans be set up that enable senior executives to benefit, subject to certain conditions specified by the AMF, from a presumption that they have not committed insider trading. It encourages each director and non-voting director to consider the benefits of setting up such a plan for himself/herself, which could continue to operate during the closed periods described below.

3.3 Insider lists

Article L.621-18-4 of the French Monetary and Financial Code requires listed companies to keep an up-to-date list, made available for consultation by the AMF, of persons working for the company who have access to inside information relating directly or indirectly to the company, and of third parties acting in the name of or on behalf of the company who have access to inside information in the course of their professional relations with the company.

In accordance with Article 223-27 of the AMF General Regulation, Bouygues keeps an up-to-date list, which is made available for consultation by the AMF, of persons identified as insiders per the criteria specified in Article L.621-18-2 of the Monetary and Financial Code. The company informs such persons that they are on this list, by registered letter with acknowledgment of receipt. This letter also informs them of the obligation of insiders not to trade in the company's shares if they hold inside information, not to recommend a third party to use inside information, and not to disclose inside information other than in the course of their duties. A calendar indicating closed periods for the current year is attached to the letter, along with an extract from the AMF General Regulation dealing with inside information.

This insider list is made available for consultation by the AMF for a period of five years, as required by the AMF General Regulation.

Persons on the insider list are also informed by registered letter with acknowledgment of receipt if their name is removed from the list. The letter also informs such persons that the company is obliged to keep the list that includes their name for at least five years.

3.4 Closed periods

In line with AMF recommendations, Bouygues draws up a calendar every year showing closed periods during which directors, corporate officers and equivalents, and any person with regular or occasional access to inside information is prohibited from trading in the company's shares. This calendar is posted on the corporate intranet no later than the start of the year to which it relates. It is also sent annually to all persons on the insider list, with a letter reminding them of their obligation to refrain from trading during these periods.

The closed periods calendar can be consulted on the corporate intranet at any time by those concerned.

Directors, corporate officers and equivalents are also sent a reminder by e-mail before the start of each closed period.

In line with AMF recommendations, the closed periods are:

- the 30 calendar days preceding publication of the full-year, first-half and quarterly financial statements of Bouygues, plus the date of publication;
- the 15 calendar days preceding publication of quarterly sales figures, plus the date of publication;
- any period during which the person concerned has inside information, plus the date of publication of such information.

Under Article L.225-197-1 of the French Commercial Code, any shares allotted free of consideration (which does not currently apply to Bouygues) may not be sold:

- during the ten trading days following publication of the consolidated financial statements;
- during the ten trading days following publication of inside information.

3.5 Transactions in Bouygues shares by directors, corporate officers and persons referred to in Article L. 621-18-2 of the Monetary and Financial Code

Under Article L.621-18-2 of the French Monetary and Financial Code and Article 223-22 of the AMF General Regulation, directors and corporate officers are required to file an electronic declaration with the AMF if they acquire, sell, subscribe for or exchange shares of the company in which they hold office, or in related financial instruments. This declaration must be filed within the five trading days following the transaction. Under Article 223-23 of the AMF General Regulation, transactions of a cumulative amount of no more than €5,000 in the current calendar year do not have to be disclosed.

This declaration obligation applies to directors and corporate officers, and to any person within the company who has the power to make decisions regarding the company's development and strategy and has access to inside information. it also applies to people with close personal links to such persons.

Article 223-24 of the AMF General Regulation requires listed companies to keep an up-to-date list of persons equivalent to directors and corporate officers, and to communicate this list to the AMF and to the persons concerned.

Since 2005, Bouygues has kept such a list, which it communicates simultaneously to the persons concerned and to the AMF.

Each person concerned is informed by registered letter with acknowledgment of receipt that they are on the list, of the rules that apply to the holding, disclosure and use of inside information, and of the penalties for violations of such rules.

Whenever the list is updated, the new list is sent to the AMF by e-mail. It is retained by the company for the five-year period required under the AMF General Regulation.

If a person is removed from the list, he or she is informed of the fact by registered letter with acknowledgment of receipt.

The table below discloses details of transactions carried out by directors, corporate officers or equivalent persons during 2011, as required by Article 223-26 of the AMF General Regulation.

Person involved	Transaction carried out	Nature of transaction	Number of transactions	Number of shares	Amount (€)
Philippe Bonnave	In a personal capacity	Exercise of options	1	12,946	325,591.90
Olivier Bouygues	In a personal capacity	Exercise of options	1	117,690	2,959,903.50
Éric Guillemin	In a personal capacity	Exercise of options	1	5,885	148,007.75
Olivier Roussat	In a personal capacity	Exercise of options	1 1	4,708 4,708	118,406.20 153,574.96

Share capital

1 • GENERAL INFORMATION

1.1 Share capital

The share capital of Bouygues at 31 December 2010 was €365,862,523, composed of 365,862,523 shares with a nominal value of €1 each.

> In 2011, 646,509 new shares were created following the exercise of stock options granted to Group executives and employees.

> On 30 August 2011, the Board cancelled 9,973,287 treasury shares.

> On 15 November 2011, the Board cancelled the 41,666,666 shares acquired through the share repurchase tender offer.

Consequently, the share capital of Bouygues at 31 December 2011 was €314,869,079, composed of 314,869,079 shares with a nominal value of €1 each.

The total number of voting rights[a] was 439,994,172 at 31 December 2011 (compared with 482,996,796 at 31 December 2010).

(a) Including non-voting shares, in accordance with the calculation methods set out in the AMF General Regulation

1.2 Changes in the share capital over the last five years

All amounts in euros.

Dates	Capital increases/reductions over the last 5 years	Amount of changes in share capital		Amount of share capital
		Nominal	Premiums and capitalisation of reserves	
1 January to 30 April 2007	Exercise of stock options for 916,501 shares	916,501	25,156,127	335,694,084
10 May 2007	Subscription by the Bouygues Partage employee share ownership plan of 6,371,520 shares	6,371,520	225,806,669	342,065,604
1 May to 30 November 2007	Exercise of stock options for 3,347,448 shares	3,347,448	117,506,137	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
31 December 2007	Subscription by the Bouygues Confiance 4 employee share ownership plan of 6,947,662 shares	6,947,662	293,052,383	347,340,946
1 December to 31 December 2007	Exercise of stock options for 161,632 shares	161,632	4,004,984	347,502,578
1 January to 31 May 2008	Exercise of stock options for 1,072,839 shares	1,072,839	30,161,529	348,575,417
3 June 2008	Cancellation of 6,952,935 shares bought back by the company	(6,952,935)	(321,937,158)	341,622,482
1 June to 31 December 2008	Exercise of stock options for 1,195,597 shares	1,195,597	34,383,665	342,818,079
1 January to 26 August 2009	Exercise of stock options for 1,277,142 shares	1,277,142	27,766,575	344,095,221
27 August 2009	Cancellation of 493,471 shares bought back by the company	(493,471)	(12,834,596)	343,601,750
27 August to 25 November 2009	Exercise of stock options for 1,004,779 shares	1,004,779	22,246,437	344,606,529
30 November 2009	Subscription by the Bouygues Partage 2 – five-year and Bouygues Partage 2 – ten-year employee share ownership plans of 9,881,360 shares	9,881,360	182,743,165	354,487,889
26 to 30 November 2009	Exercise of stock options for 2,500 shares	2,500	75,850	354,490,389
1 December 2009	Cancellation of 574,710 shares bought back by the company	(574,710)	(18,978,565)	353,915,679
1 December 2009 to 31 December 2009	Exercise of stock options for 352,232 shares	352,232	7,292,146	354,267,911
1 January 2010 to 30 November 2010	Exercise of stock options for 1,436,335 shares	1,436,335	28,235,345	355,704,246
30 December 2010	Subscription by the Bouygues Confiance 5 employee share ownership plan of 9,838,593 shares	9,838,593	240,160,055	365,542,839
1 to 31 December 2010	Exercise of stock options for 319,684 shares	319,684	7,721,569	365,862,523
1 January to 29 August 2011	Exercise of stock options for 418,473 shares	418,473	10,152,464	366,280,996
30 August 2011	Cancellation of 9,973,287 shares bought back by the company	(9,973,287)	(313,650,100)	356,307,709
31 August to 14 November 2011	Exercise of stock options for 228,036 shares	228,036	5,507,373	356,535,745
15 November 2011	Cancellation of 41,666,666 shares bought back by the company	(41,666,666)	(1,208,333,314)	314,869,079

1.3 Authorisations to increase or reduce the share capital or to buy back shares

In accordance with Article L. 225-100, paragraph 7 of the Commercial Code, the following table lists the current powers granted to the Board of Directors at Annual General Meetings, and the use made of those powers during the 2011 financial year.

Purpose	Maximum nominal amount	Expiry/Duration	Use of powers in 2011
Securities issues			
1. Increase share capital with pre-emptive rights for existing shareholders (AGM of 21 April 2011, Resolution 11)	- Capital increase: €150 million - Issue of debt securities: €5 billion	21 June 2013 (26 months)	Authorisation not used.
2. Increase share capital by incorporating share premiums, reserves or earnings into capital (AGM of 21 April 2011, Resolution 12)	€6 billion	21 June 2013 (26 months)	Authorisation not used.
3. Increase share capital by way of public offering without pre-emptive rights for existing shareholders (AGM of 21 April 2011, Resolution 13)	- Capital increase: €150 million[a] - Issue of debt securities: €5 billion[a]	21 June 2013 (26 months)	Authorisation not used.
4. Increase share capital through an offer falling within the scope of paragraph 2 of Article L. 411-2 of the Monetary and Financial Code ("private placements") (AGM of 21 April 2011, Resolution 14)	- Capital increase: 20% of the share capital[a] - Issue of debt securities: €5 billion[a]	21 June 2013 (26 months)	Authorisation not used.
5. Set the price for immediate or future public issues of equity securities or issues falling within the scope of Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders (AGM of 21 April 2011, Resolution 15)	10% of the share capital[a] in any 12-month period	21 June 2013 (26 months)	Authorisation not used.
6. Increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights for existing shareholders (AGM of 21 April 2011, Resolution 16)	15% of the initial issue[a]	21 June 2013 (26 months)	Authorisation not used.
7. Increase share capital as consideration for contributions in kind consisting of a company's shares or securities giving access to capital (AGM of 21 April 2011, Resolution 17)	10% of the share capital[a]	21 June 2013 (26 months)	Authorisation not used.
8. Increase share capital as consideration for securities tendered to a public exchange offer (AGM of 21 April 2011, Resolution 18)	- Capital increase: €150 million[a] - Issue of debt securities: €5 billion[a]	21 June 2013 (26 months)	Authorisation not used.
9. Issue shares following the issue by a Bouygues subsidiary of securities giving access to shares in Bouygues (AGM of 21 April 2011, Resolution 19)	- Capital increase: €150 million (nominal value)[a]	21 June 2013 (26 months)	Authorisation not used.
10. Issue securities giving rights to allotment of debt securities (AGM of 21 April 2011, Resolution 20)	€5 billion	21 June 2013 (26 months)	Authorisation not used.
11. Issue equity warrants during the period of a public offer (AGM of 21 April 2011, Resolution 23)	- Capital increase: €400 million - The number of warrants is capped at the number of existing shares	21 October 2012 (18 months)	Authorisation not used.
12. Increase share capital during the period of a public offer (AGM of 21 April 2011, Resolution 24)	Ceilings fixed in the relevant authorisations	21 October 2012 (18 months)	Authorisation not used.
Issues carried out for the benefit of employees and corporate officers of the company or associated companies			
13. Capital increase for the benefit of employees or corporate officers who are members of a company savings scheme (AGM of 21 April 2011, Resolution 21)	10% of the share capital	21 June 2013 (26 months)	Authorisation not used.
14. Allotment of existing or new bonus shares (AGM of 29 April 2010, Resolution 19)	10% of the share capital	29 June 2013 (38 months)	Authorisation not used.
15. Grant of stock subscription and/or purchase options (AGM of 21 April 2011, Resolution 22)	5% of the share capital[b]	21 June 2014 (38 months)	The Board meeting of 16 May 2011 voted to allot 2,936,125 stock options to 1,083 beneficiaries, effective 14 June 2011.
Share buybacks and reduction in share capital (excluding the share repurchase tender offer of 2011)			
16. Purchase by the company of its own shares (AGM of 21 April 2011, Resolution 9)	10% of the share capital (5% for shares purchased as consideration for an acquisition, merger, spin-off or capital contribution) Total outlay capped at €1.5 billion	21 October 2012 (18 months)	The company bought back 5,153,093 shares outside the liquidity contract in 2011. 2,139,592 shares purchased and 2,031,592 sold[c] under the liquidity contract.
17. Reduce share capital by cancelling shares (AGM of 21 April 2011, Resolution 10)	10% of the share capital in any 24-month period	21 October 2012 (18 months)	The Board meeting of 30 August 2011 voted to cancel the 9,973,287 shares repurchased by the company.

(a) To be applied against the overall ceiling referred to in point 1 (b) To be applied against the overall ceiling for bonus share issues (c) Including 438,746 shares purchased and 428,746 sold pursuant to the authorisation given by the Combined Annual General Meeting of 29 April 2010, namely up to and including 21 April 2011

2 • FINANCIAL AUTHORISATIONS SUBMITTED TO THE COMBINED ANNUAL GENERAL MEETING OF 26 APRIL 2012

The table below summarises the delegated powers and authorisations to be conferred on the Board of Directors by the Combined Annual General Meeting of 26 April 2012. With effect from the date of their approval by the meeting, these delegations and financial authorisations cancel and replace the unused portion, if applicable, of any authorisations previously granted for the same purpose.

Purpose	Maximum nominal amount	Expiry/Duration
Securities issues		
1. Issue equity warrants during the period of a public offer for the company's shares (Resolution 12)	- Capital increase: €350 million - The number of warrants is capped at the number of existing shares	26 October 2013 (18 months)
2. Increase share capital during the period of a public offer (Resolution 13)	Ceilings fixed in the relevant authorisations	26 October 2013 (18 months)
Share buybacks and reduction in share capital		
3. Purchase by the company of its own shares (Resolution 10)	5% of the share capital Total outlay capped at €1 billion	26 October 2013 (18 months)
4. Reduce share capital by cancelling shares (Resolution 11)	10% of the share capital in any 24-month period	26 October 2013 (18 months)

3 • EMPLOYEE SHARE OWNERSHIP

At 31 December 2011, Group employees owned 23.33% of the share capital of Bouygues and 28.09% of the voting rights through a number of employee share ownership funds.

The share ownership fund created in 1968 invests in Bouygues shares bought on the market. At 31 December 2011, this fund held 4.55% of the share capital and 6.01% of the voting rights.

The Group's share ownership plan is funded by voluntary contributions from employees and additional contributions paid by the company. These are invested in Bouygues shares by direct purchases made on the market. At 31 December 2011, this fund held 8.92% of the share capital and 11.10% of the voting rights.

Following the capital increases carried out in 2007, 2009 and 2010, the leveraged share ownership plans known as Bouygues Partage, Bouygues Confiance 4, Bouygues Partage 2 – five years, Bouygues Partage 2 – ten years and Bouygues Confiance 5, held 9.62% of the share capital and 10.67% of the voting rights at 31 December 2011.

The Bouygues Immobilier share ownership fund held 0.24% of the share capital and 0.31% of the voting rights at 31 December 2011.

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4 • POTENTIAL CREATION OF NEW SHARES

At 31 December 2011, no stock options were readily exercisable. The exercise price of the options that are out of the lock-up period exceeds the share price at 31 December 2011, the year's final price, namely €24.345.

5 • SHARE BUYBACKS

5.1 Use in 2011 of authorisations granted by the Annual General Meeting

The Combined Annual General Meetings of 29 April 2010 and 21 April 2011 approved share buyback programmes authorising the Board of Directors, on the basis of Articles L. 225-209 *et seq.* of the Commercial Code, to buy, on- or off-market, a number of shares representing up to 10% of the company's share capital as at the purchase date, for the purposes set out in European Commission Regulation (EC) 2273/2003 of 22 December 2003 and within the confines of market practices authorised by the AMF.

The Combined Annual General Meetings of 29 April 2010 and 21 April 2011 authorised the Board of Directors to reduce the share capital by cancelling up to 10% of the shares comprising the share capital in any 24-month period.

The Extraordinary General Meeting of 10 October 2011 authorised the Board of Directors to buy up to 41,666,666 shares as part of the share repurchase tender offer and to cancel the shares thus acquired.

The table below, prepared in accordance with Article L. 225-211 of the Commercial Code, summarises the transactions carried out pursuant to these authorisations in 2011.

Transactions carried out by Bouygues in its own shares in 2011	
Number of own shares held by the company at 31 December 2010	4,820,194
Shares purchased	48,959,351*
Shares cancelled	51,639,953*
Shares sold	2,031,592
Number of own shares held by the company at 31 December 2011	108,000
Value (purchase price) of own shares held by the company at 31 December 2011	€2,602,800
Breakdown of transactions by purpose	
Cancellation of shares	
Shares cancelled	51,639,953*
Reallocations	-
Number of own shares held by the company at 31 December 2011	0
Liquidity contract	
Shares purchased	2,139,592
Shares sold	2,031,592
Reallocations	-
Number of own shares held by the company at 31 December 2011 under the liquidity contract	108,000

(*) Including as part of the share repurchase tender offer

5.2 Description of the new share buyback programme submitted for approval by the Combined Annual General Meeting of 26 April 2012

Pursuant to Articles 241-2 and 241-3 of the AMF General Regulation, the company sets out below a description of the share buyback programme to be submitted for approval by the Combined Annual General Meeting of 26 April 2012. This programme is intended to replace the one authorised by the Combined Annual General Meeting of 21 April 2011.

5.2.1 Number of shares and proportion of share capital held by Bouygues – Open derivatives positions

In January 2012, the company purchased 78,680 shares and sold 130,680. All these purchases and sales were made under the liquidity contract.

At 31 January 2012, the company's capital was made up of 314,869,079 shares, 56,000 of which were held by Bouygues via a liquidity contract, representing 0.02% of the share capital.

At that same date, open derivatives positions were as follows:

Calls purchased:

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7	Option 8	Option 9
Number of shares	3,097,350	232,991	53,205	148,032	25,752	74,408	21,560	569,624	121,413
Expiry date	21/06/2012	29/06/2012		21/12/2012		28/11/2014		29/11/2019	
Average exercise price (€)	30.92	44.94	45.15	53.25	53.59	26.84	26.96	26.84	26.96

5.2.2 Objectives of the new buyback programme

Subject to approval by the Annual General Meeting, the buyback programme may be used to:

> cancel shares under the conditions provided for by law, subject to authorisation by the Extraordinary General Meeting;

> ensure the liquidity of and organise trading in the company's shares, through an investment service provider acting under the terms of a liquidity agreement that complies with a code of conduct recognised by the AMF;

> retain shares with a view to using them subsequently as a medium of payment or exchange in an acquisition, merger, spin-off or contribution, where applicable, in accordance with market practice recognised by the AMF and applicable regulations;

> retain shares with a view to delivering them subsequently upon exercise of rights attached to securities that are redeemable, convertible, exchangeable or otherwise exercisable for the company's shares;

> allot shares to employees or corporate officers of the company or related companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option schemes, company savings schemes and inter-company savings schemes or through an allotment of bonus shares;

> implement any market practice accepted by the AMF and generally to carry out any other transaction in compliance with prevailing regulations.

5.2.3 Maximum proportion of capital, maximum number and characteristics of shares

Under the terms of this programme, Bouygues may acquire shares representing a maximum of 5% of its share capital. In theory, this equates to 15,743,453 shares at 31 January 2012, subject to any adjustments in connection with share capital transactions.

Where shares are bought back for liquidity purposes, the number of shares included for the purposes of calculating 5% of the share capital is the number of shares purchased, less the number of shares resold during the authorisation period.

In accordance with the law, the total number of shares held at a given date may not exceed 10% of issued share capital at that date.

Within the scope of this authorisation, the company may purchase its own shares on- or off-market. The purchase price may not exceed €60 per share, subject to any adjustments in connection with share capital transactions.

Shares acquired may be sold under the conditions laid down by the AMF in its instruction dated 19 November 2009 regarding the introduction of a new regime governing the buyback of a company's own shares.

The maximum amount of funds that may be used for this share buyback programme is €1 billion.

Shares repurchased and retained by Bouygues shall not carry voting or dividend rights. Shares may be purchased, in compliance with applicable regulations, in any manner, including on- or off-market and over-the-counter, through derivative financial instruments, and at any time, including in particular during a public tender or exchange offer. The entire programme may be carried out through block trades.

5.2.4 Term of programme

18 months with effect from the Combined Annual General Meeting of 26 April 2012, i.e. until 26 October 2013.

Results of Bouygues SA

1 • DIVIDEND

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

The Annual General Meeting, having acquainted itself with the management report and having noted that distributable earnings amount to €2,597,687,828.42, is asked to approve the following appropriation and distribution:

> distribution of a dividend of €1.60 per share, representing a total amount of €503,790,526.40;

> appropriation of the balance, amounting to €2,093,897,302.02, to retained earnings.

If Bouygues holds any of its own shares at the dividend payment date, an amount equal to the dividends not distributed because of the nature of these shares will be appropriated to retained earnings.

Subject to approval by the Annual General Meeting, the dividend of €1.60 per share will be paid in cash. The payment date will be 4 May 2012; the dividend detachment date (ex-date) for the Euronext Paris market will be 30 April 2012; and the cut-off date for the positions which, after settlement, will qualify for payment (record date) will be close of business on 3 May 2012.

The company is required by law to state the amount of dividends distributed in respect of the last three financial years. They were as follows:

	2008	2009	2010
Number of shares	342,818,079	354,267,911	365,862,523
Dividend per share (€)	1.60	1.60	1.60
Total dividend[a][b] (€)	545,090,553.60	566,147,057.60	570,328,377.60

(a) The amounts shown represent dividends actually paid, taking account of the fact that shares held by the company itself do not qualify for dividend
(b) Amounts eligible for the 40% tax relief mentioned in paragraph 2 of Article 158.3 of the French General Tax Code

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

2 • FIVE-YEAR FINANCIAL SUMMARY: BOUYGUES SA (PARENT COMPANY)

	2007	2008	2009	2010	2011
1. CAPITAL AT YEAR-END					
a) Share capital (€ million)	348	343	354	366	315
b) Number of ordinary shares in issue	347,502,578	342,818,079	354,267,911	365,862,523	314,869,079
c) Maximum number of shares issuable in future by exercise of stock options	19,803,112	6,650,786	6,785,691	6,192,274	-
2. OPERATIONS AND RESULTS FOR THE YEAR (€ million)					
a) Sales excluding taxes	68	80	69	66	69
b) Earnings before tax, depreciation, amortisation, impairment and provisions	603	828	836	655	692
c) Income tax	165	145	135	194	135
d) Employee profit-sharing expense	(1)	(1)	(1)	(1)	(1)
e) Earnings after tax, depreciation, amortisation, impairment and provisions	751	882	1,017	894	808
f) Distributed earnings	510	545	566	570	504
3. PER SHARE INFORMATION (€)					
a) Earnings after tax but before tax, depreciation, amortisation, impairment and provisions	2.21	2.84	2.74	2.32	2.63
b) Earnings after tax, depreciation, amortisation, impairment and provisions	2.16	2.57	2.87	2.44	2.57
c) Gross dividend per share	1.50	1.60	1.60	1.60	1.60
4. PERSONNEL					
a) Average number of employees during the year	171	179	179	182	184
b) Total payroll for the year (€ million)	31	46	31	31	31
c) Amounts paid in respect of employee benefits (social security, welfare benefits, etc.) for the year (€ million)	12	15	13	13	14

Legal information

1 • GENERAL INFORMATION

Company name	Bouygues
Registered office	32 avenue Hoche 75008 Paris France
Telephone	+33 1 44 20 10 00
Registration No.	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	Bouygues is incorporated under French law. The activities exercised by Group entities on international markets are generally subject to the legislation of the country concerned, or to other legislation, made applicable by contract or by international rule of law. The Group is present in several dozen countries. For a single project, many different contracts may be signed, often governed by different rules of law.

2 • BY-LAWS

2.1 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, 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.

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

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

After appropriations to other reserves and retained earnings as decided by the Annual General Meeting, the balance of distributable earnings is divided between the shareholders.

2.3 Annual General Meetings (Articles 19 to 21 of the by-laws)

Annual General Meetings are called in accordance with the formalities required by law; they include all shareholders, whatever the number of shares they hold.

2.4 Economic and voting rights attached to shares (Articles 10 and 12 of the by-laws)

Each share has pecuniary and non-pecuniary rights, in compliance with law and as set out in the by-laws. In particular, Article 10 of the by-laws states that each share entitles the holder to part-ownership of corporate assets and to part of the profits equal to the portion of the capital it represents. Article 12 of the by-laws states that, unless otherwise specified by law, and unless the double voting rights described hereafter apply, the number of voting rights of each shareholder, and the number of votes expressed in the Annual General Meeting, is equal to the number of shares owned.

2.5 Double voting rights (Article 12 of the by-laws)

This provision has been in force since 1 January 1972. It is based on a measure introduced in the by-laws by the Annual General Meeting of 31 December 1969.

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

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

An Extraordinary General Meeting may not abolish double voting rights unless authorised to do so by a special meeting of holders of those rights (Article L. 225-99 of the Commercial Code).

2.6 Notification of major holdings (Article 8.3 of the by-laws)

Persons or entities directly or indirectly holding at least 1% of the share capital or voting rights are required to inform the company of the total number of shares they own. Notification must be made by registered letter with acknowledgement of receipt sent to the registered office within 15 days of conclusion of the transaction, on- or off-market, irrespective of delivery of the securities.

Further notification must be provided as set out above each time a shareholding increases or decreases by 1%.

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

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

3 • SHAREHOLDER AGREEMENTS ENTERED INTO BY BOUYGUES

The material provisions of the Bouygues Telecom shareholder agreement are the following: a reciprocal right of pre-emption; prohibition, without the prior agreement of the other shareholders, on disposals of securities to a telephone operator providing services to the public; and an undertaking by each party not to acquire a stake in the capital of any competing operator.

4 • FACTORS LIKELY TO HAVE AN IMPACT ON ANY PUBLIC TENDER OFFER PRICE (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' capital structure is set out in the section on *Share ownership*. The main shareholders of Bouygues are SCDM and company employees. In view of their respective weight, the votes of these shareholders could have an impact on the outcome of any public tender offer for the capital of Bouygues;

> Restrictions in the by-laws on the exercise of voting rights: Article 8.3 of the by-laws, summarised in paragraph "2. By-laws" of this section, makes provision to suspend the voting rights of shareholders who fail to declare ownership of at least 1% of capital or voting rights. This restriction could have an impact in the event of a public tender;

> 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 section on *Share ownership;*

> A list of owners of any security with special control rights, with a description of these rights: not applicable;

> Control mechanisms provided for within employee share ownership plans: the regulations of the various employee share ownership funds created by Bouygues stipulate that voting rights are exercised by the Supervisory Boards of those funds and not directly by employees. These employee share ownership funds, which held 28.09% of voting rights as at 31 December 2011, could therefore have an impact on the price of any public tender offer;

> Agreements between shareholders of which Bouygues is aware and which could result in restrictions on the transfer of shares and in the exercise of voting rights: not applicable;

> Rules applicable to the appointment and replacement of members of the Board of Directors: the following is specified in Article 13 of the by-laws:

- the Board of Directors has between three and 18 members, subject to the waiver provided for by law in the event of a merger, appointed by the Annual General Meeting. It also has up to two members representing employee shareholders. These members are elected by the Annual General Meeting on the recommendation of the Supervisory Boards of the employee share ownership funds set up as part of the savings schemes run by the Bouygues group;
- the functions of a director elected from the employees sitting on the Supervisory Board of one of the employee share ownership funds will automatically terminate early if the director's employment contract terminates (excluding the case of an intra-Group transfer) or if the company for which the director works leaves the Bouygues group. The Board of Directors will then take all necessary steps to replace the director whose term of office has expired;
- directors can be re-elected;
- directors can be dismissed at any time by the Ordinary Annual General Meeting, in the case of directors chosen from shareholders;
- directors appointed from the members of the Supervisory Boards of employee share ownership funds, and who represent employees, can be dismissed only for misconduct during their term of office, following a legal decision;
- legal persons acting as directors are required to appoint a permanent representative, in compliance with legal conditions.

See also the details in the Chairman's report.

> Rules applicable to changes in company by-laws: Article L. 225-96 of the Commercial Code specifies that only the Extraordinary Annual General Meeting has the power to change the by-laws. Any other clauses will be considered as not written.

> Powers of the Board of Directors with respect to issuance and buyback of shares. See the summary of authorisations in points 1.3, 2 and 5 of the *Share capital* section above. In particular:

- the Combined Annual General Meeting of 21 April 2011 (23rd resolution) authorised the Board of Directors to issue equity warrants during a public tender offer for the company's shares. The nominal amount of the capital increase that could result from the exercise of these equity warrants may reach €400 million. The Combined Annual General Meeting convened for 26 April 2012 will be asked to replace this delegation by a further delegation with the same purpose;
- the Combined Annual General Meeting of 21 April 2011 (24th resolution) also authorised the Board of Directors to use, during the period of the public tender offer for the company's shares, all the authorisations and delegations of powers at its disposal to increase the share capital, particularly for the benefit of employees and corporate officers. The Combined Annual General Meeting convened for 26 April 2012 will be asked to replace this delegation by a further delegation with the same purpose;
- the Combined Annual General Meeting of 21 April 2011 (9th resolution) also authorised the Board of Directors to trade in the company's shares, including during a public tender offer for the company's shares. The Combined Annual General Meeting convened for 26 April 2012 will be asked to replace this delegation by a further delegation with the same purpose;

- Agreements entered into by Bouygues, which will be modified or expire in the event of a change of control of Bouygues:

The ten-year bonds maturing in 2016, seven-year bonds maturing in 2013, 20-year sterling bonds maturing in 2026, seven-year bonds maturing in 2015, eight-year bonds maturing in 2018, as well as the nine-year bonds maturing in 2019, include a change of control clause providing for the early redemption of bonds in the event of a change of control of Bouygues, accompanied by a rating downgrade.

A change in the capital structure of Bouygues could potentially jeopardise TF1's authorisation to operate a national terrestrial television broadcasting service. Article 41-3-2 of the Act of 30 September 1986 governing audiovisual media specifies that any natural or legal person who controls, within the meaning of Article L. 233-3 of the Commercial Code, any company holding such an authorisation, or which has placed it under its authority or dependency, is deemed to be the holder of the authorisation. Article 42-3 adds that the authorisation may be withdrawn, without prior formal notice, if there is any substantial change in the circumstances on the basis of which the authorisation was granted, notably changes in capital structure.

Moreover, any changes in the capital and voting rights of Bouygues could throw doubt upon the ability of Bouygues Telecom to provide the financial and technical guarantees necessary to operate its network and supply services to the public, and could lead Arcep (French electronic communications regulator) to re-examine the validity of the authorisations granted to Bouygues Telecom. The decrees authorising Bouygues Telecom to establish and operate its wireless network and supply services to the public (including the decree of 3 December 2002 on third-generation networks) specify that Arcep must be informed of "any changes to any one of the items included in the request for authorisation" prior to implementation. The information included in the request for authorisation includes the breakdown of share ownership of the company or companies directly or indirectly controlling the holder of the authorisation.

- Agreements making provision for compensation for members of the Board of Directors or employees, if they resign or leave the company without real and serious cause, or if their employment comes to an end following a public tender offer: not applicable. Nevertheless, although this is not severance pay, a director who is also an employee is covered by the applicable collective agreement (for Bouygues SA, the collective agreement for construction executives in the Paris region) and is therefore eligible for the compensation set out in the agreement if his or her contract of employment comes to an end. Yves Gabriel, Hervé Le Bouc and Nonce Paolini would be eligible for compensation of this type.

5 • BREAKDOWN OF AMOUNTS OWED TO SUPPLIERS

Pursuant to Articles L. 441-6-1 and D. 441-4 of the Commercial Code (construction and civil works sector), the company has published a breakdown by due date of amounts owed to suppliers at 31 December 2011, as set out below.

	< 30 days	> 30 days
2011	€2,760,993	€63,745

Accrual expenses: €8,879,489 of which invoices due: €2,853,083 (contested or disputed amounts: none)

	< 30 days	> 30 days
2010	€705,285	€45,579

Accrual expenses: €6,633,401 of which invoices due: €1,647,247 (contested or disputed amounts: none)

6 • PUBLICLY AVAILABLE DOCUMENTS

During the validity of this Registration Document, originals or copies of the following documents may be accessed at the registered office of Bouygues and/or online at the website www.bouygues.com, under Finance/Shareholders:

- Company by-laws;
- Reports drawn up by the auditors, parts of which are incorporated or referred to in the Registration Document;
- Historic financial data relating to the company and its subsidiaries for the two financial years preceding the publication of the Registration Document.

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Financial statements

Knowing and doing. Bringing a fresh eye and untapped potential, today's recruits make tomorrow's company.

Now in charge of very high masts, Grégory Dugat was 22 when he joined Bouygues Telecom in 1996.

Consolidated financial statements

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2011 (€ million)

Assets

	Note	31/12/2011 Net	31/12/2010 Net
Property, plant and equipment	3.2.1	6,542	6,159
Intangible assets	3.2.2	1,209	990
Goodwill[a]	3.2.3	5,580	5,531
Investments in associates[b]	3.2.4	5,085	5,020
Other non-current financial assets	3.2.4	770	659
Deferred tax assets and non-current tax receivable	7.1	256	261
NON-CURRENT ASSETS		**19,442**	**18,620**
Inventories, programmes and broadcasting rights	4.1	2,727	2,680
Advances and down-payments on orders	4.2	390	396
Trade receivables	4.3	6,739	6,167
Tax asset (receivable)	4.3	121	134
Other current receivables and prepaid expenses	4.3	2,050	1,982
Cash and cash equivalents	4.4	3,415	5,576
Financial instruments[c]	17.3	23	13
Other current financial assets		15	18
CURRENT ASSETS		**15,480**	**16,966**
Assets held for sale and discontinued operations			
TOTAL ASSETS	**16**	**34,922**	**35,586**

(a) Goodwill of fully consolidated entities
(b) Entities accounted for by the equity method (including goodwill on such entities)
(c) Fair value hedges of financial liabilities

Liabilities and shareholders' equity

	Note	31/12/2011 Net	31/12/2010 Net
Shareholders' equity			
- Share capital	5.1	315	366
- Share premium and reserves		6,907	8,027
- Translation reserve	5.3.1	69	8
- Treasury shares			(155)
- Consolidated net profit for the period		1,070	1,071
Shareholders' equity attributable to the Group	5.2	8,361	9,317
Minority interests	5.2	1,317	1,290
SHAREHOLDERS' EQUITY	5.2	**9,678**	**10,607**
Non-current debt	8.1	6,807	6,750
Non-current provisions	6.1	1,865	1,870
Deferred tax liabilities and non-current tax liabilities	7.2	203	112
NON-CURRENT LIABILITIES		**8,875**	**8,732**
Advances and down-payments received		1,574	1,413
Current debt	8.1	216	994
Current taxes payable		136	137
Trade payables		6,826	6,347
Current provisions	6.2	831	930
Other current liabilities	10	6,445	6,089
Overdrafts and short-term bank borrowings		239	294
Financial instruments[c]	17.3	38	24
Other current financial liabilities		64	19
CURRENT LIABILITIES	**10**	**16,369**	**16,247**
Liabilities on held-for-sale assets and discontinued operations			
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**16**	**34,922**	**35,586**
Net surplus cash/(net debt)	**9/16**	**(3,862)**	**(2,473)**

CONSOLIDATED INCOME STATEMENT

(€ million)

	Note	Full year 2011	Full year 2010
SALES[a]	**11/16**	**32,706**	**31,225**
Other revenues from operations		139	144
Purchases used in production		(14,847)	(13,886)
Personnel costs		(6,778)	(6,504)
External charges		(7,501)	(7,091)
Taxes other than income tax		(653)	(633)
Net depreciation and amortisation expense	16	(1,411)	(1,392)
Net charges to provisions and impairment losses	16	(387)	(549)
Changes in production and property development inventories		(22)	(116)
Other income from operations[b]		1,288	1,250
Other expenses on operations		(715)	(688)
CURRENT OPERATING PROFIT	**12/16**	**1,819**	**1,760**
Other operating income	12	38	108
Other operating expenses	12		(77)
OPERATING PROFIT	**12**	**1,857**	**1,791**
Financial income	13.1	82	64
Financial expenses	13.1	(359)	(394)
COST OF NET DEBT	**13/16**	**(277)**	**(330)**
Other financial income	13.2	55	101
Other financial expenses	13.2	(68)	(95)
Income tax expense	14/16	(528)	(482)
Share of profits and losses of associates	16	198	278
NET PROFIT FROM CONTINUING OPERATIONS	**16**	**1,237**	**1,263**
Net profit from discontinued and held-for-sale operations			0
NET PROFIT	**16**	**1,237**	**1,263**
Net profit attributable to the Group	**16**	**1,070**	**1,071**
Net profit attributable to minority interests		167	192
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**15.2**	**3.06**	**3.03**
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**15.2**	**3.06**	**3.02**
(a) Of which sales generated abroad (including export sales)		*10,105*	*9,649*
(b) Of which reversals of unutilised provisions/impairment losses & other items		*375*	*371*

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€ million)

	Full year 2011	Full year 2010
Net profit for the period	**1,237**	**1,263**
Items not reclassifiable to profit or loss		
Actuarial gains/losses on employee benefits (amendment to IAS 19)	27	(11)
Change in remeasurement reserve	-	-
Net tax effect of equity items not reclassifiable to profit or loss	(11)	2
Share of non-reclassifiable income and expense of associates[a]	(30)	(35)
Items reclassifiable to profit or loss		
Change in cumulative translation adjustment of controlled entities	62	38
Net change in fair value of financial instruments used for hedging purposes and of other financial assets (including available-for-sale financial assets)[b]	(69)	23
Net tax effect of equity items reclassifiable to profit or loss[c]	12	(7)
Share of reclassifiable income and expense of associates[a]	(19)	19
Income and expense recognised directly in equity	**(28)**	**29**
Total recognised income and expense	**1,209**	**1,292**
Attributable to the Group	**1,040**	**1,092**
Attributable to minority interests	**169**	**200**

(a) Relates primarily to Alstom (accounted for by the equity method)
(b) Includes reclassification adjustments: -€5m (€6m in full-year 2010)
(c) Includes reclassification adjustments: €2m (-€2m in full-year 2010)

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY – YEAR ENDED 31 DECEMBER 2011 (€ million)

	Share capital & share premium	Reserves related to capital/retained earnings	Consolidated reserves and profit for the period	Translation reserve	Treasury shares	Items recognised directly in equity	TOTAL ATTRIBUTABLE TO THE GROUP	Minority interests	TOTAL
POSITION AT 1 JANUARY 2010	**2,423**	**1,823**	**4,485**	**(56)**		**(139)**	**8,536**	**1,190**	**9,726**
MOVEMENTS IN 2010									
Capital and reserves transactions, net	288	451	(451)			7	**295**		**295**
Acquisitions/disposals of treasury shares					(155)	83	**(72)**		**(72)**
Acquisitions/disposals without loss of control						(2)	**(2)**		**(2)**
Dividend paid			(566)				**(566)**	(108)	**(674)**
Other transactions with shareholders		(1)	34				**33**	1	**34**
Net profit for the period			1,071				**1,071**	192	**1,263**
Other recognised income and expense[b]				64		(43)	**21**	8	**29**
Total recognised income and expense	0	0	1,071	64	0	(43)	**1,092**	**200**	**1,292**
Changes in scope of consolidation and other items			1				**1**	7	**8**
POSITION AT 31 DECEMBER 2010	**2,711**	**2,273**	**4,574**	**8**	**(155)**	**(94)**	**9,317**	**1,290**	**10,607**
MOVEMENTS IN 2011									
Capital and reserves transactions, net	(1,557)	324	(324)		1,574	(9)	**8**	6	**14**
Acquisitions/disposals of treasury shares					(1,419)	(3)	**(1,422)**		**(1,422)**
Acquisitions/disposals without loss of control				4		(35)	**(31)**		**(31)**
Dividend paid			(570)				**(570)**	(124)	**(694)**
Other transactions with shareholders			19				**19**		**19**
Net profit for the period			1,070				**1,070**	167	**1,237**
Other recognised income and expense[b]				57[a]		(87)	**(30)**	2	**(28)**
Total recognised income and expense	0	0	1,070	57	0	(87)	**1,040**	**169**	**1,209**
Changes in accounting policy and scope of consolidation, and other items			(10)			10	**0**	(24)	**(24)**
POSITION AT 31 DECEMBER 2011	**1,154**	**2,597**	**4,759**	**69**	**0**	**(218)**	**8,361**	**1,317**	**9,678**

(a) Translation reserve

Attributable to:		*Group*	*Minority interests*	*Total*
Controlled entities	*57*	*61*	*1*	*62*
Associates		*(4)*		*(4)*
Change in scope of consolidation		*4*		*4*
		61	***1***	***62***

(b) See the statement of recognised income and expense

CONSOLIDATED CASH FLOW STATEMENT (€ million)

	Note	Full year 2011	Full year 2010
I - CASH FLOW FROM CONTINUING OPERATIONS			
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES			
Cash flow:			
Net profit from continuing operations		1,237	1,263
Share of profits effectively reverting to associates		(84)	(124)
Elimination of dividends (non-consolidated companies)		(14)	(8)
Charges to/(reversals of) depreciation, amortisation, impairment & non-current provisions		1,454	1,481
Gains and losses on asset disposals		(77)	(91)
Miscellaneous non-cash charges		4	(89)
Sub-total		**2,520**	**2,432**
Cost of net debt		277	330
Income tax expense for the period		528	482
Cash flow	**16**	**3,325**	**3,244**
Income taxes paid during the period		(399)	(501)
Changes in working capital related to operating activities[a]		(56)	(52)
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES		**2,870**	**2,691**
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES			
Purchase price of property, plant and equipment and intangible assets	16	(2,056)	(1,507)
Proceeds from disposals of property, plant and equipment and intangible assets	16	170	84
Net liabilities related to property, plant and equipment and intangible assets		118	28
Purchase price of non-consolidated companies and other investments	16	(63)	(24)
Proceeds from disposals of non-consolidated companies and other investments	16	2	219
Net liabilities related to non-consolidated companies and other investments		35	6
Effects of changes in scope of consolidation			
Purchase price of investments in consolidated activities	16	(86)	(470)
Proceeds from disposals of investments in consolidated activities	16	33	20
Net liabilities related to consolidated activities		(1)	1
Other cash effects of changes in scope of consolidation		24	(51)
Other cash flows related to investing activities (changes in loans, dividends received from non-consolidated companies)		(53)	(47)
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES		**(1,877)**	**(1,741)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES			
Capital increases paid up, movements in treasury shares, and other transactions between shareholders		(1,377)	78
Dividends paid during the period:			
Dividends paid to shareholders of the parent company		(570)	(566)
Dividends paid to minority shareholders of consolidated companies		(124)	(108)
Change in debt		(768)	565
Cost of net debt		(277)	(330)
Other cash flows related to financing activities		(9)	133
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES		**(3,125)**	**(228)**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS		**26**	**105**
CHANGE IN NET CASH POSITION (A + B + C + D)		**(2,106)**	**827**
Net cash position at 1 January	**9**	**5,282**	**4,455**
Net cash flows during the period	9	(2,106)	827
Other non-monetary flows			
Net cash position at end of period	**9**	**3,176**	**5,282**
II - CASH FLOWS FROM DISCONTINUED AND HELD-FOR-SALE OPERATIONS			
Net cash position at 1 January			
Net cash flows during the period			
Net cash position at end of period			

*(a) **Definition of change in working capital related to operating activities:** Current assets - current liabilities (excluding income taxes paid, which are reported separately)*

Notes to the consolidated financial statements

Contents

(Figures in millions of euros unless otherwise indicated)

Declaration of compliance:

The consolidated financial statements of Bouygues and its subsidiaries (the "Group") for the year ended 31 December 2011 have been prepared using the principles and methods defined in the standards issued by the International Accounting Standards Board (IASB) – which comprise International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), and interpretations issued by the SIC and IFRIC Committees, and are referred to collectively as "IFRS" – as endorsed by the European Union and applicable as of 31 December 2011. The Bouygues group has not early adopted as of 31 December 2011 any standard or interpretation not endorsed by the European Union, except for the amendment to IAS 1 relating to the presentation of the statement of recognised income and expense (which is not in conflict with pronouncements already endorsed in Europe).

The financial statements are presented in millions of euros (unless otherwise indicated) and comprise:

> the balance sheet;
> the income statement and statement of recognised income and expense;
> the statement of changes in shareholders' equity;
> the cash flow statement;
> the notes to the financial statements.

The comparatives presented are from the consolidated financial statements for the year ended 31 December 2010.

NOTE 1 • SIGNIFICANT EVENTS OF THE YEAR

1.1 Scope of consolidation as at 31 December 2011

1,132 entities were consolidated at 31 December 2011, against 1,158 at the end of 2010. The net reduction of 26 mainly relates to Bouygues Immobilier (deconsolidation of real estate partnerships and property companies on project completion, etc.), to Colas, and to TF1 (divestment of SPS, etc.).

	December 2011	December 2010
Fully consolidated	865	882
Proportionately consolidated	206	217
Associates (equity method)	61	59
	1,132	**1,158**

1.2 Significant events

1.2.1 Significant events of 2011

The main acquisitions and corporate actions of 2011 are described below:

> Share repurchase tender offer and cancellation of treasury shares
Following the launch of a share repurchase tender offer at the start of October 2011, Bouygues repurchased 41,666,666 of its own shares, representing 11.69% of the company's share capital, for €1,250 million. On 15 November 2011, the Bouygues Board of Directors decided to cancel these shares.

> On 11 October 2011, Bouygues Telecom was awarded, in exchange for €228 million, a licence to use a 15 MHz frequency in the 2.6 GHz band in France (excluding overseas territories) to establish and operate a public mobile radio-electric network. This licence, which will be brought into use after 2011, was awarded for a period of 20 years.

> Leadbitter Group (Bouygues Construction)
After receiving clearance from the European Commission competition authorities in March 2011, the Bouygues Construction group acquired 51% of the Leadbitter group for €37 million via the holding company Leadbitter Bouygues Holdings Ltd. The 49% interest held by the Leadbitter management team is due to be acquired within no more than 4 years.
The Leadbitter group, which has a construction business in the United Kingdom, has been fully consolidated in the Bouygues Construction group financial statements with effect from 31 March 2011. Goodwill arising on the transaction, calculated using the partial goodwill method, amounted to €40 million as at 31 December 2011.
The commitment to buy out the minority shareholders in the holding company is reported as a liability in "Non-current debt" and deducted from equity; the amount involved as at 31 December 2011 was €19 million.

> Gamma Materials Ltd (Colas)
At the end of June 2011, Colas acquired a 50% interest in Gamma Materials Ltd (Mauritius) for €33 million. This interest has been accounted for by the proportionate consolidation method since 1 July 2011. The excess of the purchase price over the book value of the net assets acquired was €29 million, most of which has been provisionally allocated to mineral deposits.

> Alstom
Alstom is accounted for by the equity method, and is carried at net acquisition cost plus Bouygues' share of Alstom's net profit since the acquisition date.
Given the time-lag between the financial year-ends of Alstom (31 March) and Bouygues (31 December), the financial contribution of Alstom to the Bouygues group's net profit for the fourth quarter of 2011 was estimated at €56 million (based on the published results of Alstom for the first six months of the financial year ending 31 March 2012), and at €190 million for the year ended 31 December 2011 (compared with €235 million for the year ended 31 December 2010).
Amortisation of fair value remeasurements of identifiable intangible assets and other items had a negative impact of €15 million on the consolidated income statement for the year ended 31 December 2011 (portion attributable to the Bouygues group).
The investment in Alstom is reported under "Investments in associates" in the balance sheet, at a carrying amount of €4,444 million, including goodwill of €2,592 million.

1.2.2 Reminder of significant events of 2010

The main acquisitions and other corporate actions of 2010 are described below:

> Alstom
Unwinding of the Alstom Hydro Holding put option:
In November 2009, Bouygues exercised the put option over its 50% equity interest in Alstom Hydro Holding, in exchange for 4,400,000 Alstom shares. This transaction was carried out further to the agreements reached with Alstom in 2006 on the creation of this jointly-owned company.
This exchange deal was completed in 2010, and raised the percentage interest held in Alstom to 30.8%. In accounting terms, the additional acquisition of Alstom shares, valued at €217.5 million, generated additional goodwill of €128 million, plus a consolidated net gain of €41 million recognised in "Other financial income".

> TF1
Consolidation of TMC and NT1:
On 11 June 2010, the TF1 group acquired control over TMC, TMC Régie and NT1.
TMC and TMC Régie, which prior to the acquisition were accounted for by the proportionate consolidation method at 40%, have been fully consolidated since 1 July 2010.
The fair value of the previously-held equity interests was measured by an independent firm of experts; based on the €135 million paid to acquire these interests, a remeasurement gain of €96 million (net of acquisition-related costs) was recognised in "Other operating income" in the year ended 31 December 2010.

> Colas
Colas recognised a €27 million impairment loss against the goodwill of its Central European subsidiaries (Romania, Croatia, Slovakia) as at 31 December 2010, against a background of economic crisis.

1.3 Consolidated sales

Consolidated sales for 2011 were €32,706 million, 4.74% higher than the 2010 figure of €31,225 million.

1.4 Significant events and changes in scope of consolidation subsequent to 31 December 2011

On 17 January 2012, Bouygues Telecom was granted, in exchange for €683 million, authorisation to use 10 MHz frequencies in the 800 MHz band in France (excluding overseas territories) to establish and operate a public mobile radio-electric network, with a commitment to open it to Mobile Virtual

Network Operators (MVNOs). This authorisation, which will come into service at a future date, was awarded for a period of 20 years.

On 9 February 2012, Bouygues carried out a bond issue of €800 million with a ten-year maturity and a 4.5% interest rate, to refinance debt that is approaching maturity.

NOTE 2 • ACCOUNTING POLICIES

2.1 Business areas

The Bouygues group is a diversified industrial group, with operations in more than 80 countries.

The Group's activities are organised into a number of business areas:

a) Construction:
- Bouygues Construction (building & civil works, energy and services)
- Bouygues Immobilier (property)
- Colas (roads)

b) Telecoms/media:
- TF1 (television)
- Bouygues Telecom (mobile, fixed, TV and internet services)

c) The Bouygues group also holds a 30.75% interest in the Alstom group (Alstom Thermal Power, Alstom Renewable Power, Alstom Transport, Alstom Grid).

2.2 Basis of preparation

The consolidated financial statements of the Bouygues group include the financial statements of Bouygues SA and its subsidiaries, and investments in associates and joint ventures. They are presented in millions of euros, the currency in which the majority of the Group's transactions are denominated, and take account of the recommendations on presentation (Recommendation 2009-R-03) issued on 2 July 2009 by the Conseil National de la Comptabilité – CNC (now called Autorité des Normes Comptables – ANC), the French national accounting standard-setter.

The consolidated financial statements were adopted by the Board of Directors on 28 February 2012, and will be submitted for approval by the forthcoming Annual General Meeting on 26 April 2012.

The consolidated financial statements for the year ended 31 December 2011 were prepared in accordance with IFRS using the historical cost convention, except for certain financial assets and liabilities measured at fair value where this is a requirement under IFRS. They include comparatives as at and for the year ended 31 December 2010.

The Bouygues group applied the same standards, interpretations and accounting policies for the year ended 31 December 2011 as applied in its consolidated financial statements for the year ended 31 December 2010, except for new IFRS requirements applicable from 1 January 2011 (see below) and the early adoption of the amendment to IAS 1. These changes did not have a material impact on the consolidated financial statements.

Principal new standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption for periods beginning on or after 1 January 2011:

> **IFRIC 14,** "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (no impact on the financial statements)

> **IFRIC 19,** "Extinguishing Financial Liabilities with Equity Instruments" (no impact on the financial statements)

> **Revised IAS 24:** "Related Party Disclosures" (impact on the notes, presented in Note 20)

> **Annual improvements to IFRSs** (no impact on the financial statements)

> **Amendment to IFRS 7:** Disclosures – Transfers of Financial Assets (mandatorily applicable from 1 January 2012, not early adopted by the Group: impact on the notes under review)

Other key standards and amendments issued by the IASB but not yet endorsed by the European Union

The table below shows the principal standards and interpretations that had been issued by the IASB prior to 31 December 2011 but have not yet come into effect:

Standard	IASB effective date*	Expected impact on the Bouygues group
Amendment to IFRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters	1 July 2011	No impact on the financial statements
Amendment to IAS 12: Deferred Tax – Recovery of Underlying Assets	1 January 2012	No impact on the financial statements
Amendment to IAS 1: Presentation of items of Other Comprehensive Income (OCI)[a]	1 July 2012	Impact on the presentation of the financial statements
Revised IAS 28: Investments in Associates and Joint Ventures	1 January 2013	Under review
Revised IAS 27: Separate Financial Statements	1 January 2013	No impact on the financial statements
IFRS 10: Consolidated Financial Statements	1 January 2013	Under review
IFRS 11: Joint Arrangements	1 January 2013	Under review
IFRS 12: Disclosure of Interests in Other Entities	1 January 2013	Under review
IFRS 13: Fair Value Measurement	1 January 2013	Under review
Amendment to IAS 19: Employee Benefits	1 January 2013	Under review
IFRS 9: Financial Instruments – Classification and Measurement of Financial Assets	1 January 2015	Not quantifiable at present (endorsement process suspended by the European Union)

(*) Unless otherwise indicated, applicable to accounting periods beginning on or after the date shown in this column

(a) Although the amendment to IAS 1 has not yet been endorsed by the European Union, the Bouygues group has decided to early adopt it since it is not in conflict with pronouncements that have already been endorsed

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 period.

These estimates and assumptions have been applied consistently on the basis of past experience and of various other factors regarded as reasonable forming the basis of assessments of the valuations of assets and liabilities for accounting purposes. Actual results may differ materially from these estimates if different assumptions or conditions apply.

The main items involved are the impairment testing of goodwill, share-based payment (stock options), employee benefits (lump-sum retirement benefits, etc.), the fair value of unlisted financial instruments, deferred tax assets, and provisions.

Where no standard or interpretation applies to specific transactions, events or conditions, Group management exercises its judgement to define and apply accounting policies that will provide relevant information that gives a fair presentation and is comparable between periods, 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.

Disclosures about judgements made by management are provided in the notes to the consolidated financial statements.

2.3 Consolidation methods

Full consolidation

Companies over which Bouygues exercises control are consolidated using the full consolidation method.

Assessment of exclusive control over TF1:

> As at 31 December 2011, Bouygues held 43.59% 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 general 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 general meetings during at least two consecutive financial years.

Other factors indicating the existence of exclusive control include:

> the large number of seats on the TF1 Board of Directors allocated to Bouygues;
> the role of Bouygues in appointing key executives of TF1.

All these factors clearly establish that Bouygues exercises exclusive control over TF1.

Proportionate consolidation: investments in joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. Bouygues consolidates the assets, liabilities, income and expenses of such entities using the proportionate consolidation method based on the percentage of control exercised. This definition applies in particular to Bouygues Construction and Colas construction project companies, and to Bouygues Immobilier property 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 the assets and liabilities of such entities are accounted for by the equity method.

> Alstom: Bouygues exercises significant influence over Alstom, as demonstrated by its 30.75% interest in the capital and 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.

Concession arrangements and Public-Private Partnership (PPP) contracts

The Bouygues Construction group enters into concession arrangements and PPP contracts with local authorities via entities in which the Group holds an equity interest, generally of less than 20%. Given the effectively limited role of the Group in these entities, they are not consolidated. Equity interests in concession operating entities are in the majority of cases accounted for as associates by the equity method, or otherwise are not consolidated.

In accordance with IAS 39, equity investments in non-consolidated companies are measured at fair value, and are subject to impairment testing.

2.4 Business combinations

With effect from 1 January 2010, business combinations have been accounted for in accordance with the revised IFRS 3 and IAS 27, which use the concept of "obtaining control" in determining the accounting treatment to be applied to acquisitions or disposals of equity interests; depending on the circumstances, the impacts of such acquisitions and disposals are recognised either in consolidated profit or loss or in equity.

In a business combination, the fair value of the consideration transferred is allocated to the identifiable assets and liabilities of the acquiree, which are measured at fair value at the acquisition date and 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.

The revised IFRS 3 allows entities to elect one of two methods of accounting for minority interests in each business combination:

> at fair value (full goodwill method), i.e. the minority interests are allocated their share of goodwill;
> at the minority interests' proportionate share of the acquired entity's identifiable assets and liabilities (partial goodwill method), i.e. no share of goodwill is allocated to the minority interests.

Fair value is the amount for which an asset or Cash Generating Unit (CGU) could be sold between knowledgeable, willing parties in an arm's length transaction.

Goodwill represents the excess of the cost of a business combination 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; minority interests are either measured at fair value or not, depending on the option elected (see above). Goodwill is allocated to the CGU benefiting from the business combination or to the group of CGUs at the level of which return on investment is measured (business segment for the Bouygues group).

The purchase price allocation period is limited to the time required to identify and measure the acquired entity's assets and liabilities, the minority interests, the consideration transferred and the fair value of any previously-held equity interest, subject to a maximum period of 12 months.

Negative goodwill (i.e. gain from a bargain purchase) 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 annually using the methods described under "Impairment testing of non-current assets" in Note 2.7.4 below, in accordance with IAS 36. Impairment losses are charged to the income statement as an operating item.

In accordance with the revised IFRS 3, any previously-held equity interest is remeasured at fair value at the date on which control is obtained, with the resulting gain or loss recognised in profit or loss for the period. In the event of loss of control, the retained equity interest is also remeasured at fair value; the gain or loss on remeasurement is recognised in profit or loss for the period, along with the gain or loss arising on the disposal.

In the event of a change in percentage interest with no effect on control, the difference between the consideration paid or received and the carrying amount of the minority interest is recognised directly in equity attributable to the Group. Consequently, no additional goodwill is recognised.

All acquisition-related costs are recognised as an expense in profit or loss for the period.

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. Minority interests in these items are measured on the basis of the carrying amount of the items as shown in the balance sheet of the acquired entity. The revised standards allow the acquirer to elect to account for each new business combination on either a full goodwill basis or a partial goodwill basis.

2.5 Foreign currency translation

2.5.1 Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into euros at the average exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the closing exchange rate. Translation differences are recognised as income or expenses in the income statement. Non-monetary assets and liabilities denominated in foreign currencies and accounted for at historical cost are translated using the exchange rate on the date of the transaction.

2.5.2 Financial statements of foreign entities with a functional currency other than the euro

All assets and liabilities of consolidated entities with a functional currency other than the euro are translated at the closing exchange rate. Income and expenses are translated at the average exchange rate for the period. Translation differences arising from this treatment, and arising from the retranslation of a subsidiary's opening shareholders' equity at the closing exchange rate, are taken to the translation reserve (which is a component of consolidated shareholders' equity). Translation differences arising on the net investment in foreign subsidiaries and associates are recognised in shareholders' equity.

2.6 Income taxes

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. Such assets are recognised to the extent that is probable that sufficient taxable profits will be available against which to offset the temporary differences, and are reviewed at each balance sheet date.

> Tax losses available for carry-forward (deferred tax assets), where it is probable that these losses will be recovered in future periods.

Deferred taxes are measured using known applicable national tax rates for the relevant country as at the balance sheet date. In the case of France, the tax rate applied to deferred taxes expected to reverse in 2012 incorporates the exceptional 5% contribution enacted in the new revised Finance Bill for 2011 and 2012.

Deferred taxes are not discounted, and are reported in non-current assets and liabilities.

2.7 Non-current assets

2.7.1 Property, plant and equipment

Property, plant and equipment is measured at acquisition cost net of accumulated depreciation and impairment. Depreciation is recognised on a straight line basis over the estimated useful life of the asset.

Useful lives by main asset category and business segment:

	Construction	Media	Telecoms
Mineral deposits (quarries)	(a)		
Non-operating buildings	10 to 40 years	25 to 50 years	-
Industrial buildings	10 to 20 years	-	20 years
Plant, equipment and tooling[b]	3 to 15 years	3 to 7 years	5 to 10 years
Other property, plant and equipment (vehicles and office equipment)[b]	3 to 10 years	2 to 10 years	

(a) Depreciated on the basis of the rate of depletion, up to a maximum of 40 years (Colas)
(b) Depending on the type of equipment

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".

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, along with a corresponding liability. 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.

2.7.2 Intangible assets

IAS 38 defines an intangible asset as an identifiable non-monetary asset without physical substance which is controlled by the entity. An asset is identifiable:

> if it is separable, i.e. capable of being independently sold, transferred, licensed, rented or exchanged;

> or if it is derived from contractual or other legal rights, whether separable or not.

An asset is controlled if the entity has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits.

Intangible assets with finite useful lives are depreciable. Intangible assets with indefinite useful lives are not depreciable, but are subject to impairment testing and are reviewed at each balance sheet date to ensure that their useful lives are still indefinite.

Intangible assets include:

Development expenses

> In accordance with IFRS, incorporation and research expenses are expensed as incurred.

> Development expenses are capitalised if the IAS 38 criteria are met, 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
UMTS licence	straight line	17.5 years[a]
IAP-IRU and front fees (Indefeasible Right of Use)	straight line	15 years
IT system software and developments, office applications	straight line	3 to 8 years

(a) UMTS licence awarded in 2002:
Amortised from the date on which the broadband network opened (26 May 2005)

The fee for the UMTS licence, awarded for a 20-year period, comprises:

> a fixed component of €619.2 million, 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, recognised as incurred from the date on which the UMTS network opened (November 2007).

The licences acquired in 2011 and 2012 (see Notes 1.2 and 1.4) were awarded for a 20-year period, and will be amortised from the date on which each licence is brought into use.

2.7.3 Other intangible assets

Other intangible assets recognised by the Group include leasehold rights and broadcasting rights (TF1).

TF1 broadcasting rights

This item includes shares in films and programmes produced or co-produced by TF1 Films Production, TF1 Vidéo and TF1 Production; distribution and trading rights owned by TF1 DA and TF1 Entreprises; and music rights owned by Une Musique.

Broadcasting rights are recognised as assets, at historical cost. Dates of initial recognition and amortisation methods are as follows:

	Categories of broadcasting rights		
	Film co-production shares	Distribution/Trading rights	Music rights
Amortisation method	In line with revenues over 8 years	• Distribution = in line with revenues, minimum 3 years straight line • Trading: 5 years straight line	Over 2 years with: • 75% of gross value in year 1 • 25% of gross value in year 2
Initial recognition	At end of shooting or on receipt of censor's certificate	On signature of contract	On signature of contract

> Films co-produced by TF1 Films Production are amortised in line with revenues over a limited time-frame, taking account of the timing of revenue sources; this policy is consistent with industry practice.

> An impairment loss is recognised against broadcasting rights on a line by line basis where estimated future revenues do not cover the carrying amount of the asset.

2.7.4 Impairment testing – non-current assets and investments in associates

Impairment tests are carried out on the carrying amount of intangible assets and investments in associates if there is objective evidence that they may have become impaired.

The carrying amounts of indefinite-lived intangible assets and goodwill are compared to their recoverable amounts at least at the end of each financial year.

Impairment testing of TF1, Bouygues Telecom and Colas

In determining the recoverable amount, intangible assets to which independent cash flows cannot be directly allocated are grouped within the Cash Generating Unit (CGU) to which they belong, or within the appropriate group of CGUs representing the lowest level at which management monitors return on investment (business segment level in the case of the Bouygues group). The recoverable amount of CGUs is measured as follows:

a) For TF1, which is listed on the stock market and has good liquidity: on the basis of the quoted share price if this exceeds the carrying amount of the assets (after allowing for a control premium); otherwise, using the Discounted Cash Flow (DCF) method, taking account of the specific characteristics of TF1 (see (b) below).

b) For other CGUs: using the DCF method, taking account of the specific characteristics of the CGU.

- The cash flows used are derived from the three-year business plan prepared by the management of the business segment and approved by the Boards of Directors of the entity and of Bouygues SA in December 2011, based on market conditions as of that date.
- The discount rate is determined using a weighted average cost of capital appropriate to the sector in which the segment operates, by reference to a panel of comparable companies.
- The terminal value is calculated by aggregating the discounted cash flows to infinity, based on normative cash flows and a perpetual growth rate that is consistent with the growth potential of the markets in which the business segment operates and with its competitive position in those markets.

The recoverable amount of the CGU as determined above is then compared with its carrying amount in the consolidated balance sheet. If this carrying amount is greater than the recoverable amount of the CGU, an impairment loss is recognised. Any such losses are allocated in the first instance to any goodwill recognised in the balance sheet, and may not be subsequently reversed.

Information about goodwill impairment tests performed for TF1, Bouygues Telecom and Colas:

- The recoverable amount of TF1, Bouygues Telecom and Colas was determined using the method described above, based on three-year cash flow projections as per the business plans of each of the three subsidiaries.
- Cash flows beyond the projection period were extrapolated using a reasonable, sector-specific perpetual growth rate.
- The discount rates (weighted average cost of capital) and growth rates used at end-2011 were as follows:

	Discount rate		Perpetual growth rate
	Scenario 1[a]	Scenario 2[a]	
TF1	8.62%	7.70%	2%
Bouygues Telecom	5.41%	4.91%	2%
Colas	7.02%	6.31%	2%

(a) Depending on the capital structure: scenario 1 = 1/3 debt, 2/3 equity; scenario 2 = 2/3 debt, 1/3 equity

Impairment testing of the investment in Alstom

Because goodwill included in the carrying amount of investments in associates is not shown separately, it is not tested separately for impairment under IAS 36. The total carrying amount of the investment in Alstom was tested for impairment as at 31 December 2011 by comparing it with the recoverable amount as derived from forecasts prepared by a panel of financial analysts.

> Discount rates (weighted average cost of capital) and growth rate used for Alstom at end-2011

	Discount rate		Growth rate applied to cash flows after a 5-year time horizon
	Scenario 1[a]	Scenario 2[a]	
Alstom	9.12%	8.18%	2%

(a) Depending on the capital structure: scenario 1 = 1/3 debt, 2/3 equity; scenario 2 = 2/3 debt, 1/3 equity

Note 3.2 to the consolidated financial statements includes a table showing the consolidated carrying amount of listed shares held by Bouygues (TF1, Alstom, Colas) relative to the closing quoted share price at 31 December 2011. As of that date, there were no material events that might call into question the carrying amounts reported for these companies.

Sensitivity analysis

An analysis was performed for each CGU and for the investment in Alstom in order to determine the sensitivity of the calculation to the key parameters (discount rates, growth rates, normative cash flows), either individually or using combined scenarios for discount rates and normative cash flows (including reasonably possible changes in normative cash flows). This analysis showed no probable scenario in which the recoverable amount of the assets tested would fall below their carrying amount (and consequently, in which an impairment loss would need to be recognised).

The recoverable amount determined on the basis of this analysis (using two different capital structure scenarios) was greater than the carrying amount of the assets tested.

2.7.5 Non-current financial assets

In addition to deferred tax assets (treated as non-current), other non-current financial assets include loans and receivables (including advances to non-consolidated companies), deposits and caution money, and investments in non-consolidated companies (i.e. those 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.

The TF1 group has a 33.5% equity interest in Groupe AB, and has granted the Groupe AB management team a call option exercisable at any time up to and including 12 June 2012 at a price of €155 million.

In accordance with IAS 27, the granting of this call option by TF1 means that this equity interest is carried in the balance sheet as a non-current financial asset at its fair value of €155 million.

Advances to non-consolidated companies, and other loans and receivables, are accounted for at amortised cost, determined using the effective interest method.

In the case of variable-rate loans and receivables, cash flows are periodically re-estimated to reflect changes in market interest rates, resulting in an adjustment to the effective interest rate and hence to the valuation of the loan or receivable.

Loans and receivables are reviewed for objective evidence of impairment. An impairment loss is recognised if the carrying amount of a financial asset is greater than the estimated recoverable amount as determined by impairment testing. Impairment losses are recognised in the income statement (see Note 3.2.4 for details).

Concession arrangements and Public-Private Partnership (PPP) contracts:

The Group (Bouygues Construction and Colas) holds equity interests in entities that have entered into concession arrangements or PPP contracts. These contracts, which are accounted for in accordance with IFRIC 12, are assessed on a case by case basis.

Under the financial receivable method, the initial receivable represents the fair value of the activity undertaken; this receivable is subsequently measured at amortised cost using the effective interest method as defined in IAS 39.

Consequently, the receivable represents the fair value of the activity undertaken, plus cumulative interest calculated using the effective interest method, minus payments received from the grantor.

2.8 Current assets

2.8.1 Inventories

Inventories are stated at the lower of cost (first in first out or weighted average cost, depending on the nature of the business) or market price.

Where the realisable value of inventory is lower than cost, the necessary provision for impairment is recognised.

2.8.2 Property development projects

Property development project inventories are measured at cost, which includes land acquisition costs and taxes, construction and fitting-out costs, utilities costs, professional fees and ancillary costs.

All advertising costs are recognised in profit or loss as incurred.

Preliminary studies relating to property development projects are recognised in inventory. If the probability of the project being completed is low, especially if there is a risk of withdrawal or refusal of planning permission, the amount recognised is written down via a provision for impairment.

2.8.3 Programmes and broadcasting rights (TF1)

In order to secure broadcasting schedules for future years, the TF1 group enters into binding contracts, sometimes for a period of several years, under which it acquires (and the other party agrees to deliver) programmes and sports transmission rights.

A programme is treated as ready for transmission and recognised in inventory under "Programmes and broadcasting rights" when the following two conditions are met: technical acceptance (for in-house and external productions), and opening of rights (for external productions). In the case of rights and programmes for which these two criteria have not been met (programmes not yet delivered, sports rights for which the right to broadcast is not activated until the date of the event, etc.), the Group takes the view that it does not control the asset, since it has neither the right nor the ability to broadcast the programme. Consequently, these rights are not recognised in the balance sheet, and any advance payments made to acquire such rights are treated as supplier prepayments.

Programmes and broadcasting rights

The "Programmes and broadcasting rights" line in the balance sheet includes:

- in-house productions, made by TF1 group companies for TF1 channels;
- external productions, comprising broadcasting rights acquired by the TF1 group's channels and co-production shares of broadcasts made for the TF1 group's channels.

Programmes that have not been broadcast and the rights to which have expired are written off as a component of current operating profit, and any previously-recognised provisions are reversed.

The value of programmes and broadcasting rights is measured as follows:

- in-house production: overall production cost (direct costs plus a portion of indirect production costs);
- broadcasting rights and co-productions: purchase cost, less consumption for the year calculated at each balance sheet date and any impairment losses.

TF1 SA programmes are deemed to have been consumed on transmission. If they are acquired for a single transmission, they are regarded as having been consumed in full at the time of this transmission. If they are acquired for two or more transmissions, consumption is calculated according to the type of programme using the rules described below (unless otherwise specified in the acquisition contract):

	Type of programme		
	Dramas with a running time of at least 52 minutes	Films, TV movies, series and cartoons	Other programmes and broadcasting rights
1st transmission	80%	50%	100%
2nd transmission	20%	50%	-

"Other programmes and broadcasting rights" in the table above refers to children's programmes (other than cartoons), entertainment shows, plays, 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, or if the contractual value at which it was recognised in inventory exceeds the value attributable to it using the rules described above. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management. If rights are resold, a provision is recorded once the sale is probable to cover any excess of the value at which the rights were initially recognised in inventory (or the amount of advance payments) over the actual or estimated selling price.

2.8.4 Trade receivables

Trade receivables are carried at face value, net of impairment recorded to reflect the probability of recovery. These receivables are usually short-term and non interest-bearing. They are measured at the original invoice amount, unless application of an implied interest rate would have a material effect.

In line with the percentage of completion method of accounting for long-term contracts, trade receivables include:

- statements issued as works are executed or services provided, and accepted by the project owner;
- unbilled receivables, arising where works are entitled to acceptance but billing or acceptance by the project owner has been temporarily delayed.

2.8.5. Other current receivables and prepaid expenses

Other receivables are carried at face value, net of impairment recorded to reflect the probability of recovery.

2.9 Financial instruments

Some Group entities use hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates. The Group's policy on the use of financial instruments is described below.

2.9.1 Risks to which the Group is exposed

Currency risk

In general, the Bouygues group has little exposure to currency risk in routine commercial transactions, given that its international operations (primarily Bouygues Construction and Colas) do not involve exports. Where possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most projects executed outside France, on which local-currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. Exposure to currency risk is therefore limited to contract margins, and to any design work carried out in France. The Bouygues group also pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

Interest rate risk

The Group's financial expenses have low sensitivity to interest rate risk, since the bulk of debt is at fixed-rate either in the form of fixed-rate bond issues, or via a portfolio of hedging instruments that convert variable-rate debt into fixed-rate debt.

Consolidated financial expenses would be only marginally affected by fluctuations in euro interest rates, or by a divergence in interest rate trends between the euro and other major currencies.

On average over the year, the amount of variable-rate debt in the balance sheet is less than the amount of surplus cash invested at variable rates.

2.9.2 Principles applied to all hedging instruments

The only instruments used for hedging purposes are forward currency purchases and sales, currency swaps and purchases of currency options for currency risk hedging purposes; and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes.

These instruments:

- are used solely for hedging purposes;
- are contracted solely with high-quality French and foreign banks;
- carry no liquidity risk in the event of a downturn.

Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of hedging instruments, the selection of counterparties with whom they are contracted, and more generally the management of exposure to currency risk and interest rate risk.

2.9.3 Hedging rules

Currency risk

Group policy is to hedge systematically all residual currency exposure relating to commercial transactions. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the contract award has been confirmed; if the hedged item ceases to exist (for example, if the service is not provided or the contract is cancelled), the hedge is closed out immediately.

In the interests of efficiency, the currency positions of some Group entities may be managed centrally, which in some cases may result in the offset of matching positions (currency derivatives are used solely for hedging purposes).

Interest rate risk

Group policy is for each sub-group to hedge some or all of its financial assets and liabilities, where these are foreseeable and recurring.

The aim is to control future interest expense by fixing the cost of debt using swaps and future rate agreements, or by limiting it through the use of caps, over a period equivalent to that of the financial liabilities to be hedged.

As with currency risk, the interest rate positions of some Group entities may, in the interests of efficiency, be managed centrally and partially offset.

2.9.4 Accounting methods

In general, the financial instruments used by the Group qualify for hedge accounting, which means that the hedging relationship is documented in accordance with the requirements of IAS 39. Two types of accounting treatment are used:

- fair value hedges: changes in the fair value of the hedging instrument and changes in the fair value of the hedged item are recognised symmetrically in the income statement.
- cash flow hedges: changes in the fair value of the hedging instrument are recognised in the income statement for the ineffective portion of the hedging relationship, and in shareholders' equity (until the hedge is closed out) for the effective portion.

2.10 Consolidated shareholders' equity

Treasury shares are deducted from consolidated shareholders' equity. No expense or income arising on the cancellation of treasury shares is recognised in the income statement.

If a Group subsidiary holds its own shares, an additional percentage interest in that subsidiary is recognised at Group level.

Translation reserve

The translation reserve represents translation differences arising since 1 January 2004, when the reserve was deemed to be zero and the balance transferred to "Retained earnings".

Information about the management of capital

The objective of Bouygues management in managing capital is to maintain consolidated shareholders' equity at a level consistent with:

- maintaining a reasonable gearing ratio (net debt to shareholders' equity);
- distributing regular dividends to shareholders.

However, the level of equity may vary over short periods, especially if a strategically important investment opportunity arises.

The business plan is a key management tool, used by the parent company to assess the financial position of each business segment and of the Group as a whole, and the effects on consolidated shareholders' equity.

Within these overall principles, Group management allows the subsidiaries responsible for segments and their respective parent companies a degree of autonomy to manage their equity in line with their specific objectives and needs, given that equity 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.

2.11 Non-current liabilities

2.11.1 Non-current debt (portion due after more than one year)

With the exception of derivative instruments accounted for as financial liabilities measured at fair value, all other borrowings and financial liabilities are accounted for at amortised cost, measured using the effective interest method.

Transaction costs directly attributable to the acquisition or issuance of a financial liability are offset against that liability, and amortised over the life of the liability using the effective interest method.

The portion of long-term debt due within less than one year is included in current liabilities.

2.11.2 Non-current provisions

Under IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", a provision is recorded at the balance sheet date if the Group has an obligation to a third party resulting from a past event and it is probable that settlement of the obligation will result in a net outflow from the Group of resources embodying economic benefits.

The amount recognised as a provision represents the Group's best estimate of the net outflow of resources.

Non-current provisions are not usually associated with the normal operating cycle of each segment (compare the definition of current provisions below).

Non-current provisions mainly comprise:

> Provisions established to cover the uninsured portion of risks under two-year and ten-year construction contract guarantees. These provisions are recognised in line with recognition of contract revenues, based on statistical data reflecting actual experience over the long term.

> Provisions related to tax exposures and to fines levied by the competition authorities.

> Provisions for litigation, claims and foreseeable risks relating to the Group's operations, especially foreign operations, including permanent withdrawal from projects and sundry risks and liabilities.

> Provisions for site rehabilitation and decommissioning costs (e.g. quarries).

  Costs incurred as a result of a contractual obligation to remedy immediate environmental damage are covered by a provision.

> Employee benefits:

  - Provisions for long-service awards.
  - Provisions for obligations to employees in respect of lump-sum benefits payable on retirement.
    This provision is calculated using the projected unit credit method based on final salary, and on the basis of the collective agreement for each business segment. The calculation takes account of:
    - status, age and length of service for each employee category;
    - employee turnover, calculated on the basis of the average number of leavers by business segment, age bracket and employee category;
    - average salary and wages including bonuses and benefits in kind, uplifted by a coefficient to reflect the applicable percentage of employer's social security charges;
    - a final salary inflation rate;
    - a discount rate applied to the obligation over the projected period to the retirement date;
    - estimated mortality, based on mortality tables.
  - Provisions for pension obligations (depending on the country and terms of the pension plan).

    To cover their pension obligations, Group companies make regular payments to external bodies including public and private pension funds and insurance companies (defined-contribution plans). There are however some remaining defined-benefit plans still in existence, mainly in the Colas group (United Kingdom, Ireland and Canada); only a limited number of employees are involved, as it was decided some years ago to close these plans to new entrants. The fair value of the assets held to cover these plans as of 31 December 2011 did not require any material impairment to be recognised in the consolidated financial statements.
  - The actuarial assumptions used to measure the present value of the pension obligation and the service cost for the period in respect of defined-benefit plans represent the best estimate of the variables that will determine the final cost of the benefits. These assumptions are internally consistent. The discount rate is determined by reference to the expected market rate for high-quality corporate bonds at the balance sheet date, taking into account the estimated timing of benefit payments.

    The Bouygues group recognises in consolidated shareholders' equity the effect of changes in actuarial assumptions on the pension obligation.

2.12 Current liabilities

2.12.1 Advances and down-payments on orders

This item comprises advances and down-payments received from customers on construction contract starts.

2.12.2 Current provisions

> Provisions relating to the normal operating 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 customer. They are measured on a contract by contract basis, with no netting between them.

2.12.3 Trade payables and other current liabilities

Because of the short-term nature of these liabilities, the carrying amounts shown in the consolidated financial statements are a reasonable estimate of market value.

2.13 Income statement

As allowed under IAS 1, "Presentation of Financial Statements", the Bouygues group presents an income statement that classifies expenses by nature, in the format specified in recommendation 2009-R-03 issued by the French national accounting standard-setter, the Conseil National de la Comptabilité (CNC), now the Autorité des Normes Comptables (ANC), on 2 July 2009. An income statement classifying expenses by function is shown in Note 16 to the financial statements.

2.13.1 Definition of operating revenues

Revenues from the Group's operations are recognised when:

> it is probable that the future economic benefits of the transaction will flow to the Group;
> the amount of revenue can be reliably measured;
> at the transaction date, it is probable that the amount of the sale will be recovered.

Bouygues Telecom

Bouygues Telecom generates revenue from services, and from sales of handsets and accessories.

> Services:

Price plans and commercial services (mobile and fixed-line) are invoiced one month in advance, and the corresponding revenue is recognised on a straight-line basis over the service period.

Revenues from call charges other than price plans, roaming fees and interconnection fees are recognised as the service is used.

Services carried out on behalf of content providers in relation to SMS+ services and special numbers are not included in income and expenses for the period. Only the margin charged as consideration for the service is recognised in sales.

> Sales of handsets and accessories:

Sales of handsets and SIM cards are recognised on sale to the distributor or retailer, but the margin on the sale is eliminated until the line is activated by the customer.

> The costs of acquiring and renewing customer contracts are recognised as an expense in the period in which they are incurred.

> Distributor/retailer commission:

All commission payable to distributors and retailers is recognised as an expense.

> Consumer loyalty programme:

Customers on non-capped plans earn points as they are billed, which they can use to obtain a handset update provided that they renew their plan for a minimum of 12 months. With effect from 2011, customers on capped plans have been able to obtain a cut-price handset upgrade after twenty-four months provided that they renew their plan.
In accordance with IFRIC 13 (paragraphs AG1 to AG3), Bouygues Telecom has measured the fair value of the benefits awarded under its loyalty programmes, and has not deferred any revenues as a result.

2.13.2 Accounting for construction contracts

Construction activities

All activities related to construction contracts are accounted for using the percentage of completion method.

Under this method, the revenue recognised equals the latest estimate of the total selling price of the contract multiplied by the actual completion rate determined by reference to the physical state of progress of the works. The latest estimate of the total selling price takes account of claims that have been accepted by the client or are highly probable.

If it is regarded as probable that a contract will generate a loss on completion, a provision for expected losses on completion is recognised as a current provision in the balance sheet. The loss is provided for in full as soon as it is can be reliably measured, irrespective of the completion rate.

Property development

Revenues and profits are recognised using the percentage of completion method once the following conditions have been met:

> building permit with no appeal;
> signature of notarised deed of sale or development contract;
> construction contract signed (order given to start works).

The percentage of completion represents costs recognised to date as a proportion of the total estimated costs to completion of the project.

Accrued expenses are recognised for finishing costs on this type of project, based on the percentage of completion; residual expenses on delivered projects are also recognised in "Trade payables".

Overheads, including sales force costs and all advertising costs, are expensed as incurred.

2.13.3 Profits/losses from joint operations

These profits and losses are included in "Other operating income and expenses", and represent the Group's share of profits or losses from non-consolidated companies involved in the operation of production facilities for road-building and asphalt products; they are included in current operating profit.

2.13.4 Share-based payment

In accordance with IFRS 2, stock subscription options granted to corporate officers or employees of the Group are accounted for in the financial statements as follows: the fair value of the options granted (corresponding to the fair value of the services rendered by the employees as consideration for the options) is recognised as an employee benefit under "Personnel costs" in the income statement, with the matching entry credited to shareholders' equity.

The amount of the employee benefit is measured at the grant date of the option using the Black & Scholes model, and is charged to the income statement over the vesting period of the rights.

2.14 Cash flow statement

The cash flow statement is presented in accordance with IAS 7 and with CNC recommendation 2009-R-03 of 2 July 2009, using the indirect method.

The net profit of consolidated entities is adjusted to eliminate the impact of transactions with no cash effect, and of income and expenses related to investing or financing activities.

> Cash flow:

The Bouygues group defines cash flow as:

Consolidated net profit before: net depreciation and amortisation expense, net changes in provisions and impairment losses, gains and losses on asset disposals, cost of net debt (included in financing activities in the cash flow statement), and net income tax expense for the period.

The cash flow statement explains changes in the Group's net cash position, which is defined as the net total of the following balance sheet items:

- cash and cash equivalents;
- overdrafts and short-term bank borrowings.

2.15 Other financial indicators

2.15.1 EBITDA

Operating profit excluding net depreciation and amortisation expense and changes in provisions, and impairment losses (after reversals of utilised and non-utilised provisions and of impairment losses).

2.15.2 Free cash flow

Cash flow (determined after cost of net debt and net income tax expense, but before changes in working capital) minus net capital expenditure for the period.

2.15.3 Net debt

This represents the aggregate of:

> cash and cash equivalents;

> overdrafts and short-term bank borrowings;

> non-current and current debt;

> financial instruments (used to hedge financial liabilities measured at fair value).

2.16 Statement of recognised income and expense

The Bouygues group presents a statement of recognised income and expense, disclosing a comparative net profit figure on the line "Total recognised income and expense" which includes income and expenses recognised directly in equity.

2.17 Comparability of the financial statements

Changes in the scope of consolidation during the year ended 31 December 2011 did not have a material effect on the consolidated financial statements as presented for that year, and do not impair comparisons with the consolidated financial statements for the year ended 31 December 2010.

Sales contributed by Leadbitter (Bouygues Construction) from the date of acquisition to 31 December 2011 amounted to €384 million. The sales contribution of Gamma Materials Ltd was immaterial.

Sales recorded by Colas – Mayotte for the years ended 31 December 2011 and 2010 have been reclassified to "France", since this overseas territory became an administrative department of France on 1 January 2011. The amounts involved are as follows:

> Year ended 31 December 2011 = €69 million

> Year ended 31 December 2010 = €70 million

NOTE 3 • NON-CURRENT ASSETS 19,442

For a breakdown of non-current assets by business segment see Note 16, "Segment Information".

3.1 Acquisitions of non-current assets during the year, net of disposals

	2011	2010
Acquisitions of property, plant and equipment	1,677	1,377
Acquisitions of intangible assets	379	130
Capital expenditure	**2,056**	**1,507**
Acquisitions of non-current financial assets (investments in consolidated and non-consolidated companies, other long-term investments)	149	494
Acquisitions of non-current assets	**2,205**	**2,001**
Disposals of non-current assets	(205)	(323)
Acquisitions of non-current assets, net of disposals	**2,000[a]**	**1,678**

(a) Includes €1,089m for Bouygues Telecom (€681m in 2010),and €496m for Colas (€500m in 2010)

3.2 Non-current assets: movements during the period

3.2.1 Property, plant and equipment 6,542

	Land and buildings	Industrial plant and equipment	Other property, plant and equipment	PP&E under construction and advance payments	Total
Gross value					
31 December 2009	**1,860**	**9,780**	**2,288**	**370**	**14,298**
Movements during 2010					
Translation adjustments	35	117	34	1	187
Changes in scope of consolidation	(23)	121	12	18	128
Acquisitions during the period	62	691	293	331	1,377
Disposals, transfers and other movements	(11)	(396)	(97)	(289)	(793)
31 December 2010	**1,923**	**10,313**	**2,530**	**431**	**15,197**
of which finance leases	24	109	82		215
Movements during 2011					
Translation adjustments	8	28	2	(1)	37
Changes in scope of consolidation	35	11	8	(1)	53
Acquisitions during the period	134	896	336	311	1,677[a]
Disposals, transfers and other movements	(41)	(237)	(141)	(289)	(708)
31 December 2011	**2,059**	**11,011**	**2,735**	**451**	**16,256**
of which finance leases	24	97	66		**187**
Depreciation and impairment					
31 December 2009	**(621)**	**(6,218)**	**(1,532)**		**(8,371)**
Movements during 2010					
Translation adjustments	(11)	(69)	(21)		(101)
Changes in scope of consolidation	30	(104)	(10)		(84)
Net expense for the period	(68)	(872)	(277)		(1,217)
Disposals, transfers and other movements	21	540	174		735
31 December 2010	**(649)**	**(6,723)**	**(1,666)**		**(9,038)**
of which finance leases	(9)	(60)	(74)		(143)
Movements during 2011					
Translation adjustments	(1)	(15)	(2)		(18)
Changes in scope of consolidation		(1)	(5)		(6)
Net expense for the period	(71)	(882)	(299)		(1,252)
Disposals, transfers and other movements	46	401	153		600
31 December 2011	**(675)**	**(7,220)**	**(1,819)**		**(9,714)**
of which finance leases	(10)	(55)	(62)		(127)
Carrying amount					
31 December 2010	**1,274**	**3,590**	**864**	**431**	**6,159**
of which finance leases	15	49	8		72
31 December 2011	**1,384**	**3,791**	**916**	**451**	**6,542**
of which finance leases	14	42	4		60

(a) Includes Bouygues Telecom: € 771m (of which mobile network investments: € 492m), and Colas: € 527m

Operating commitments not yet recognised involving future outflows of resources

Property, plant and equipment	Falling due				
	within less than 1 year	within 1 to 5 years	after more than 5 years	TOTAL 2011	TOTAL 2010
Colas: orders in progress for plant and equipment	51			**51**	82
Bouygues Telecom: orders in progress for network equipment assets	155	14		**169**	275
TOTAL	**206**	**14**	**0**	**220**	**357**

3.2.2 Intangible assets 1,209

	Development expenses[a]	Concessions, patents and similar rights	Other intangible assets	Total
Gross value				
31 December 2009	**220**	**1,227**	**1,357**	**2,804**
Movements during 2010				
Translation adjustments		2	2	4
Changes in scope of consolidation		33	7	40
Acquisitions during the period	7	65	54	126
Disposals, transfers and other movements	26	(49)	(66)	(89)
31 December 2010	**253**	**1,278**	**1,354**	**2,885**
Movements during 2011				
Translation adjustments			1	1
Changes in scope of consolidation	(5)	(1)	(15)	(21)
Acquisitions during the period	25	72	282	379[c]
Disposals, transfers and other movements	(57)	39	(23)	(41)
31 December 2011	**216**	**1,388**	**1,599**	**3,203**
Amortisation and impairment				
31 December 2009	**(170)**	**(511)**	**(1,135)**	**(1,816)**
Movements during 2010				
Translation adjustments		(1)	(1)	(2)
Changes in scope of consolidation		(2)	(4)	(6)
Net expense for the period	(11)	(104)	(56)	(171)
Disposals, transfers and other movements	(25)	66	59	100
31 December 2010	**(206)**	**(552)**	**(1,137)**	**(1,895)**
Movements during 2011				
Translation adjustments			(1)	(1)
Changes in scope of consolidation	5	1	13	19
Net expense for the period	(23)	(91)	(48)	(162)
Disposals, transfers and other movements	56	(32)	21	45
31 December 2011	**(168)**	**(674)**	**(1,152)**	**(1,994)**
Carrying amount				
31 December 2010	**47**	**726**	**217**	**990**
31 December 2011	**48**	**714[b]**	**447**	**1,209**

(a) Development expenses:
- Software development expenses are usually capitalised (mainly relates to Bouygues Telecom)
- Development expenses of a permanent and recurring nature that do not meet the IAS 38 capitalisation criteria are expensed (mainly relates to Colas)
(b) Includes Bouygues Telecom's UMTS licence: carrying amount €382m
(c) Includes Bouygues Telecom's licence to use 15 MHz duplex frequencies in the 2.6 GHz band (€228m)

Operating commitments not yet recognised involving future outflows of resources

Intangible assets	Falling due				
	within less than 1 year	within 1 to 5 years	after more than 5 years	Total 2011	Total 2010
TF1: broadcasting rights (securing programming schedules for future years)	14			**14**	20
Bouygues Telecom: capital expenditure commitments (licence to use frequencies)	683			**683[a]**	
TOTAL	**697**	**0**	**0**	**697**	**20**

(a) Licence to use 10 MHz duplex frequencies in the 800 MHz band

3.2.3 Goodwill 5,580

Overall increase in carrying amount during the year: €49m (fully consolidated entities only; for goodwill on associates, see Note 3.2.4.1, "Investments in associates")

	Gross value	Impairment	Carrying amount
1 January 2010	**5,190**	**(34)**	**5,156**
Movements during 2010			
Changes in scope of consolidation	392	(1)	391
Impairment losses charged in the period		(47)	(47)
Translation adjustments and other movements	29	2	31
31 December 2010	**5,611**	**(80)**	**5,531**
Movements during 2011			
Changes in scope of consolidation	28	18	46
Impairment losses charged in the period		(3)	(3)
Translation adjustments and other movements	6		6
31 December 2011	**5,645**	**(65)**	**5,580**

Split of goodwill by cash generating unit (CGU)

CGU	31 December 2011		31 December 2010	
	Total	% (Bouygues or subsidiaries)	Total	% (Bouygues or subsidiaries)
Bouygues Construction[a]	388	99.97	347	99.97
Colas[b]	1,069	96.55	1,063	96.62
TF1[b]	1,458	43.59	1,468	43.09
Bouygues Telecom[b]	2,664	89.55	2,651	89.55
Other activities	1		2	
Total Bouygues	**5,580**		**5,531**	

(a) Only includes goodwill on subsidiaries acquired by the CGU
(b) Includes goodwill on subsidiaries acquired by the CGU and on acquisitions made at parent company (Bouygues SA) level for the CGU

Consolidated carrying amount of listed shares as at 31 December 2011 (€)

	Consolidated carrying amount per share	Closing quoted share price at 31 December 2011
TF1	13.67	7.54[a]
Colas	98.12	103.00
Alstom	50.79	23.43

Impairment tests carried out at 31 December 2011 using the methodology described in Note 2 showed no evidence that the recoverable amount of any CGU had fallen below the carrying amount of the assets tested.

(a) €8.67 after adjustment to reflect a control premium

3.2.4 Non-current financial assets 6,111

These comprise:

- investments in associates (companies accounted for by the equity method): €5,085m;
- other non-current financial assets (loans, receivables, investments in non-consolidated companies, etc.);
- deferred tax assets and non-current tax receivable.

	Investments in associates	Investments in non-consolidated companies	Other non-current assets	Total	Amortisation and impairment	Carrying amount	Deferred tax assets and non-current tax receivable
31 December 2009	**4,962**	**276**	**331**	**5,569**	**(213)**	**5,356**	**273**
Movements during 2010							
Changes in scope of consolidation	(97)	11	1	(85)	(7)	(92)	22
Acquisitions and other increases	345	22	111	478		478	
Amortisation and impairment, net					(11)	(11)	
Disposals and other reductions	(157)	(10)	(82)	(249)		(249)	
Transfers and other allocations	(25)	168	57	200	(3)	197	(34)
31 December 2010	**5,028**	**467**	**418**	**5,913**	**(234)**	**5,679**	**261**
Amortisation and impairment	**(8)**	**(138)**	**(88)**	**(234)**			
Carrying amount	**5,020**	**329**	**330**	**5,679**			**261**

	Investments in associates[a]	Investments in non-consolidated companies	Other non-current assets	Total	Amortisation and impairment	Carrying amount	Deferred tax assets and non-current tax receivable
31 December 2010	**5,028**	**467**	**418**	**5,913**	**(234)**	**5,679**	**261**
Movements during 2011							
Changes in scope of consolidation		(4)	(7)	**(11)**	(13)	**(24)**	**(3)**
Acquisitions and other increases	199	62	128	**389**		**389**	
Amortisation and impairment, net					(2)	**(2)**	
Disposals and other reductions	(115)	(2)	(55)	**(172)**		**(172)**	**(2)**
Transfers and other allocations	(12)[b]	5	19	**12**	(27)	**(15)**	
31 December 2011	**5,100**	**528**	**503**	**6,131**	**(276)**	**5,855**	**256**
Amortisation and impairment	**(15)**	**(149)**	**(112)**	**(276)**			
Carrying amount	**5,085**	**379**	**391**	**5,855**			**256**

6,111

(a) Includes goodwill on associates of €2,748m at 31 December 2011

(b) Mainly relates to actuarial gains/losses on Alstom lump-sum retirement benefit obligations (including net movement of -€30m in the translation reserve)

3.2.4.1 Investments in associates 5,085

Components of carrying amount	Share of net assets held	Share of profit for the period	Goodwill	Carrying amount
31 December 2009	**1,748**	**393**	**2,816**	**4,957**
Movements during 2010				
Translation adjustments	32			32
Acquisitions and share issues	94		126	220
Profit for the period		281		281
Impairment losses			(3)	(3)
Appropriation of prior-year profit, disposals, transfers and other movements	112	(393)	(186)	(467)
31 December 2010	**1,986**	**281**	**2,753**	**5,020**
Movements during 2011				
Translation adjustments	(4)			(4)
Acquisitions and share issues	7		2	9
Profit for the period		198		198
Impairment losses				
Appropriation of prior-year profit, disposals, transfers and other movements	150	(281)	(7)	(138)
31 December 2011	**2,139**	**198**	**2,748**	**5,085[a]**

(a) Includes: Alstom = €4,444m/Cofiroute (Colas) = €488m (see below)

A list of associates in which the Bouygues group holds an interest is provided in Note 24 (List of consolidated companies at 31 December 2011).

Principal associates

	31/12/2010	Net movement in 2011	31/12/2011	Includes: share of net profit/(loss) for the period
Alstom	4,366	77	**4,444[b]**	175[a]
Construction				
Concession companies	62	(13)	**49**	(11)
Other associates	5	0	**5**	(2)
Roads				
Cofiroute	490	(2)	**488**	49
Other associates	65	14	**79**	9
Media	14	(13)	**1**	(14)
Other associates	18	2	**19**	(8)
Total	**5,020**	**65**	**5,085**	**198**

(a) Contribution of Alstom group: Net of amortisation charged against fair value remeasurements in 2011: €190m - €15m = €175m
(b) Includes goodwill of €2,592m

Summary information about the assets, liabilities, income and expenses of the Bouygues group's two principal associates is provided below.

Amounts shown are for 100% of the associate	31 December 2011	
	Alstom[a]	Cofiroute
Non-current assets	12,487	5,825
Current assets	17,294	655
Total assets	**29,781**	**6,480**
Shareholders' equity	4,102	2,142
Non-current liabilities	6,378	3,665
Current liabilities	19,301	673
Total liabilities and equity	**29,781**	**6,480**
Sales	**9,389**	**1,331**
Current operating profit	**627**	**602**
Net profit	**368**	**294**
Net profit attributable to the Group	**363**	**49**

Amounts shown are for 100% of the associate	31 December 2010	
	Alstom[b]	Cofiroute
Non-current assets	12,042	5,841
Current assets	17,591	568
Total assets	**29,633**	**6,409**
Shareholders' equity	4,152	2,150
Non-current liabilities	6,165	3,726
Current liabilities	19,316	533
Total liabilities and equity	**29,633**	**6,409**
Sales	**20,923**	**1,292**
Current operating profit	**1,570**	**584**
Net profit	**490**	**312**
Net profit attributable to the Group	**462**	**312**

(a) Interim financial statements published by Alstom for the six months ended 30 September 2011 (Alstom's financial year-end is 31 March 2012)
(b) Published financial statements for the year ended 31 March 2011

3.2.4.2 Investments in non-consolidated companies and other non-current financial assets

Principal investments in non-consolidated companies at 31 December 2011

Investment	31/12/2011								31/12/2010
	Gross value	Impairment	Carrying amount	% interest	Total assets	Total current and non-current liabilities	Total sales	Net profit/ (loss)	Carrying amount
French companies									
Property									
Société Maintenance technologique	5		5	100.0%					
Colas									
Carrières Lamalou[b]	16		16	100.0%					
STPC - Travaux Publics de Concassage[b]	12		12	100.0%					
Béziers Béton[b]	6		6	100.0%					
Montpellier Béton[b]	4		4	100.0%					
Asphalt and binder companies[a]	14	(2)	12						12
TF1									
Groupe AB (put option)	155		155	33.5%					155
Sylver	4		4	49.0%					4
Serendipity									
Wonderbox	6		6	11.1%					2
Sub-total	**222**	**(2)**	**220**						**173**
Foreign companies									
Construction									
IEC Investments (Hong Kong)	54		54	15.0%	150	20	26	(14)	53
Socoprim (Ivory Coast)	13		13	61.0%	96	73			13
Bombela (South Africa)	9		9	17.0%	411	399	17		9
VSL Corporation (United States)	22	(22)	0	100.0%					
TF1									
Wikio	4		4	10.1%					4
A1-International (Netherlands)	13	(13)	0	50.0%					
Colas									
Asphalt and binder companies[a]	2	(1)	1						1
Sub-total	**117**	**(36)**	**81**						**80**
Other investments	189	(111)	78						76
Total	**528**	**(149)**	**379**						**329**

(a) The information provided for "Asphalt & binder companies" and "Other investments" relates to a large number of companies, for which individual information is not disclosed on grounds of immateriality
(b) These non-consolidated companies were acquired by Colas from the Servant group at the end of 2011, and will be consolidated in 2012

Other non-current financial assets		**391**	
> Advances to non-consolidated companies	74		
> Non-current loans and receivables	174		
> Other long-term investments:	143		
- Deposits and caution money paid (net)			*125*
- Mutual funds			*10*
- Other investments with carrying amounts of less than €2m individually			*8*

Analysis of investments in non-consolidated companies and other non-current financial assets (excluding associates) by category **770**

	Measured at fair value			
	Available-for-sale financial assets[a]	Other financial assets measured at fair value[b]	Loans and receivables[c]	Total
31 December 2010	**206**	**161**	**292**	**659**
Movements during 2011	39[f]	(5)	77[e]	**111**
31 December 2011	**245**	**156[d]**	**369**	**770**
Due within less than 1 year			36	**36**
Due within 1 to 5 years			90	**90**
Due after more than 5 years			243	**243**

(a) Impact of fair value remeasurements recognised in equity (except in the event of a significant and prolonged decline in value, in which case an impairment loss is recognised in profit or loss)
(b) Impact of fair value remeasurements recognised in profit or loss
(c) Measured at amortised cost
(d) Includes Groupe AB put option, initially designated at fair value
(e) Includes financial receivables relating to Public-Private Partnership (PPP) activities
(f) Movements during 2011 mainly relate to companies acquired by Colas at the end of 2011, which are to be consolidated in 2012

Investments in joint ventures

The Bouygues group holds a number of interests in joint ventures, which are listed in Note 24 (List of consolidated companies at 31 December 2011).

Aggregate amounts of assets/liabilities and key income statement indicators are shown below:

Bouygues share in joint ventures	31 December 2011	31 December 2010
Non-current assets	246	183
Current assets	1,156	941
Total assets	**1,402**	**1,124**
Shareholders' equity	(90)	(136)
Non-current liabilities	132	136
Current liabilities	1,360	1,124
Total liabilities and equity	**1,402**	**1,124**
Sales	**1,279**	**1,181**
Operating profit	**27**	**13**
Net profit	**28**	**11**

3.2.5 Non-current tax assets 256

See Note 7 for details.

NOTE 4 • CURRENT ASSETS

4.1 Inventories 2,727

	31 December 2011			31 December 2010		
	Gross value	Impairment[a]	Carrying amount	Gross value	Impairment[a]	Carrying amount
Property development inventories	1,289	(113)	**1,176[b]**	1,338	(112)	1,226
Raw materials and finished goods	955	(40)	**915**	877	(41)	836
Programmes and broadcasting rights (TF1)	778	(142)	**636**	771	(153)	618
Total	**3,022**	**(295)**	**2,727**	**2,986**	**(306)**	**2,680**

(a) Includes: impairment losses (93) (76)
impairment reversals 99 90
(b) Includes Bouygues Immobilier: properties under construction = €1,014m, completed properties = €15m

Operating commitments not yet recognised involving future outflows of resources

TF1: programming schedules for future years

The maturities of broadcasting and sports transmission rights contracts are as follows:

	Maturity			Total 2011	Total 2010
	less than 1 year	1 to 5 years	more than 5 years		
Programmes and broadcasting rights[a]	582	852	77	**1,511**	1,605
Sports transmission rights	185	402	4	**591**	636
Total	**767**	**1,254**	**81**	**2,102**	**2,241**
Comparatve at 31 December 2010	**751**	**1,331**	**159**	**2,241**	

(a) 2011: some of these contracts are denominated in foreign currencies: €18.9m in Swiss francs, €3.1m in pounds sterling and €282.7m in US dollars

	Maturity			Total 2011	Total 2010
	less than 1 year	1 to 5 years	more than 5 years		
Bouygues Immobilier					
Reciprocal off balance sheet operating commitments relating to acquisition of land banks	**282**			**282**	**269**
Bouygues Telecom					
Agreements to secure handset supplies	**170**			**170**	**156**

4.2 Advances and down-payments on orders 390

	31 December 2011			31 December 2010		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Advances and down-payments on orders	404	(14)	**390**	410	(14)	**396**

4.3 Trade receivables, tax assets and other current receivables 8,910

	31 December 2011			31 December 2010		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Trade receivables (including unbilled receivables)	**7,278**	(539)	**6,739**	**6,624**	(457)	**6,167**
Current tax assets (tax receivable)	**123**	(2)	**121**	**136**	(2)	**134**
Other receivables and prepaid expenses:						
• Other operating receivables (employees, social security, government and other)	1,338	(79)	**1,259**	1,292	(76)	1,216
• Sundry receivables	656	(81)	**575**	630	(81)	549
• Prepaid expenses	216		**216**	217		217
Total other current receivables and prepaid expenses	**2,210**	(160)	**2,050**	**2,139**	(157)	**1,982**
Total	**9,611**	**(701)**	**8,910**	**8,899**	**(616)**	**8,283**

Split of carrying amount of trade receivables between non past due and past due balances

	Non past due balances	Balances past due by: 0-6 months	6-12 months	> 12 months	Total
Trade receivables	5,213	1,235	381	449	**7,278**
Impairment of trade receivables	(73)	(76)	(103)	(287)	**(539)**
Carrying amount of trade receivables at 31 December 2011	**5,140**	**1,159**	**278**	**162**[a]	**6,739**
Carrying amount of trade receivables at 31 December 2010	**4,483**	**1,292**	**184**	**208**	**6,167**

(a) Includes €81m for Colas and €56m for Bouygues Construction

An analysis of unimpaired trade receivables more than 12 months past due revealed no additional credit risk (recoverable VAT, offset with trade creditors, etc.).

4.4 Cash and cash equivalents 3,415

	31 December 2011			31 December 2010		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Cash	1,297		**1,297**[a]	1,977		**1,977**
Cash equivalents	2,124	(6)	**2,118**[b]	3,601	(2)	**3,599**
Total	**3,421**	**(6)**	**3,415**	**5,578**	**(2)**	**5,576**

(a) Includes €329m of term deposits maturing within less than 3 months recorded in the books of Bouygues SA
(b) €1,965m of these cash equivalents are held by Bouygues SA.
Surplus cash is invested with high-quality French and foreign banks.
Cash equivalents are readily convertible into cash.
Cash and cash equivalents are measured at fair value.

All investments of cash and equivalents were available as at 31 December 2011.
The net cash position shown in the cash flow statement comprises the following items:

Split of cash position by currency	Euro	Pound sterling	Swiss franc	Other European currencies	US dollar	Other currencies	Total 31/12/2011	Total 31/12/2010
Cash	655	131	33	1	54	423	**1,297**	**1,977**
Cash equivalents	2,104				1	13	**2,118**	**3,599**
Overdrafts and short-term bank borrowings	(99)		(1)	(51)		(88)	**(239)**	**(294)**
Total: 31 December 2011	**2,660**	**131**	**32**	**(50)**	**55**	**348**	**3,176**	**5,282**
Total: 31 December 2010	**4,795**	**103**	**53**	**(19)**	**38**	**312**	**5,282**	

4.5 Analysis of depreciation, amortisation, provisions and impairment in the balance sheet and income statement

		Charges and reversals (operating)					
	31/12/2010	Translation adjustments	Depreciation and amortisation	Impairment and provisions	Reversals (unutilised)	Other movements[a]	31/12/2011
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(10,933)	(19)	(1,414)			658	**(11,708)**
Impairment of goodwill	(80)			(3)		18	**(65)**
Impairment of investments in non-consolidated companies	(138)			(4)		(7)	**(149)**
Impairment of other non-current financial assets	(96)			1		(32)	**(127)**
Impairment of inventories	(306)	1		(16)	22	4	**(295)**
Impairment of trade receivables	(457)			(121)	47	(8)	**(539)**
Impairment of cash equivalents	(2)			(3)		(1)	**(6)**
Impairment of other current assets	(173)			(13)	6	4	**(176)**
Total deducted from assets	**(12,185)**	**(18)**	**(1,414)**	**(159)**	**75**	**636**	**(13,065)**
Non-current and current provisions	**(2,800)**	**7**		**(243)**	**300**	**40**	**(2,696)**
Total recognised as liabilities	**(2,800)**	**7**		**(243)**	**300**	**40**	**(2,696)**

(a) Reversals on disposals and changes in scope of consolidation, and net movement recognised in financial income/expense

4.6 Other current financial assets 38

	31 December 2011	31 December 2010
Financial instruments used to hedge financial liabilities	23	13
Other financial assets (financial assets due within less than 1 year, financial instruments related to working capital items, etc.)	15	18
Total	**38**	**31**

NOTE 5 • CONSOLIDATED SHAREHOLDERS' EQUITY

5.1 Share capital of Bouygues SA (€) €314,869,079

As of 31 December 2011, the share capital of Bouygues SA consisted of 314,869,079 shares with a par value of €1. Movements during 2011 were as follows:

	31 December 2010	Movements during 2011		31 December 2011
		Reductions	Increases	
Shares	365,862,523	(51,639,953)[a]	646,509[b]	314,869,079
Number of shares	**365,862,523**	**(51,639,953)**	**646,509**	**314,869,079**
Par value	€1			€1
Capital (€)	**365,862,523**	**(51,639,953)**	**646,509**	**314,869,079**

(a) Cancellation of treasury shares held by Bouygues SA (including 41,666,666 shares acquired under the share repurchase tender offer)
(b) After exercise of stock options

5.2 Shareholders' equity at 31 December 2011 attributable to the Group and to minority interests

	Share capital	Share premium	Reserves related to capital	Retained earnings	Consolidated reserves and profit for the year	Items recognised directly in equity	Total 31/12/2011
Attributable to the Group	315	839	807	1,790	4,759	(149)	**8,361**
Attributable to minority interests					1,311	6	**1,317**
Total shareholders' equity	**315**	**839**	**807**	**1,790**	**6,070**	**(143)[a]**	**9,678**

(a) Cumulative balance of items recognised directly in equity as at 31 December 2011

5.3 Analysis of income and expense recognised directly in equity (change in the period)

	Ref.	2011	2010
		Attributable to the Group	
Translation reserve	1	61	32
Fair value remeasurement reserve (financial instruments)	2	(69)	21
Actuarial gains/(losses)	3	25	(12)
Taxes on items recognised directly in equity		2	(4)
Share of remeasurements of associates		(49)	(16)
Sub-total		**(30)**	**21**
		Minority interests	**Minority interests**
Other income and expense attributable to minority interests		2	8
Total		**(28)**	**29**

5.3.1 Translation reserve

Principal translation adjustments in the year ended 31 December 2011 arising on the consolidated financial statements of foreign subsidiaries and associates reporting in the following currencies:

	31 December 2010	Movements during 2011	31 December 2011
US dollar	(13)	11	(2)
Canadian dollar	30	3	33
Australian dollar	7	2	9
Pound sterling	(12)	6	(6)
Thai baht	2	5	7
South African rand	(55)	40	(15)
Swiss franc	7	1	8
Czech koruna	9	(2)	7
Other currencies	33	(5)	28
Total	**8**	**61[b]**	**69[a]**

(a) Includes cumulative translation adjustments on associates: +€17m (including +€9m for Alstom)
(b) Split: subsidiaries +€61m, changes in scope of consolidation +€4m, associates -€4m

5.3.2 Fair value remeasurement reserve (attributable to the Group)

Amounts recognised directly in equity on the remeasurement at fair value of financial instruments used for hedging purposes and of available-for-sale financial assets

	31 December 2010	Movements during 2011	31 December 2011
Gross movement (excluding associates)	53	(69)	**(16)**

This mainly relates to cash flow hedges, currency hedges, and fair value remeasurement of available-for-sale financial assets.

5.3.3 Actuarial gains and losses on employee benefits (IAS 19) (attributable to the Group)

	31 December 2010	Movements during 2011	31 December 2011
Gross movement (excluding associates)	(11)	38[a]	**27**

(a) Includes other movements of €13m

5.4 Analysis of "Other transactions with shareholders" (attributable to the Group)

Share-based payment (IFRS 2): impact on consolidated shareholders' equity

	2011	2010	(matching entry charged to profit or loss)
TF1 and Bouygues SA stock options			
Transfer to reserves:			
• TF1	**1**	**1**	
• Bouygues SA	**18**	**25**	2011 expense calculated on the basis of plans awarded since June 2005
Consolidated expense	**19**	**26**	
2009 employee share ownership plans			
• Bouygues Confiance 5 plan		**8**	Cost of employee benefit
Total	**19**	**34**	

NOTE 6 • NON-CURRENT AND CURRENT PROVISIONS

6.1 Non-current provisions 1,865

	Long-term employee benefits[a]	Litigation and claims[b]	Guarantees given[c]	Other non-current provisions[d]	Total
31 December 2009	**455**	**343**	**368**	**561**	**1,727**
Movements during 2010					
Translation adjustments	2	0	4	4	10
Changes in scope of consolidation	20	(1)	(1)	37	55
Charges to provisions	49	121	103	126	399
Reversals (utilised or unutilised)	(40)	(97)	(105)	(115)	(357)[e]
Actuarial gains and losses	11	0	0	0	11
Transfers and other movements	1	(2)	3	23	25
31 December 2010	**498**	**364**	**372**	**636**	**1,870**
Movements during 2011					
Translation adjustments	1	0	0	(1)	0
Changes in scope of consolidation	0	0	0	(6)	(6)
Charges to provisions	41	99	110	108	358
Reversals (utilised or unutilised)	(27)	(106)	(104)	(88)	(325)[f]
Actuarial gains and losses	(27)	0	0	0	(27)
Transfers and other movements	(6)	3	4	(6)	(5)
31/12/2011	**480**	**360**	**382**	**643**	**1,865**

Provisions are based on management's best estimate of the risk, including risks relating to tax inspections.

			Principal segments involved:	
(a) Long-term employee benefits		***480***		
Lump-sum retirement benefits	308		Bouygues Construction	126
Long-service awards	122		Colas	259
Other long-term employee benefits	50		TF1	29
			Bouygues Telecom	42
(b) Litigation and claims		***360***		
Provisions for customer disputes	182		Bouygues Construction	195
Subcontractor claims	36		Bouygues Immobilier	40
Employee-related and other litigation and claims	142		Colas	112
(c) Guarantees given		***382***		
Provisions for guarantees given	275		Bouygues Construction	273
Provisions for additional building/civil engineering/civil works guarantees	107		Bouygues Immobilier	28
			Colas	81
(d) Other non-current provisions		***643***		
Risks related to official inspections	168		Bouygues Construction	203
Provisions for miscellaneous foreign risks	103		Colas	297
Provisions for subsidiaries and affiliates	60		Bouygues Telecom	81
Dismantling and site rehabilitation	212			
Other non-current provisions	100			
(e) *Including reversals of unutilised provisions:*	*-€157m*			
(f) *Including reversals of unutilised provisions:*	*-€175m*			

6.2 Current provisions 831

Provisions related to the operating cycle (see Note 2):

	Provisions for customer warranties	Provisions for project risks and project completion[e]	Provisions for expected losses to completion[b]	Other current provisions[a]	Total
31 December 2009	**59**	**253**	**234**	**285**	**831**
Movements during 2010					
Translation adjustments		6	12	9	27
Changes in scope of consolidation		(5)	1	(1)	(5)
Charges to provisions	27	159	142	134	462
Reversals (utilised or unutilised)	(29)	(119)	(107)	(118)	(373)[c]
Transfers and other movements				(12)	(12)
31 December 2010	**57**	**294**	**282**	**297**	**930**
Movements during 2011					
Translation adjustments		1	(6)	(2)	(7)
Changes in scope of consolidation	(1)	(2)	(2)	3	(2)
Charges to provisions	25	139	95	136	395
Reversals (utilised or unutilised)	(23)	(139)	(165)	(158)	(485)[d]
Transfers and other movements	(2)	(4)	1	5	
31 December 2011	**56**	**289**	**205**	**281**	**831**

(a) Other current provisions comprise:

Reinsurance costs	*7*	***Entities involved:***	
Current customer disputes and vendor's liability guarantee (TF1)	*27*	*Bouygues Construction*	*63*
Customer loyalty programmes (Bouygues Telecom)	*23*	*Bouygues Immobilier*	*44*
Site rehabilitation costs (current)	*10*	*Colas*	*76*
Rental guarantees (Bouygues Immobilier)	*4*	*TF1*	*57*
Miscellaneous current provisions	*210*	*Bouygues Telecom*	*26*
		Challenger Réassurance	*7*

(b) Provisions relating to construction activities, mainly Bouygues Construction and Colas (Individual project provisions are not disclosed for confidentiality reasons)

(c) Including reversals of unutilised provisions: -€127m

(d) Including reversals of unutilised provisions: -€125m

(e) Mainly Bouygues Construction and Colas

NOTE 7 • NON-CURRENT TAX ASSETS AND LIABILITIES 256/203

7.1 Non-current tax assets

	31/12/2010	Movements during 2011	31/12/2011
Deferred tax assets			
Bouygues Construction	84	(7)	77
Bouygues Immobilier	39	(16)	23
Colas	133	19	152
Bouygues Telecom	6	(6)	
TF1	3	3	6
Bouygues SA and other	(4)	2	(2)
Total non-current tax assets	**261**	**(5)**	**256**

Deferred tax assets mainly derive from:
- *temporary differences (provisions temporarily non-deductible for tax purposes, etc.);*
- *tax losses with a genuine probability of recovery.*

7.2 Non-current tax liabilities

	31/12/2010	Movements during 2011	31/12/2011
Deferred tax liabilities	112	90	**202[a]**
Other non-current tax liabilities		1	**1**
Total non-current tax liabilities	**112**	**91**	**203**

(a) Includes €110m for Colas and €72m for Bouygues Telecom

7.3 Net deferred tax asset/liability by business segment

Deferred taxation by segment and type	Net deferred tax asset/(liability) at 31/12/2010	Changes in scope of consolidation	Translation adjustments	Movements during 2011 Gain	Movements during 2011 Expense	Other items[a]	Net deferred tax asset/(liability) at 31/12/2011
A - Tax losses available for carry-forward							
Bouygues Construction	3						**3**
Bouygues Immobilier							
Colas	8				(1)		**7**
TF1	8				(2)		**6**
Bouygues SA	9				(9)		
Sub-total	**28**				**(12)**		**16**
B - Temporary differences							
Bouygues Construction	78			6	(13)	(3)	**68**
Bouygues Immobilier	39	(2)			(15)		**22**
Colas	29	(1)	(1)	16	(3)	(5)	**35**
TF1	(16)			13	(6)	(1)	**(10)**
Bouygues Telecom	6				(80)	2	**(72)**
Bouygues SA and other	(15)			2	(1)	8	**(6)**
Sub-total	**121**	**(3)**	**(1)**	**37**	**(118)**	**1**	**37**
TOTAL	**149**	**(3)**	**(1)**	**37**	**(130)**	**1**	**53[b]**

(a) Mainly deferred taxation on changes in fair value remeasurements of financial instruments and on actuarial gains/losses on employee benefits

(b) • Breakdown of net deferred tax asset (€m):

- deferred tax asset:	*256*
- deferred tax liability:	*(203)*
	53

• principal sources of deferred taxation:	*31/12/2011*	*31/12/2010*
- deferred tax assets on employee benefits (mainly lump-sum retirement benefits)	*133*	*138*
- deferred tax assets on provisions temporarily non-deductible for tax purposes	*70*	*80*
- restricted provisions booked solely for tax purposes	*(104)*	*(127)*
- other	*(46)*	*58*
	53	*149*

7.4 Period to recovery of deferred tax assets

31 December 2011	Less than 2 years	2 to 5 years	More than 5 years	Total
Estimated period to recovery of deferred tax assets	132	69	55[a]	**256**

(a) Mainly Colas

7.5 Unrecognised deferred tax assets

Some deferred tax assets were not recognised as of 31 December 2011 due to the low probability of recovery (mainly loss carry-forwards, which in the case of France are relevant only to companies not included in the Bouygues SA group tax election).

	31 December 2010	Movements during 2011	31 December 2011
Bouygues Construction	**92**	26	**118**
Bouygues Immobilier	**48**	(1)	**47**
Colas	**58**	1	**59**
TF1	**28**	(4)	**24**
Other	**1**	(1)	
Total unrecognised deferred tax assets	**227**	**21**	**248**

NOTE 8 • NON-CURRENT AND CURRENT DEBT 7,023

Non-current debt	6,807
Current debt	216

8.1 Interest-bearing debt by maturity

	Current debt (maturing 2012)				Non-current debt							
	Accrued interest	1 to 3 months	4 to 12 months	Total maturing 2012	1 to 2 years 2013	2 to 3 years 2014	3 to 4 years 2015	4 to 5 years 2016	5 to 6 years 2017	6 or more years (2018 and later)	Total 31/12/2011	Total 31/12/2010
Bond issues	121			**121**	710	755	998	599		3,032	**6,094**	6,085
Bank borrowings		9	49	**58**	46	36	347	18	46	96	**589**	556
Finance lease obligations		3	17	**20**	13	10	6	4	2		**35**	47
Other borrowings		9	8	**17**	13	20	22	8	3	23	**89**	62
Total debt	**121**	**21**	**74**	**216**	**782**	**821**	**1,373**	**629**	**51**	**3,151**	**6,807**	**6,750**
Comparative: 31/12/2010	**150**	**770**	**74**	**994**	**81**	**765**	**779**	**1,341**	**618**	**3,166**		**6,750**

Finance lease obligations by business segment	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total
Non-current: 31 December 2011			24	11			**35**
Current: 31 December 2011	1		9	4	6		**20**
Non-current: 31 December 2010	1		24	16	6		**47**
Current: 31 December 2010			16	4	3		**23**

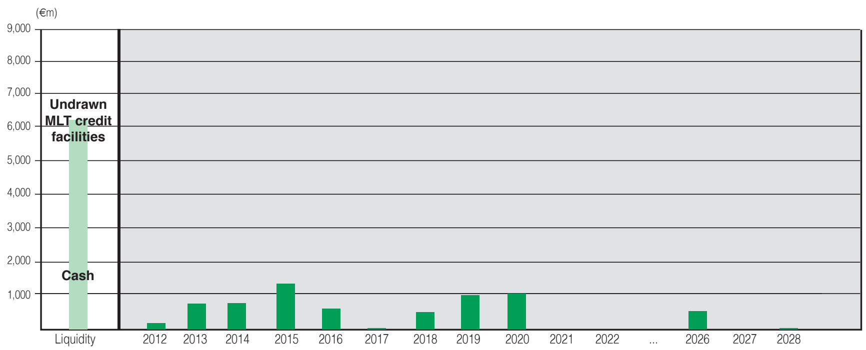
8.2 Confirmed credit facilities and drawdowns

Description	Confirmed facilities – Maturity				Drawdowns – Maturity			
	Less than 1 year	1 to 5 years	More than 5 years	Total	Less than 1 year	1 to 5 years	More than 5 years	Total
Bond issues (mainly Bouygues SA)	121	3,062	3,032	**6,215**	121	3,062	3,032	**6,215**
Bank borrowings[a]	557	4,995	340	**5,892**	58	447	142	**647**
Finance lease obligations	21	33	2	**56**	20	33	2	**55**
Other borrowings	16	63	26	**105**	17	63	26	**106**
Total credit facilities	**715**	**8,153**	**3,400**	**12,268**	**216**	**3,605**	**3,202**	**7,023**

(a) Undrawn confirmed credit facilities = €5,245m

8.3 Liquidity as at 31 December 2011

As at 31 December 2011, available cash stood at €3,161m (including -€16m of financial instruments contracted to hedge net debt). The Group also had €5,245m of credit facilities as at the same date.



The bond issues maturing in 2013, 2015, 2016, 2018, 2019 and 2026 all contain a change of control clause relating to Bouygues SA.

The credit facilities contracted by Bouygues SA and its subsidiaries contain no financial covenants or trigger event clauses.

8.4 Split of current and non-current debt by interest rate type

Split of current and non-current debt, including the effect of all open interest rate hedges at the balance sheet date:

	31 December 2011	31 December 2010
Fixed rate[a]	**90%**	92%
Floating rate	**10%**	8%

(a) 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 2011 was as follows:

	Variable rate	Fixed rate	Total
Financial liabilities (debt)	929	6,094	**7,023**
Financial assets[a] (net cash position)	3,161		**3,161**
Net position before hedging	(2,232)	6,094	**3,862**
Interest rate hedges	(229)	229	
Net position after hedging	**(2,461)**	**6,323**	**3,862**
Adjustment for seasonal nature of certain activities	630		
Net position after hedging and adjustment	**(1,831)**		

(a) Includes -€16m for the fair value of financial instruments contracted to hedge net debt

The effect of a 1% rise in short-term interest rates on the net position described above would be to reduce the cost of net debt by €18.3m over a full year.

8.6 Split of current and non-current debt by currency

	Europe						
	Euro	Pound sterling	Other currencies	US dollar	Hong Kong dollar	Other currencies	Total
Non-current: 31 December 2011	6,001	697	4	38	29	38	**6,807**
Current: 31 December 2011	160	10	21	23	1	1	**216**
Non-current: 31 December 2010	5,968	670	53	12	26	21	**6,750**
Current: 31 December 2010	964	10	8	2	1	9	**994**

An analysis of debt by business segment is provided in Note 16.

An analysis of collateral and pledges given by the Bouygues group is provided in Note 18.1 (breakdown by business segment)

NOTE 9 • MAIN COMPONENTS OF CHANGE IN NET DEBT (3,862)

9.1 Change in net debt

	31/12/2010	Movements during 2011	31/12/2011
Cash and cash equivalents	5,576	(2,161)	**3,415**
Overdrafts and short-term bank borrowings	(294)	55	**(239)**
Net cash position	**5,282**	**(2,106)**	**3,176**[a]
Non-current debt	(6,750)	(57)	**(6,807)**
Current debt	(994)	778	**(216)**
Financial instruments, net	(11)	(4)	**(15)**
Total debt	**(7,755)**	**717**	**(7,038)**
Net debt	**(2,473)**	**(1,389)**	**(3,862)**

(a) Net cash position as analysed in the 2011 cash flow statement (net cash flows + non-monetary movements)

9.2 Principal net debt transactions in the year ended 31 December 2011

Net debt at 31/12/2010	**(2,473)**
Acquisitions/disposals of financial assets	(114)[a]
Dividends paid	(694)
Transactions involving share capital	(1,377)[b]
Changes in scope of consolidation	24
Operating items	772[c]
Net debt at 31/12/2011	**(3,862)**

(a) Includes Bouygues Construction (Leadbitter acquisition: -€37m) and Colas (Gamma Materials acquisition: -€33m)

(b) Includes reduction in the share capital of Bouygues SA following the share repurchase tender offer (-€1,250m); purchase of Bouygues SA treasury shares on the stock market (-€169m); capital increase arising under the Bouygues Confiance 5 employee share ownership plan (share of employee contribution for 2011: +€56m); and exercise of stock options (+€17m)

(c) Excluding the €228m spent on the 4G 2.6 GHz frequencies, operating items amounted to €1,000m

NOTE 10 • CURRENT LIABILITIES 16,369

Breakdown of current liabilities

	31 December 2011	31 December 2010
Advances and down-payments received	**1,574**	1,413
Current debt[a]	**216**	994
Current taxes payable	**136**	137
Trade payables	**6,826**	6,347
Current provisions[b]	**831**	930
Other current liabilities		
Other operating liabilities (employees, social security, government)	**2,576**	2,450
Deferred income	**1,843**	1,794
Other non-financial liabilities	**2,026**	1,845
Overdrafts and short-term bank borrowings	**239**	294
Financial instruments	**38**	24
Other current financial liabilities	**64**	19
Total	**16,369**	**16,247**

(a) See analysis in Note 8, "Non-current and current debt"

(b) See analysis in Note 6.2, "Current provisions"

NOTE 11 • ANALYSIS OF SALES AND OTHER REVENUES FROM OPERATIONS

11.1 Analysis by accounting classification

	2011	2010
Sales of goods	3,090	2,722
Sales of services	12,253	12,176
Construction contracts	17,363	16,327
Sales	**32,706**	**31,225**
Other revenues from operations	139	144
Other revenues from operations	**139**	**144**
Total revenues	**32,845**	**31,369**

There were no material exchanges of goods or services in the year ended 31 December 2011.

Consolidated balance sheet: information about construction contracts

	Bouygues Construction	Colas	Total
Works to be rebilled	427	402	**829**
Warranty retentions	110	98	**208**
Works billed in advance	1,234	(316)	**918**
Advance payments received	848	(104)	**744**

11.2 Analysis by business segment

	2011 sales				2010 sales			
	France	International	Total	%	France	International	Total	%
Construction	5,185	4,431	**9,616**	29	4,875	4,127	**9,002**	29
Property	2,342	122	**2,464**	7	2,206	203	**2,409**	8
Roads	7,140	5,155	**12,295**	38	6,668[a]	4,924[a]	**11,592**	37
Media	2,203	392	**2,595**	8	2,199	390	**2,589**	8
Telecoms	5,725		**5,725**	18	5,621		**5,621**	18
Bouygues SA & other	6	5	**11**		7	5	**12**	
Consolidated sales	**22,601**	**10,105**	**32,706**	**100**	**21,576**	**9,649**	**31,225**	**100**
% change 2011 vs. 2010	**5%**	**5%**	**5%**					

(a) Mayotte is an administrative department of France with effect from 31 March 2011. Sales generated in this territory in 2010, amounting to €70m, have been reclassified from "International" to "France"

11.3 Analysis by geographical area

Sales are allocated by the territory in which the sale is generated.

	2011 sales		2010 sales	
	Total	%	Total	%
France	**22,601**	69	21,576[a]	69
European Union (27 members)	**3,299**	10	3,171	10
Rest of Europe	**1,146**	4	1,105	4
Africa	**1,327**	4	1,281[a]	4
Middle East	**160**		127	
North America	**2,520**	8	2,301	8
Central and South America	**151**		145	
Asia-Pacific	**1,293**	4	1,368	4
Oceania	**209**	1	149	1
Other	**0**		2	
Total	**32,706**	**100**	**31,225**	**100**

(a) Mayotte is an administrative department of France with effect from 31 March 2011. Sales generated in this territory in 2010, amounting to €70m, have been reclassified from "International" to "France"

11.4 Split by type of contract, France/International (%)

	2011			2010		
	France	International	Total	France	International	Total
Public-sector contracts[a]	30	63	**41**	32	54	**39**
Private-sector contracts	70	37	**59**	68	46	**61**

(a) Sales billed directly to government departments, local authorities or public enterprises (mainly works and maintenance contracts) in France and abroad

NOTE 12 • OPERATING PROFIT 1,857

	2011	2010
Current operating profit		
Sales	**32,706**	31,225
Other revenues from operations	**139**	144
Purchases used in production and external charges	**(22,348)**	(20,977)
Personnel costs	**(6,778)**	(6,504)
Taxes other than income tax	**(653)**	(633)
Net depreciation, amortisation, provisions and impairment		
Depreciation and amortisation*	**(1,411)**	(1,392)
Net charge to provisions and impairment losses*	**(387)**	(549)
Change in production and property development inventories	**(22)**	(116)
Other income from operations	**1,288**	1,250
Reversals of unutilised provisions*	**375**	371
Other miscellaneous income[a]	**913**	879
Other expenses on operations[a]	**(715)**	(688)
Current operating profit*	**1,819**	**1,760**
Other operating income[b]	**38**	108
Other operating expenses[c]		(77)
Operating profit	**1,857**	**1,791**

(*) Components used in the calculation of EBITDA

See Note 16 for an analysis by business segment.

(a) *In 2011; includes €67m of net gains on disposals*
(b) ***2011***
Bouygues Telecom: *miscellaneous gains on disposals*
2010
Colas: *gain on bargain purchase (negative goodwill) on buyout of minority interests = €6m*
TF1: *Other operating income of €102m for the year ended 31 December 2010 includes a gain of €95.9m on the remeasurement at fair value of the previously-held equity interests in TMC and NT1.*
(c) ***2010***
Colas: *Fines relating to competition issues and associated claims: -€31m; impairment of goodwill: -€27m*
TF1: *Other operating expenses include goodwill impairment and other items*

NOTE 13 • COST OF NET DEBT (277)
OTHER FINANCIAL INCOME AND EXPENSES (13)

13.1 Components of cost of net debt

	2011	2010
Financial expenses	**(359)**	(394)
comprising:		
Interest expense on debt	**(323)**	(346)
Interest expense related to treasury management	**(30)**	(30)
Interest expense on finance leases	**(2)**	(4)
Negative effects of financial instruments	**(4)**	(14)
Financial income	**82**	64
comprising:		
Interest income from cash and cash equivalents	**40**	42
Income from, and gains on disposals of, short-term investments	**42**	21
Negative effects of financial instruments		1
Total cost of net debt	**(277)**	**(330)**

13.2 Other financial income and expenses

	2011	2010
Other financial income	**55**	101
Other financial expenses	**(68)**	(95)
Other financial income/(expenses), net	**(13)**	**6**

"Other financial income and expenses" include gains or losses on disposals of investments in non-consolidated companies, interest paid to investors on calls for funds (commercial property), commitment fees, changes in the fair value of "Other current financial assets" and other items during the period.

The net year-on-year movement of -€19m mainly reflects a reduction in net gains on disposals of investments in non-consolidated companies, mainly due to the Alstom Hydro share exchange (which generated a €42m gain in 2010).

NOTE 14 • INCOME TAX EXPENSE (528)

14.1 Analysis of income tax expense

	2011			2010		
	France	Other countries	Total	France	Other countries	Total
Tax payable to the tax authorities	(316)	(120)	**(436)**	(326)	(120)	**(446)**
Change in deferred tax liabilities	7	(3)	**4**	(10)	(9)	**(19)**
Change in deferred tax assets	(92)	(4)	**(96)**	(24)	7	**(17)**
Total	**(401)**	**(127)**	**(528)**	**(360)**	**(122)**	**(482)**

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 explained as follows:

	2011	2010
Net profit (100%)	**1,237**	**1,263**
Eliminations:		
Income tax expense	528	482
Net profit of discontinued and held-for-sale operations	N/A	N/A
Share of profits and losses of associates	(198)	(278)
Net pre-tax profit from continuing operations excluding associates	**1,567**	**1,467**
Standard tax rate in France	36.10%	34.43%
Recognition and utilisation of tax loss carry-forwards	3.51%	3.36%
Effect of permanent differences	(4.86%)	(6.22%)
Flat-rate taxes, dividend taxes and tax credits	1.36%	1.11%
Taxes at rates not linked to profits: differential tax rates, long-term capital gains, foreign taxes	(2.44%)	0.17%
Effective tax rate	**33.67%**	**32.85%**

NOTE 15 • NET PROFIT FROM CONTINUING OPERATIONS AND BASIC/DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS

15.1 Net profit from continuing operations

Net profit from continuing operations for the period was €1,070m.

	2011	2010
Net profit from continuing operations (100%)	**1,237**	1,263
Minority interest in net profit from continuing operations	**(167)**	(192)
Net profit from continuing operations attributable to the Group	**1,070**	**1,071**

15.2 Basic and diluted earnings per share from continuing operations

Basic earnings per share from continuing operations is calculated by dividing net profit from continuing operations attributable to the Group by the weighted average number of shares outstanding during the year, excluding the average number of ordinary shares bought and held as treasury shares.

	2011	2010
Net profit from continuing operations attributable to the Group (€m)	**1,070**	1,071
Weighted average number of shares outstanding	**349,686,165**	353,494,819
Basic earnings per share from continuing operations (€)	**3.06**	**3.03**

Diluted earnings per share from continuing operations 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 exercisable and in the money at the balance sheet date).

	2011	2010
Net profit from continuing operations used to calculate diluted earnings per share (€m)	**1,070**	1,071
Weighted average number of shares outstanding	**349,686,165**	353,494,819
Adjustment for potentially dilutive effect of stock options	**272,534**	1,518,148
Diluted earnings per share from continuing operations (€)	**3.06**	**3.02**

15.3 Adjusted net profit from continuing operations

	2011	2010
Net profit from continuing operations attributable to the Group (€m)	**1,070**	1,071
Number of shares outstanding at 31 December[a]	**314,869,079**	361,042,329
Adjusted basic earnings per share from continuing operations (€)	**3.40**	**2.97**
	+14%	

(a) Calculated on the basis of the number of shares outstanding at 31 December (excluding treasury shares).

NOTE 16 • SEGMENT INFORMATION

Segment information is provided in two forms: **1. By business segment (CGU):** Construction (Bouygues Construction), Property (Bouygues Immobilier), Roads (Colas), Media (TF1), Telecoms (Bouygues Telecom), Bouygues SA and other.
2. By geographical area: France (including overseas departments), European Union, Rest of Europe, Africa, Asia-Pacific-Oceania, Americas and Middle East. (Property, plant and equipment is allocated by location of the asset). Inter-segment sales are generally conducted at an arm's-length basis.
An analysis of sales by geographical area is provided in Note 11.3.
The operating segments used in reporting by business segment are those reviewed by the chief operational decision-maker of the Group, and are not aggregated for segment reporting purposes. This information is used to allocate resources to operating segments, and to monitor their performance. Operating segment information is compiled using the same accounting policies as used in the preparation of the consolidated financial statements, as described in the notes to the financial statements. The "Bouygues SA and other" segment includes contributions from corporate holding companies, and from entities dedicated to the centralised financing of the Group.

16.1 Analysis by business segment – Year ended 31 December 2011

	Construction	Property	Roads	Media	Telecoms	Bouygues SA and other	Total 2011
INCOME STATEMENT							
Total sales	9,802	2,465	12,412	2,620	5,741	120	33,160
Inter-segment sales	(186)	(1)	(117)	(25)	(16)	(109)	(454)
Third-party sales	**9,616**	**2,464**	**12,295**	**2,595**	**5,725**	**11**	**32,706**
Net depreciation and amortisation expense	(171)	(4)	(461)	(78)	(692)	(5)	(1,411)
Net charges to provisions and impairment losses	(197)	(12)	(114)	(30)	(44)	10	(387)
Current operating profit	**353**	**201**	**466**	**283**	**561**	**(45)**	**1,819**
Cost of net debt	19	2	(24)	1	(10)	(265)	(277)
Income tax expense	(140)	(53)	(163)	(89)	(211)	128	(528)
Share of profits/(losses) of associates	(13)	(10)	59	(14)	(1)	177[a]	198
Net profit from continuing operations	**229**	**122**	**341**	**186**	**370**	**(11)**	**1,237**
Net profit of discontinued and held-for-sale operations							
Net profit	**229**	**122**	**341**	**186**	**370**	**(11)**	**1,237**
Net profit attributable to the Group	**226**	**120**	**324**	**80**	**331**	**(11)**	**1,070**
BALANCE SHEET							
Property, plant and equipment	655	17	2,537	231	2,955	147	6,542
Intangible assets	71	5	73	141	916	3	1,209
Goodwill	388		1,069	1,458	2,664	1	5,580
Deferred tax assets and non-current tax receivable	60	21	155	6		14	256
Investments in associates	54		568	1	2	4,460[b]	5,085
Other non-current assets	333	15	216	168	9	29	770
Cash and cash equivalents	553	54	420	36	35	2,317	3,415
Other assets							12,065
Total assets							**34,922**
Non-current debt	122	3	242	18	328	6,094	6,807
Non-current provisions	797	97	749	42	129	51	1,865
Deferred tax liabilities and non-current tax liabilities	6	1	111	10	72	3	203
Current debt	5	26	48	5	11	121	216
Other liabilities							25,831
Total liabilities							**34,922**
Net debt[c]	**2,869**	**507**	**28**	**(40)**	**(581)**	**(6,645)**	**(3,862)**
CASH FLOW STATEMENT							
Cash flow statement	**546**	**197**	**915**	**346**	**1,288**	**33**	**3,325**
Acquisitions of property, plant and equipment and intangible assets, net of disposals	**268**	**12**	**414**	**108**	**1,087**	**(3)**	**1,886**
Acquisitions of investments in consolidated companies and other investments, net of disposals	**45**	**2**	**82**	**(7)**	**2**	**(10)**	**114**
OTHER INDICATORS							
EBITDA	**549**	**181**	**934**	**357**	**1,272**	**(51)**	**3,242**
Free cash flow	**157**	**134**	**314**	**150**	**(20)**	**(101)**	**634**

(a) Includes €175m for Alstom (b) Includes €4,444m for Alstom (c) Contribution at business segment level, including Bouygues Relais and Uniservice internal current accounts (these inter-segment accounts are eliminated in the "Bouygues SA & other" column)

16.2 Analysis by business segment – Year ended 31 December 2010

	Construction	Property	Roads	Media	Telecoms	Bouygues SA and other	Total 2010
INCOME STATEMENT							
Total sales	9,235	2,418	11,661	2,622	5,636	132	31,704
Inter-segment sales	(233)	(9)	(69)	(33)	(15)	(120)	(479)
Third-party sales	**9,002**	**2,409**	**11,592**	**2,589**	**5,621**	**12**	**31,225**
Net depreciation and amortisation expense	(155)	(4)	(470)	(91)	(664)	(8)	(1,392)
Net charges to provisions and impairment losses	(306)	(13)	(173)	(14)	(41)	(2)	(549)
Current operating profit	**315**	**204**	**365**	**230**	**692**	**(46)**	**1,760**
Cost of net debt	23	(2)	(30)	(18)	(9)	(294)	(330)
Income tax expense	(133)	(67)	(122)	(69)	(232)	141	(482)
Share of profits/(losses) of associates	(10)	(1)	69	6		214[a]	278
Net profit from continuing operations	**203**	**112**	**223**	**229**	**444**	**52**	**1,263**
Net profit of discontinued and held-for-sale operations							
Net profit	**203**	**112**	**223**	**229**	**444**	**52**	**1,263**
Net profit attributable to the Group	**201**	**108**	**216**	**98**	**397**	**51**	**1,071**
BALANCE SHEET							
Property, plant and equipment	560	13	2,454	186	2,798	148	6,159
Intangible assets	74	3	68	147	695	3	990
Goodwill	347		1,063	1,468	2,651	2	5,531
Deferred tax assets and non-current tax receivable	56	41	138	3	6	17	261
Investments in associates	67		555	14	1	4,383[b]	5,020
Other non-current assets	257	14	168	181	9	30	659
Cash and cash equivalents	521	61	368	39	20	4,567	5,576
Other assets							11,390
Total assets							**35,586**
Non-current debt	70	43	200	16	331	6,090	6,750
Non-current provisions	782	94	750	46	148	50	1,870
Deferred tax liabilities and non-current tax liabilities	3		96	11		2	112
Current debt	3	5	50	4	31	901	994
Other liabilities							25,860
Total liabilities							**35,586**
Net debt[c]	**2,856**	**376**	**(57)**	**17**	**(170)**	**(5,495)**	**(2,473)**
CASH FLOW STATEMENT							
Cash flow statement	**509**	**195**	**814**	**297**	**1,327**	**102**	**3,244**
Acquisitions of property, plant and equipment and intangible assets, net of disposals	**221**	**4**	**474**	**43**	**680**	**1**	**1,423**
Acquisitions of investments in consolidated companies and other investments, net of disposals	**14**	**8**	**26**	**203[d]**	**1**	**3**	**255**
OTHER INDICATORS							
EBITDA	**606**	**184**	**894**	**319**	**1,367**	**(40)**	**3,330**
Free cash flow	**178**	**122**	**188**	**167**	**406**	**(52)**	**1,009**

(a) Includes €218m for Alstom (b) Includes €4,366m for Alstom (c) Contribution at business segment level, including Bouygues Relais and Uniservice internal current accounts (these inter-segment accounts are eliminated in the "Bouygues SA & other" column). (d) Includes €195m for the TMC/NT1 acquisition

16.3 Analysis by geographical area

	France*	European Union	Rest of Europe	Africa	Asia-Pacific	Americas	Middle East	Total
Balance sheet								**31/12/2011**
Property, plant and equipment[a]	4,878	327	123	229	231	730	24	**6,542**
Intangible assets	1,158	24	1	1	1	24		**1,209**
Cash flow statement								**2011**
Purchase price of property, plant and equipment and intangible assets	1,614	63	34	81	102	149	13	**2,056**

(*) Includes French overseas departments (a) Includes assets held under finance leases

	France*	European Union	Rest of Europe	Africa	Asia-Pacific	Americas	Middle East	Total
Balance sheet								**31/12/2010**
Property, plant and equipment[a]	4,629	381	82	222	171	666	8	**6,159**
Intangible assets	943	25	1		2	19		**990**
Cash flow statement								**2010**
Purchase price of property, plant and equipment and intangible assets	1,095	53	36	90	47	166	20	**1,507**

(*) Includes French overseas departments (a) Includes assets held under finance leases

16.4 Income statement by function

2011	Construction	Property	Roads	Media	Telecoms	Bouygues SA and other	Total
Consolidated sales	**9,616**	**2,464**	**12,295**	**2,595**	**5,725**	**11**	**32,706**
Cost of sales	(8,263)	(2,035)	(10,740)	(1,903)	(4,380)	(27)	(27,348)
Gross profit	**1,353**	**429**	**1,555**	**692**	**1,345**	**(16)**	**5,358**
Research and development expenses	(15)	(2)	(69)	(7)	(20)	(1)	(114)
Selling expenses	(365)	(158)		(144)	(175)		(842)
Administrative expenses	(618)	(68)	(1,020)	(258)	(589)	(30)	(2,583)
Other income/(expenses)	(2)					2	
Current operating profit	**353**	**201**	**466**	**283**	**561**	**(45)**	**1,819**

2010	Construction	Property	Roads	Media	Telecoms	Bouygues SA and other	Total
Consolidated sales	**9,002**	**2,409**	**11,592**	**2,589**	**5,621**	**12**	**31,225**
Cost of sales	(7,664)	(2,001)	(10,166)	(1,959)	(4,067)	(3)	(25,860)
Gross profit	**1,338**	**408**	**1,426**	**630**	**1,554**	**9**	**5,365**
Research and development expenses	(15)	(2)	(69)	(6)	(16)	(2)	(110)
Selling expenses	(420)	(134)		(116)	(189)		(859)
Administrative expenses	(588)	(68)	(992)	(278)	(657)	(53)	(2,636)
Current operating profit	**315**	**204**	**365**	**230**	**692**	**(46)**	**1,760**

NOTE 17 • FINANCIAL INSTRUMENTS

The tables below show aggregate notional amounts at 31 December 2011 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 31/12/2011				Notional amounts
	2012	2013 to 2016	After 2016	Total	31/12/2010
Interest rate swaps					
• on financial assets	351	2		**353**[a]	1,713
• on financial liabilities	100	570	727	**1,397**[b]	1,030
Caps/floors					
• on financial assets					
• on financial liabilities		150		**150**	150

(a) Of which pay fixed rate: €353m
(b) Of which pay fixed rate: €1,397m

Analysis by business segment

	Construction	Property	Roads	Media	Telecoms	Bouygues SA and other	Total 31/12/2011	Total 31/12/2010
Interest rate swaps								
• on financial assets						353	**353**	1,713
• on financial liabilities	20		237		640	500[a]	**1,397**	1,030
Caps/floors								
• on financial assets								
• on financial liabilities		150					**150**	150

(a) Forward interest rate swaps used for hedging purposes

In the case of renewable interest rate hedges, the amounts shown in each column relate to the longest maturity.

17.2 Currency hedges

Analysis by original currency

	31 December 2011 (equivalent value in €m)				Total 31/12/2011	Total 31/12/2010
	US dollar	Pound sterling	Swiss franc	Other currencies		
Forward purchases/sales						
• Forward purchases	171	1	4	114	**290**	348
• Forward sales	304	28	32	217	**581**	395
Currency swaps	228	42	158	232	**660**	526
Currency options						
• Call options						
• Put options						

Analysis by business segment

	Construction	Property	Roads	Media	Telecoms	Bouygues SA and other	Total 31/12/2011	Total 31/12/2010
Forward purchases/sales								
• Forward purchases	105	67	10	100	8		**290**	348
• Forward sales	464		100	17			**581**	395
Currency swaps	22			20		618	**660**	526
Currency options								
• Call options								
• Put options								

17.3 Market value of hedging instruments

At 31 December 2011, the market value (net present value) of the hedging instruments portfolio was -€80m. 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: -€19m

> cash flow hedges: -€61m

In the event of a +1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€15m; in the event of a -1.00% movement in the yield curve, the hedging instruments portfolio would have a market value of -€147m.

In the event of a 1% depreciation in the euro against each foreign currency, the hedging instruments portfolio would have a market value of -€94m.

These calculations were prepared by the Bouygues group, or obtained from the banks with whom the instruments were contracted.

NOTE 18 • OFF BALANCE SHEET COMMITMENTS

Notes 18.1 and 18.2 disclose information about guarantee commitments and sundry contractual commitments. Operating lease obligations are shown separately in Note 18.3 (See also Notes 3, 4 and 8).

18.1 Guarantee commitments

	31/12/2011	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Maturity			31/12/2010
								Less than 1 year	1 to 5 years	Over 5 years	
Pledges, mortgages and collateral	**110**	6		104				13	49	48	**115**
Guarantees and endorsements given	**115**	28	9	74	4			60	47	8	**252**
Total guarantee commitments given	**225**	**34**	**9**	**178**	**4**			**73**	**96**	**56**	**367**
Guarantees and endorsements received	**10**		8		2			6	4		**11**
Total guarantee commitments received	**10**		**8**		**2**			**6**	**4**		**11**
Balance	**215**	**34**	**1**	**178**	**2**			**67**	**92**	**56**	**356**

In connection with its ordinary activities, the Bouygues group grants multi-year guarantees (such as 10-year building guarantees), which are usually covered by statistically-based provisions on the liabilities side of the balance sheet. Contract guarantees provided by banks to Group customers represent off balance sheet commitments for those banks; where such guarantees are liable to result in payments being made, a provision is recognised by Bouygues in the consolidated balance sheet.

18.2 Sundry contractual commitments

	31/12/2011	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Maturity			31/12/2010
								Less than 1 year	1 to 5 years	Over 5 years	
Image transmission	**154**				154			40	103	11	119
Network maintenance	**69**					69		54	15		133
Lump-sum retirement benefit obligations	**35**	11	2	20			2	3	11	21	41
Other commitments	**463**		3		197[a]	260	3	437	24	2	488
Total sundry contractual commitments given	**721**	**11**	**5**	**20**	**351**	**329**	**5**	**534**	**153**	**34**	**781**
Image transmission	**154**				154			40	103	11	119
Network maintenance	**69**					69		54	15		133
Lump-sum retirement benefit obligations	**35**	11	2	20			2	3	11	21	41
Other commitments	**457**				197	260		431	24	2	457
Total sundry contractual commitments received	**715**	**11**	**2**	**20**	**351**	**329**	**2**	**528**	**153**	**34**	**750**
Balance	**6**		**3**				**3**	**6**			**31**

(a) Includes firm or optional commitments to deliver or receive securities, including the agreement signed with Groupe AB (put option): €155m in both 2011 and 2010

No material off balance sheet commitments have been omitted from this disclosure, in accordance with applicable accounting standards.

18.3 Operating leases

	31/12/2011	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Maturity Less than 1 year	Maturity 1 to 5 years	Maturity Over 5 years	31/12/2010
Operating lease commitments											
Commitments given	**1,338**	40	42	182	115	959		243	799	296	**1,442**
Commitments received	**1,338**	40	42	182	115	959		243	799	296	**1,442**
Operating lease commitments, net											

These figures show the minimum future lease payments due until the normal renewal date of the lease (or earliest potential termination date) under operating leases relating to current operations (land, buildings, plant & equipment, etc.). After revaluation (projected increase in rentals), these amounts mainly take account of a discounting calculation (incremental borrowing rate).

Bouygues Telecom: commitments given in connection with operating activities, primarily commercial leases of property and land intended to house technical installations for the network: includes network site rentals of €554m, property and other rentals of €166m, rentals for the Sequana and Technopôle buildings of €228m, and miscellaneous commitments of €11m.

18.4 Finance leases (recognised as liabilities in the balance sheet)

	31/12/2011	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Maturity Less than 1 year	Maturity 1 to 5 years	Maturity Over 5 years	31/12/2010
Finance leases	**55**	**1**		**33**	**15**	**6**		**20**	**32**	**3**	**70**

18.5 Other commitments

Bouygues Telecom

Use of frequencies in the 2,600 MHz band	The licence to use frequencies in the 2,600 MHz band awarded to Bouygues Telecom in October 2011 for a period of 20 years is subject to an obligation to open the frequencies to Mobile Virtual Network Operators (MVNOs), and to an obligation to roll out coverage of the French population progressively (25% in 4 years, 60% in 8 years, 75% in 12 years).
Licence to operate a 3G network	The Order of 3 December 2002 under which Bouygues Telecom obtained a licence to establish and operate a 3G network was subject to a number of obligations, in particular regarding the rollout and coverage timetable. At the end of 2011, Bouygues Telecom was providing 3G coverage to 93% of the population, thereby exceeding the final coverage requirement under the terms of the licence (75% of the population as at 12 December 2010).
Blind spots	The agreement signed in 2003 by the three operators, the French government, the French regional authorities and Arcep (the French electronic communications and postal service regulator) stipulated that coverage be provided in blind spots in some 3,000 communities. As of the end of 2011, Bouygues Telecom regards the initial blind spot coverage programme as having been completed. Only a few sites are still without coverage; this is due to blocking action by the local authorities in question, which means there is no visibility. The operators also agreed, in addition to their initial commitment, to extend coverage to a further 364 communities, taking the final target to over 3,300 communities that must have coverage. By the end of 2011, over half of the sites in this additional programme where Bouygues Telecom is the lead operator had been opened to coverage.
3G mobile network site-sharing agreement	In February 2010, Bouygues Telecom, Orange and SFR signed an agreement under the auspices of Arcep on the sharing of 3G network sites in the less dense zones of France. This agreement, which was amended in July 2010 in anticipation of the future Free Mobile rollout, deals with coverage for some 3,600 communities, including all those covered by the 2G blind spots programme; by end 2013, it will enable approximately 99.8% of the population to enjoy 3G coverage on a par with 2G coverage, over and above the 3G coverage obligations entered into by the operators.

NOTE 19 • HEADCOUNT, EMPLOYEE BENEFIT OBLIGATIONS AND EMPLOYEE SHARE OWNERSHIP

19.1 Average headcount

	2011	2010
Managerial staff	**22,832**	22,201
Supervisory, technical and clerical staff	**22,145**	21,761
Site workers	**31,371**	32,241
Sub-total: France	**76,348**	**76,203**
Expatriates and local contract staff	**58,447**	61,205
Total average headcount	**134,795**	**137,408**

19.2 EMPLOYEE BENEFIT OBLIGATIONS

	31/12/2010	Movements during 2011	31/12/2011
Lump-sum retirement benefits	**318**	(10)	**308**
Long-service awards	**124**	(2)	**122**
Other post-employment benefits (pensions)	**56**	(6)	**50**
Total	**498**	**(18)**	**480**

19.3 Post-employment benefits other than long-service awards

Post-employment benefits other than long-service awards

19.3.1 Defined-contribution plans

	2011	2010
Amount recognised as an expense	**(1,697)**	(1,651)

This defined-contribution expense consists of contributions to:

- health insurance and mutual insurance funds,
- pension funds (compulsory and top-up schemes),
- unemployment insurance funds.

For related-party information, see Note 20.

19.3.2 Defined-benefit plans

Net expense recognised in the income statement (as an operating item)

	Lump-sum retirement benefits		Pensions[a]	
	2011	2010	2011	2010
Current service cost	**4**	(12)	**(1)**	(3)
Interest expense on obligation	**13**	13	**12**	12
Expected return on plan assets			**(12)**	(12)
Past service cost	**3**	3	**(2)**	(16)
Net expense/(gain) recognised in profit or loss	**20**	**4**	**(3)**	**(19)**

(a) Sign convention:
- Net expense: plus sign
- Net gain: minus sign

Amounts recognised in the balance sheet

	Lump-sum retirement benefits 31/12/2011	Lump-sum retirement benefits 31/12/2010	Pensions[a] 31/12/2011	Pensions[a] 31/12/2010	Total 31/12/2011	Total 31/12/2010
Present value of obligation	**349**	364	**340**	324	**689**	688
Fair value of plan assets		1	**(292)**	(270)	**(292)**	(269)
Unrecognised past service cost	**(37)**	(42)	**2**	2	**(35)**	(40)
Other items	**(4)**	(5)[a]			**(4)**	(5)
Net obligation recognised (provision)	**308**	**318**	**50**	**56**	**358**	**374**
Ratio: plan assets/present value of obligation			86%	83%		

(a) Residual TF1 fund covering a fraction of the obligation

Movement in balance sheet items (non-current provisions)

	Lump-sum retirement benefits 2011	Lump-sum retirement benefits 2010	Pensions[a] 2011	Pensions[a] 2010
Position at 1 January	**318**	**311**	**56**	**40**
Expense recognised	**20**	4	**(3)**	(19)
Changes in scope of consolidation		5	**1**	16
Transfers and other movements	**(1)**	7	**(6)**	(1)
Actuarial gains and losses recognised in equity	**(29)**	(9)	**2**	20
Position at 31 December	**308**	**318**	**50**	**56**

(a) Relates primarily to independently-managed Colas group pension funds located in the United Kingdom

Analysis by business segment: year ended 31 December 2011

	Construction	Property	Roads	Media	Telecoms	Bouygues SA and other	Total
Net lump-sum retirement benefit expense[a]	5	1	8	2	4		**20**
Non-current provisions (balance sheet):							
• lump-sum retirement benefits	100	8	135	21	31	13	**308**
• pensions			50				**50**

(a) Pension expense for 2011 was not material

Analysis by geographical area: year ended 31 December 2011

	France	European Union	Rest of Europe	Africa	Americas	Asia-Pacific	Middle East	Total
Net lump-sum retirement benefit expense[a]	19			1				**20**
Non-current provisions (balance sheet):								
• lump-sum retirement benefits	299		1	5	2	1		**308**
• pensions	13	23		1	13			**50**

(a) Pension expense for 2011 was not material

Main actuarial assumptions used to measure lump-sum retirement benefit obligations

	2011	2010
Discount rate[b]	**5.46% (iboxx A10)**	4.62% (iboxx A10)
Mortality table	**INSEE**	INSEE
Retirement age (depending on business segment)		
• Managerial staff	**63/65 years**	63/65 years
• Technical, supervisory and clerical staff, and site workers	**62/63 years**	62/63 years
Salary inflation rate (depending on business segment)[a]	**1.9% to 4%**	2% to 4%

(a) Includes general inflation

(b) A reduction of 50 basis points in the discount rate would increase the obligation by €21m as at 31 December 2011. Under Group accounting policies, any such actuarial losses would be recognised directly in equity.

19.4 Employee share ownership

19.4.1 Stock options

Total number of effectively exercisable options: 0

Quoted share price on 31 December 2011: €24.345

Plan grant date	Outstanding options at 31/12/2011	Earliest normal exercise date	Earliest company savings scheme exercise date	Exercise price (€)[a]	Number of effectively exercisable options
21/06/2005	2,744,973	21/06/2009	21/06/2006	30.94	-
05/09/2006	3,514,341	05/09/2010	05/09/2007	39.49	-
05/06/2007	4,205,899	05/06/2011	05/06/2008	62.63	-
31/03/2008	4,228,371	31/03/2012	31/03/2009	42.68	-
01/04/2009	4,564,926	01/04/2013	01/04/2010	25.62	-
30/06/2010	4,138,961	01/07/2014	01/07/2011	34.08	-
14/06/2011	2,974,497	14/06/2015	14/06/2012	31.43	-
Total					**0**

Stock options are effectively exercisable if they meet both of the following conditions:

1) They must be legally exercisable as at 31 December 2011, either by normal exercise (4 years after the plan grant date) or by partial exercise ahead of the normal exercise date under the terms of the company savings scheme.

2) They must be in the money at 31 December 2011, in other words the exercise price must be less than the closing share price on 31 December 2011 (€24.345).

(a) The exercise price takes account of the share repurchase tender offer

NOTE 20 • DISCLOSURES ON RELATED PARTIES AND ON REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

20.1 Related-party disclosures

Transactions	Expenses		Income		Receivables		Liabilities	
	2011	2010	2011	2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Parties with an ownership interest	**5**	5	**1**	1		2		
Joint ventures	**26**	25	**188**	156	**283**	236	**90**	113
Associates	**18**	7	**131**	101	**67**	64	**21**	10
Other related parties	**28**	34	**129**	17	**89**	66	**62**	45
Total	**77**	**71**	**449**	**275**	**439**	**368**	**173**	**168**
Maturity								
less than 1 year					**350**	295	**136**	165
1 to 5 years					**19**	30	**37**	3
more than 5 years					**70**	43		
of which impairment of doubtful receivables (mainly non-consolidated companies)					**84**	77		

Identity of related parties:

- Parties with an ownership interest: SCDM (company controlled by Martin and Olivier Bouygues)
- Joint ventures: primarily quarry companies, project joint ventures and property development companies
- Associates: includes in particular transactions with concession companies and Alstom
- Other related parties: mainly transactions with non-consolidated companies in which the Group has an interest

20.2 Disclosures about remuneration and benefits paid to directors and senior executives (Bouygues)

These disclosures cover members of the Group's Management Committee who were in post on 31 December 2011.

Direct remuneration: €17,329,177, comprising basic remuneration of €7,564,733; variable remuneration of €9,764,744 paid in 2012 on the basis of 2011 performance; and €474,337 of directors' fees. Directors' fees paid to non-executive directors and non-voting directors amounted to €403,000.

Short-term benefits: none.

Post-employment benefits: Members of the Management Committee belong to a top-up retirement plan based on 0.92% of their reference salary for each year's membership of the plan. This top-up plan is capped at eight times the annual French social security ceiling, and is contracted out to an insurance company. Contributions paid into the fund managed by the insurance company amounted to €2,000,000 in 2011.

Long-term benefits: none.

Termination benefits: these comprise lump-sum retirement benefits of €640,248.

Share-based payment: A total of 649,000 stock options were awarded to members of the Management Committee on 14 June 2011 at an exercise price of €31.43. The earliest exercise date is 14 June 2015, and the expense recognised for these options in the year ended 31 December 2011 was €121,324.

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.

Continuing operations

Acquired/divested subsidiaries	Construction	Property	Roads	Media	Telecoms	Bouygues SA and other	Total 31/12/2011
Cash and cash equivalents	(25)	5	(2)	3	(6)	1	**(24)**
Inventories	1	(4)	(1)	2			**(2)**
Trade and other receivables	(68)	(1)	(2)	(10)	(4)	1	**(84)**
Non-current assets other than goodwill	(2)	(2)	(49)	1	-	(1)	**(53)**
Goodwill	(39)		(3)	7	(12)	1	**(46)**
Trade payables and other current liabilities	94	3	28	7	22	12	**166**
Non-current liabilities	(1)	(2)	(5)	(4)	(3)		**(15)**
Non-current provisions	2	(1)		5	2	(2)	**6**
Non-current taxes			(2)	1			**(1)**
Net acquisition/divestment cost	**(38)**	**(2)**	**(36)**	**12**	**(1)**	**12**	**(53)**
Cash acquired or divested	25	(5)	2	(3)	6	(1)	**24**
Net debt on long-term investments						(1)	**(1)**
Net cash inflow/(outflow) resulting from acquisitions and divestments of subsidiaries	**(13)**	**(7)**	**(34)**	**9**	**5**	**10**	**(30)**

Discontinued operations: N/A

NOTE 22 • AUDITORS' FEES (in € '000)

The table below shows fees paid to the auditors (and member firms of their networks) responsible for the audit of the consolidated financial statements of Bouygues and consolidated companies (excluding associates), as expensed through the income statement in 2011.

	Mazars network				Ernst & Young network				Other firms[a]				Total expense	
	Amount		%		Amount		%		Amount		%			
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
A - Audit														
Audit of consolidated and individual company financial statements[b]	(6,227)	(6,341)	96%	96%	(4,472)	(4,226)	96%	94%	(7,121)	(7,445)	84%	91%	(17,820)	(18,012)
• Bouygues SA	(221)	(218)			(222)	(219)			0	0			(443)	(437)
• Consolidated companies	(6,006)	(6,123)			(4,250)	(4,007)			(7,121)	(7,445)			(17,377)	(17,575)
Related engagements[c]	(118)	(148)	2%	2%	(175)	(287)	4%	6%	(786)	(203)	9%	2%	(1,079)	(638)
• Bouygues SA	0	(30)			(71)	(21)			0	0			(71)	(51)
• Consolidated companies	(118)	(118)			(104)	(266)			(786)	(203)			(1,008)	(587)
Sub-total 1	**(6,345)**	**(6,489)**	**98%**	**98%**	**(4,647)**	**(4,513)**	**100%**	**100%**	**(7,907)**	**(7,648)**	**93%**	**93%**	**(18,899)**	**(18,650)**
B - Other services[d]														
Legal, tax, employment law	(62)	(84)	1%	1%	0	0	0%	0%	(461)	(413)	5%	5%	(523)	(497)
Other	(55)	(40)	1%	1%	0	0	0%	0%	(167)	(114)	2%	2%	(222)	(154)
Sub-total 2	**(117)**	**(124)**	**2%**	**2%**	**0**	**0**	**0%**	**0%**	**(628)**	**(527)**	**7%**	**7%**	**(745)**	**(651)**
Total fee expense	**(6,462)**	**(6,613)**	**100%**	**100%**	**(4,647)**	**(4,513)**	**100%**	**100%**	**(8,535)**	**(8,175)**	**100%**	**100%**	**(19,644)**	**(19,301)**

(a) In the interests of comprehensiveness, this table includes fees paid to other firms
(b) Includes services provided by independent experts and member firms to the auditors in connection with their audit engagement
(c) 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
(d) Non-audit services provided, in compliance with Article 24 of the Code of Ethics, by member firms to subsidiaries of the issuer on whose financial statements an audit opinion is issued

NOTE 23 • PRINCIPAL EXCHANGE RATES

Convention: 1 local currency unit = x euros

Country	Currency unit	Closing rate		Annual average rate	
		31/12/2011	31/12/2010	2011	2010
EUROPE					
Denmark	Danish krone	**0.134513**	0.134165	**0.134235**	0.134269
United Kingdom	Pound sterling	**1.197175**	1.161778	**1.147776**	1.168215
Hungary	Hungarian forint	**0.003179**	0.003598	**0.003563**	0.003617
Poland	Polish zloty	**0.224316**	0.251572	**0.241664**	0.249695
Czech Republic	Czech koruna	**0.038779**	0.039903	**0.040651**	0.039583
Romania	Romanian leu	**0.231305**	0.234632	**0.235852**	0.237141
Switzerland	Swiss franc	**0.822639**	0.799744	**0.811804**	0.729949
NORTH AMERICA					
United States	US dollar	**0.772857**	0.748391	**0.714277**	0.757189
Canada	Canadian dollar	**0.756716**	0.750638	**0.724366**	0.732055
REST OF THE WORLD					
Morocco	Moroccan dirham	**0.090013**	0.089497	**0.088806**	0.089724
Thailand	Thai baht	**0.024396**	0.024894	**0.023380**	0.023913
Hong Kong	Hong Kong dollar	**0.099493**	0.096287	**0.091777**	0.097455
African Financial Community	CFA franc	**0.001524**	0.001524	**0.001524**	0.001524
South Africa	South African rand	**0.095393**	0.112835	**0.098585**	0.103544

NOTE 24 • LIST OF PRINCIPAL CONSOLIDATED COMPANIES AT 31 DECEMBER 2011

Company	City/Country	% interest 2011	% interest 2010	% direct and indirect control[a] 2011	% direct and indirect control[a] 2010
FRANCE					
Full consolidation					
Construction					
Bouygues Construction SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues Bâtiment Ile-de-France SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues Bâtiment International SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues TP SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Axione	Malakoff	99.97	99.97		
Bati-Rénov SA	Orly	99.32	99.32		
Brézillon SA	Noyon	99.32	99.32		
Challenger SNC	Paris	99.97	99.97		
DTP Terrassement SA	Saint-Quentin-en-Yvelines	99.97	99.97		
DV Construction SA	Mérignac	99.97	99.97		
ETDE SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Exprimm IT	Villebon-sur-Yvette	Merged	99.97		
Exprimm SA	Saint-Quentin-en-Yvelines	99.97	99.97		
GFC Construction SA	Caluire et Cuire	99.97	99.97		
Quille Construction SA (formerly GTB)	Nantes	99.97	99.97		
Mainguy SAS	Vertou	Merged	99.97		
Norpac SA	Villeneuve d'Ascq	99.97	99.97		
Pertuy Construction SA	Maxéville	99.97	99.97		
Quille SA	Rouen	99.97	99.97		
Serma SAS	Champforgueil	99.97	99.97		
Sodéarif SA	Saint-Quentin-en-Yvelines	99.96	99.96		
Property					
Bouygues Immobilier	Issy-les Moulineaux	100.00	100.00		
SLC	Lyon	100.00	100.00		
SNC Bouygues Immobilier Entreprises Ile-de-France	Issy-les-Moulineaux	100.00	100.00		
SNC Bouygues Immobilier Paris	Issy-les-Moulineaux	100.00	100.00		
Roads					
Colas SA and its regional subsidiaries *(Colas, Screg, and Sacer)*	Boulogne-Billancourt	96.55	96.62		
Aximum	Chatou	96.54	96.61	100.00	100.00
Colas Guadeloupe	Baie-Mahault (Guadeloupe)	96.54	96.61	100.00	100.00
Colas Martinique	Le Lamentin (Martinique)	96.54	96.61	100.00	100.00
Colas Rail	Maisons-Laffitte	96.54	96.61	100.00	100.00
Grands Travaux Océan Indien (GTOI) SA	Le Port (Reunion island)	96.54	96.61	99.99	99.99
Smac and its subsidiaries	Boulogne-Billancourt	96.54	96.61	100.00	100.00
Société de la Raffinerie de Dunkerque	Dunkirk	96.54	96.61	100.00	100.00
Spac and its subsidiaries	Clichy	96.54	96.61	100.00	100.00
Media					
Télévision Française 1 SA	Boulogne-Billancourt	43.59	43.09		
Dujardin and its subsidiaries	Cestas	43.59	43.09	100.00	100.00
E-TF1	Boulogne-Billancourt	43.59	43.09	100.00	100.00
Eurosport SA and its subsidiaries	Issy-les-Moulineaux	43.59	43.09	100.00	100.00
La Chaîne Info	Boulogne-Billancourt	43.59	43.09	100.00	100.00
NT1	Boulogne-Billancourt	43.59	43.09	100.00	100.00
Télé Monte Carlo	Monaco	34.87	34.47	80.00	80.00
Téléshopping	Boulogne-Billancourt	43.59	43.09	100.00	100.00
TF1 Droits Audiovisuels	Boulogne-Billancourt	43.59	43.09	100.00	100.00
TF1 Entreprises	Boulogne-Billancourt	43.59	43.09	100.00	100.00
TF1 Publicité	Boulogne-Billancourt	43.59	43.09	100.00	100.00
TF1 Vidéo	Boulogne-Billancourt	43.59	43.09	100.00	100.00
TV Breizh	Lorient	43.59	43.09	100.00	100.00
Une Musique	Boulogne-Billancourt	43.59	43.09	100.00	100.00
Metro France Publications	Paris	43.59	(b)	100.00	-
Telecoms					
Bouygues Telecom SA and its subsidiaries	Paris	89.55	89.55		
Other subsidiaries					
Bouygues Relais SNC	Paris	100.00	100.00		
GIE 32 Hoche	Paris	90.00	90.00		
Société Française de Participation & Gestion *(SFPG)* SA and its subsidiaries	Paris	99.76	99.76		
Serendipity and its subsidiaries	Paris	100.00	(c)		

(a) Where percentage control differs from percentage interest (b) Equity method in 2010 (c) Proportionate consolidation in 2010

Company	City/Country	% interest 2011	% interest 2010	% direct and indirect control[a] 2011	% direct and indirect control[a] 2010
Proportionate consolidation					
Construction					
Evesa SAS	Paris	32.99	-		
Chrysalis Developpement SAS	Paris	64.98	-		
Roads					
Carrières Roy	Saint-Varent	48.26	48.29	49.98	49.98
Associates (equity method)					
Construction					
Adelac SAS	Beaumont	46.09[b]	46.09		
Autoroute de liaison Seine-Sarthe SA	Bourg-Achard	33.16	33.16		
Axione Infrastructures SAS and its subsidiaries	Saint-Quentin-en-Yvelines	15.00	15.00		
Consortium Stade de France SA	Saint-Denis	33.32	33.32		
Roads					
Cofiroute	Sèvres	16.09	16.11	16.67	16.67
Other subsidiaries					
Alstom	Levallois-Perret	30.75	30.77		
Finagestion and its subsidiaries (Africa)	Saint-Quentin-en-Yvelines	20.00	21.50		
INTERNATIONAL					
Full consolidation					
Construction					
Acieroïd SA	Barcelona/Spain	99.97	99.97		
Bouygues Thaï Ltd	Bangkok/Thailand	48.99	48.99		
Bouygues UK Ltd	London/United Kingdom	99.97	99.97		
Bymaro	Casablanca/Morocco	99.96	99.96		
David Webster Lighting and its subsidiaries	Harlow/United Kingdom	99.97	99.97		
Dragages et TP (Hong Kong) Ltd	Hong Kong/China	99.97	99.97		
DTP Singapour Pte Ltd	Singapore	99.97	99.97		
Ecovert FM	London/United Kingdom	99.97	99.97		
ETDE Contracting Ltd	Derbyshire/United Kingdom	99.97	99.97		
ETDE Gabon	Libreville/Gabon	84.39	84.39		
ETDE Hungary	Gyor/Hungary	99.97	99.97		
Gounkoto Mining Services	Bamako/Mali	99.97	-		
Icel Maidstone Ltd and its subsidiaries	London/United Kingdom	99.97	99.97		
Karmar SA	Warsaw/Poland	99.97	99.97		
Kohler Investment SA	Luxembourg	99.97	99.97		
Leadbitter Bouygues Holding Ltd and its subsidiaries	Abingdon/United Kingdom	50.98	-		

(a) Where percentage control differs from percentage interest (b) 39.19% Bouygues Construction, 6.90% Colas

Company	City/Country	% interest 2011	% interest 2010	% direct and indirect control[a] 2011	% direct and indirect control[a] 2010
Losinger Marazzi AG (formerly Construction AG)	Köniz/Switzerland	99.97	99.97		
Losinger Holding AG (formerly Marazzi Holding)	Köniz/Switzerland	99.97	99.97		
Prader Losinger SA	Sion/Switzerland	99.64	99.64		
VCES Holding s.r.o. and its subsidiaries	Pardubice/Czech Republic	99.97	99.97		
VSL International Ltd	Bern/Switzerland	99.87	99.87		
Warings Construction Group Holding Ltd and its subsidiaries	Portsmouth/United Kingdom	99.97	99.97		
Westminster Local Education Partnership Ltd	London/United Kingdom	89.97	79.98		
Property					
Bouygues Immobilier Polska Sarl	Warsaw/Poland	100.00	100.00		
Bouygues Inmobiliaria SA	Madrid/Spain	100.00	100.00		
Parque Empresarial Cristalia SL	Madrid/Spain	100.00	100.00		
Roads					
Colas Belgium and its subsidiaries	Brussels/Belgium	96.54	96.61	100.00	100.00
Colas Canada Inc.	Montreal Quebec/Canada	96.55	96.62	100.00	100.00
Colas Cz	Prague/Czech Republic	96.55	96.62	100.00	100.00
Colas Danmark A/S	Virum/Denmark	96.55	96.62	100.00	100.00
Colas Gabon	Libreville/Gabon	86.80	86.86	89.90	89.90
Colas Hungaria and its subsidiaries	Budapest/Hungary	96.55	96.62	100.00	100.00
Colas Inc. and its subsidiaries	Morristown New Jersey/USA	96.55	96.62	100.00	100.00
Colas Ltd and its subsidiaries	Rowfant/United Kingdom	96.55	96.62	100.00	100.00
Colas du Maroc and its subsidiaries	Casablanca/Morocco	96.54	96.61	100.00	100.00
Colas Polska	Sroda-Wielkopol/Poland	96.55	96.62	100.00	100.00
Colas SA and its subsidiaries	Lausanne/Switzerland	95.80	95.87	99.22	99.22
Other subsidiaries					
Challenger Réassurance	Luxembourg	99.99	99.99		
Uniservice	Geneva/Switzerland	99.99	99.99		
Proportionate consolidation					
Construction					
Bombela Civils Jv Ltd	Johannesburg/South Africa	44.99	44.99		
Roads					
Gamma Materials	Beau Bassin/Mauritius	48.22	-	50.00	-
Associates (equity method)					
Construction					
Bina Fincom	Zagreb/Croatia	44.99	44.99		
Hermes Airports Ltd	Nicosia/Cyprus	21.99	21.99		

Parent company financial statements (French GAAP)

PARENT COMPANY BALANCE SHEET AT 31 DECEMBER 2011

Assets

(€ million)	Gross 2011	Depreciation, amortisation & impairment 2011	Net 2011	Net 2010	Net 2009
Intangible assets	5	2	3	2	1
Property, plant and equipment					
Long-term investments	11,349	20	11,329	11,454	11,256
• Holdings in subsidiaries and affiliates	11,324	17	11,307	11,278	11,081
• Loans & advances to subsidiaries & affiliates	9		9	9	12
• Other	16	3	13	167	163
NON-CURRENT ASSETS	**11,354**	**22**	**11,332**	**11,456**	**11,257**
Inventories and work in progress					
Advances and down-payments made				1	
Trade receivables	22		22	19	18
Other receivables	158	2	156	168	72
Short-term investments	1,966	2	1,964	3,483	2,978
Cash	330		330	1,056	556
CURRENT ASSETS	**2,476**	**4**	**2,472**	**4,727**	**3,624**
Other assets	76		76	87	37
TOTAL ASSETS	**13,906**	**26**	**13,880**	**16,270**	**14,918**

Liabilities and shareholders' equity

(€ million)	Net 2011	Net 2010	Net 2009
Share capital	315	366	354
Share premium and reserves	1,646	3,151	2,875
Retained earnings	1,790	1,467	1,017
Net profit for the year	808	894	1,017
Restricted provisions	7	6	4
SHAREHOLDERS' EQUITY	**4,566**	**5,884**	**5,267**
Provisions	94	88	83
Debt	6,286	7,066	6,238
Advances and down-payments received			
Trade payables	27	21	21
Other payables	45	48	33
LIABILITIES	**6,452**	**7,223**	**6,375**
BANK OVERDRAFTS AND CURRENT ACCOUNTS	**2,832**	**3,123**	**3,234**
Other liabilities	30	40	42
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**13,880**	**16,270**	**14,918**

INCOME STATEMENT – YEAR ENDED 31 DECEMBER 2011

(€ million)	2011	2010	2009
SALES	**69**	**66**	**69**
Other operating revenues	2	1	2
Purchases and changes in inventory			
Taxes other than income tax	(3)	(2)	(3)
Personnel costs	(45)	(44)	(44)
Other operating expenses	(48)	(45)	(49)
Depreciation, amortisation, impairment and provisions, net	(5)	(4)	(2)
OPERATING PROFIT/(LOSS)	**(30)**	**(28)**	**(27)**
Financial income and expenses	706	659	889
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	**676**	**631**	**862**
Exceptional items	(2)	69	20
Income taxes and profit-sharing	134	194	135
NET PROFIT	**808**	**894**	**1,017**

CASH FLOW STATEMENT

(€ million)	2011	2010	2009
A - OPERATING ACTIVITIES			
Cash flow from operations before changes in working capital	**816**	**851**	**981**
Net profit for the period	808	894	1,017
Amortisation, depreciation and impairment of non-current assets, net	12	20	7
Charges to/(reversals of) provisions, net	6	6	(17)
Deferred expenses/(income)	(9)	(2)	(9)
Losses/(gains) on disposals of non-current assets	(1)	(67)	(17)
Change in working capital	**20**	**(81)**	**34**
Current assets	15	(96)	41
Current liabilities	5	15	(7)
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**836**	**770**	**1,015**
B - INVESTING ACTIVITIES			
Increases in non-current assets			
Acquisitions of intangible assets and property, plant and equipment	(2)	(1)	(1)
Acquisitions of long-term investments	(31)	(377)	(22)
	(33)	**(378)**	**(23)**
Disposals of non-current assets	1	232	21
Investments during the period, net	**(32)**	**(146)**	**(2)**
Other long-term investments, net	155	2	(6)
Amounts receivable/payable in respect of non-current assets, net	(1)	(1)	
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**122**	**(145)**	**(8)**
C - FINANCING ACTIVITIES			
Change in shareholders' equity	(1,557)	287	221
Dividends paid	(570)	(566)	(545)
Change in debt	(785)	771	(1,048)
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	**(2,912)**	**492**	**(1,372)**
CHANGE IN NET CASH POSITION (A + B + C)	**(1,954)**	**1,117**	**(365)**
Cash position at 1 January	1,416	299	664
Other non-monetary flows			
Change during the period	(1,954)	1,117	(365)
CASH POSITION AT END OF PERIOD	**(538)**	**1,416**	**299**

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 Financière des Bois Verts

Bouygues subscribed €25.5 million to a capital increase on 18 November 2011, thereby acquiring 2,053,455 shares; the percentage interest was unchanged at 100%.

1.1.2 Financière de l'Orée du Bois

Bouygues subscribed €2.5 million to a capital increase on 14 December 2011, thereby acquiring 166,667 shares.

On the same day, a reduction in the share capital was effected by cancellation of shares, which resulted in 74,002 shares held by Bouygues being cancelled; the percentage interest was unchanged at 99.99%.

1.1.3 Serendipity Investment

On 14 February 2011, this investee made a partial repayment of loans and advances amounting to €3.5 million.

On 7 October 2011, Bouygues acquired 1,113,650 shares from Artémis, thereby increasing its interest in Serendipity Investment from 50% to 100%. Bouygues also assumed the Artémis current account for €2.6 million.

1.2 Treasury shares

During the first half of 2011, Bouygues acquired 5,153,093 of its own shares for €169 million; these shares were recognised in "Other long-term investment securities".

At the Board meeting of 30 August 2011, these shares were cancelled, together with those acquired in 2010 for €154.7 million (total number of shares cancelled: 9,973,287, initially acquired for a total of €324 million).

Following a share repurchase tender offer launched at the start of October 2011, Bouygues repurchased 41,666,666 of its own shares, representing 11.69% of the capital (based on the published share capital at 31 October 2011), for a total of €1,250 million. On 15 November 2011, the Bouygues Board of Directors decided to cancel these shares.

Following these transactions, the share capital amounts to €314.9 million, consisting of 314,869,079 shares with a €1 par value (see Note 8).

At 31 December 2011, Bouygues held 108,000 of its own shares via a liquidity account opened on 3 February 2011.

1.3 2003 bond issue

This €750-million bond issue was redeemed in full in February 2011.

1.4 Subsequent events

In anticipation of the forthcoming redemption of bond issues on maturity, Bouygues carried out a new bond issue on the following terms:

> Amount: €800 million

> Interest rate: 4.50%

> Issue date: 9 February 2012

> Maturity: 9 February 2022

NOTE 2 • ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the current provisions of French law.

2.1 Intangible assets

Expenditure on intangible assets is recognised in accordance with the historical cost convention.

As a general principle, software acquired from third parties is recognised as an intangible asset and amortised on a straight-line basis over a maximum of five years.

2.2 Property, plant and equipment

Property, plant and equipment is recognised at acquisition cost net of reclaimable taxes. Transaction costs that do not form part of the market value of the acquired asset are expensed as incurred.

Depreciation is calculated on a straight-line basis, according to the nature and estimated useful life of each asset component.

2.3 Long-term investments

2.3.1 Holdings in subsidiaries and affiliates and other long-term investment securities

Holdings in subsidiaries and affiliates and other long-term investment securities are recognised at cost, including directly attributable acquisition costs.

Holdings in subsidiaries and affiliates and other long-term investment securities are also measured at value in use, determined using objective criteria (stock market price for quoted companies, shareholders' equity, profitability), forecast data (economic outlook, earnings prospects), or any other information indicative of the actual value of the asset.

If value in use is less than cost, a provision for impairment is recorded to cover the difference.

2.3.2 Long-term receivables

Long-term receivables are shown in the balance sheet at face value. If the realisable value (taking into account the probability of recovery) is less than the carrying amount, a provision for impairment is recorded to cover the difference.

2.4 Receivables and payables expressed in foreign currencies

Receivables and payables expressed in foreign currencies are translated at the exchange rate prevailing on the balance sheet date, or at the hedged rate if the item is covered by a currency hedge.

Unrealised foreign exchange gains and losses are taken to suspense accounts in the balance sheet; unrealised losses are covered by a provision.

2.5 Short-term investments

The short-term investment portfolio is measured in accordance with French accounting standards.

The realisable value of unlisted securities (equities, negotiable debt instruments, and money-market mutual funds) was determined by reference to the latest estimate as at 31 December 2011.

In the case of quoted securities, the average quoted stock market price over the last month of the financial year is used.

2.6 Other assets

Deferred charges mainly comprise the portion of bond issue costs not covered by the issue premium. In the case of convertible bonds, any unamortised issue costs relating to bonds converted into shares are offset against the share premium on the newly-issued shares.

Bond redemption premium relates to bond issues priced at the following percentages of nominal value: 99.05% (October 2004 issue), 99.804% (July 2005 issue), 97.203% (February 2006 issue), 99.657% (May 2006 issue), 99.812% (May 2006 issue), 98.662% (October 2006 issue), 99.441% (July 2008 issue), and 99.651% (February 2010 issue).

2.7 Provisions

These mainly comprise:

> 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 ANC (the French national accounting standard-setter);

> vested rights as of 31 December 2011;

> employees classified in groups with similar characteristics in terms of grade, age and length of service;

> average monthly salary for each employee group, uplifted by a percentage to reflect the applicable rate of employer's social security charges;

> salary increase rate and discount rate: rates revised annually to reflect actual trends;

> average employee turnover rate calculated on the basis of average number of leavers over the last five years;

> mortality by reference to 1993 mortality tables.

2.10 Consolidation

Bouygues SA is the ultimate parent company in the consolidation.

NOTE 3 • NON-CURRENT ASSETS

	Balance at 01/01/2011	Increases	Decreases	Balance at 31/12/2011
Intangible assets				
Software	3	2		5
Other	1	1	2	
Gross value	**4**	**3**	**2**	**5**
Accumulated amortisation	(2)			(2)
Carrying amount	**2**	**3**	**2**	**3**
Property, plant and equipment				
Land and buildings				
Other				
Gross value				
Accumulated depreciation				
Carrying amount				
Long-term investments				
Holdings in subsidiaries and affiliates	11,293	31		11,324
Loans and advances to subsidiaries and affiliates[a]	10	63	64	9
Other	170	1,419	1,573	16
Gross value	**11,473**	**1,513**	**1,637**	**11,349**
Impairment	(19)	(3)	(2)	(20)
Carrying amount	**11,454**	**1,510**	**1,635**	**11,329**
Total carrying amount	**11,456**	**1,513**	**1,637**	**11,332**

(a) Of which amounts falling due after more than one year	*Gross*
Loans and advances to subsidiaries and affiliates	*9*

NOTE 4 • CURRENT ASSETS BY MATURITY

	Gross value	< 1 year	> 1 year
Advances and down-payments made			
Operating receivables	32	25	7
Other receivables	148	146	2
Total	**180**	**171**	**9**

NOTE 5 • CASH

	2011	2010
Term deposits with maturities of less than 3 months	330	1,054
Other items		2
Total	**330**	**1,056**

NOTE 6 • OTHER ASSETS AND LIABILITIES

	Balance at 01/01/2011	Increases	Decreases	Balance at 31/12/2011	Amount due in < 1 year
Other assets					
Bond issue costs	9		2	7	2
Bond redemption premium	22		3	19	3
Bond repurchase premium	50		6	44	6
Other	6	6	6	6	6
Total	**87**	**6**	**17**	**76**	**17**
Other liabilities					
Deferred income (net cash settlement received on interest rate swap)	39		9	30	9
Other					
Total	**39**		**9**	**30**	**9**

NOTE 7 • CHANGES IN SHAREHOLDERS' EQUITY

Shareholders' equity at 31 December 2010 (before appropriation of profits)	**5,884**
Dividends paid	(570)
Shareholders' equity after appropriation of profits	**5,314**
Changes in share capital	(51)
Changes in share premium and reserves	(1,506)
Net profit for the period	808
Restricted provisions	1
Shareholders' equity at 31 December 2011	**4,566**

NOTE 8 • COMPOSITION OF SHARE CAPITAL

	Number of voting rights	Number of shares
Start of period	482,996,796	365,862,523
Movement during the period	(43,002,624)	(50,993,444)[a]
End of period	439,994,172	314,869,079
Par value		**€1**

Maximum number of potentially dilutive shares: None

(a) Movements in number of shares during the period:

Increases:	*646,509*	*by exercise of stock options*
Decreases:	*51,639,953*	*by cancellation of 9,973,287 treasury shares pursuant to the Board decision of 30 August 2011*
		by cancellation of 41,666,666 treasury shares pursuant to the Board decision of 15 November 2011

NOTE 9 • PROVISIONS

	Balance at 01/01/2011	Charge for the year	Reversals during the year		Balance at 31/12/11
			Used	Unused	
Provisions for subsidiaries	1			1	
Provisions for income taxes (tax risks)	27	3		1	29
Other provisions	40	3			43
Provisions for risks	**68**	**6**		**2**	**72**
Provisions for charges	**20**	**9**	**7**		**22**
	88	**15**	**7**	**2**	**94**
Total			**9**		
Operating items		9	7		
Financial items		3	1		
Exceptional items (including taxes)		3	1		
		15	**9**		

NOTE 10 • LIABILITIES BY MATURITY AT THE BALANCE SHEET DATE

Liabilities	Gross value	< 1 year	1 to 5 years	> 5 years
Debt				
Bond issues (including accrued interest)				
October 2004 bond issue[a]	764	6	758	
July 2005 bond issue[b]	764	14		750
February 2006 bond issue[c]	255	5		250
May 2006 bond issue[d]	617	17	600	
May 2006 bond issue[e]	729	19	710	
October 2006 bond issue[f]	602	7		595
July 2008 bond issue[g]	1,031	31	1,000	
February 2010 bond issue[h]	518	18		500
October 2010 bond issue[i]	1,006	6		1,000
Bank borrowings				
Total debt	**6,286**	**123**	**3,068**	**3,095**
Trade payables	**27**	**27**		
Other payables	**45**	**45**		
Overdrafts and short-term bank borrowings	**2,832**	**2,832**		
Deferred income	**30**	**9**	**17**	**4**
Total	**9,220**	**3,036**	**3,085**	**3,099**

Original amounts, excluding accrued interest:

(a) October 2004 bond issue:
Amount: €758.09 million, after exchange and early repayment of €241.91 million on 29 October 2010 - rate: 4.375%
Redemption terms: redeemable in full at par on 29 October 2014

(b) July 2005 bond issue:
Amount: €750 million - rate: 4.25%
Redemption terms: redeemable in full at par on 22 July 2020

(c) Supplementary issue to July 2005 bond issue:
Amount: €250 million - rate: 4.25%
Redemption terms: redeemable in full at par on 22 July 2020

(d) May 2006 bond issue:
Amount: €600 million - rate: 4.75%
Redemption terms: redeemable in full at par on 24 May 2016

(e) May 2006 bond issue:
Amount: €709.35 million, after exchange and early repayment of €440.65 million on 29 October 2010 - rate: 4.5%
Redemption terms: redeemable in full at par on 24 May 2013

(f) October 2006 bond issue:
Amount: £400 million (€595.33 million) - rate: 5.5%
Redemption terms: redeemable in full at par on 6 October 2026

(g) July 2008 bond issue:
Amount: €1 billion - rate: 6.125%
Redemption terms: redeemable in full at par on 3 July 2015

(h) February 2010 bond issue:
Amount: €500 million - rate: 4%
Redemption terms: redeemable in full at par on 12 February 2018

(i) October 2010 bond issue:
Amount: €1 billion - rate: 3.641%
Redemption terms: redeemable in full at par on 29 October 2019

NOTE 11 • DETAILS OF AMOUNTS INVOLVING RELATED COMPANIES

	Amount
Assets	
Long-term investments	11,333
Operating receivables	22
Other receivables	59
Cash and current accounts	
Total	**11,414**
Expenses	
Operating expenses	13
Financial expenses	30
Income tax expense	
Total	**43**

	Amount
Liabilities	
Debt	
Trade payables	8
Other payables	28
Bank overdrafts and current accounts	2,832
Total	**2,868**
Income	
Operating income	69
Financial income	982
Income tax credits	197
Total	**1,248**

NOTE 12 • FINANCIAL INSTRUMENTS

12.1 Interest rate hedges

Amount outstanding at 31/12/2011 by maturity	2012	2013 to 2016	After 2016	Total
Interest rate swaps				
On financial assets	350			**350**
On financial liabilities			500	**500**

12.2 Currency hedges

Amount outstanding at 31/12/2011 by currency	CHF	GBP	USD	Other	Total
Forward currency contracts					
Forward purchases					
Forward sales					
Currency swaps			19		**19**

As of 31 December 2011, the market value of the hedging instruments portfolio was -€9.81 million and -$0.27 million.

12.3 Options

Call options:

As of 31 December 2011, Bouygues held the following call options:

> 3,097,350 call options on Bouygues shares
> 269,418 call options in connection with the "Bouygues Partage" employee share ownership plan
> 165,063 call options in connection with the "Bouygues Confiance 4" employee share ownership plan
> 87,657 call options in connection with the "Bouygues Partage 2" 5-year employee share ownership plan
> 659,496 call options in connection with the "Bouygues Partage 2" 10-year employee share ownership plan

Impairment losses or provisions have been recognised for call options where the estimated realisable value is less than the carrying amount.

NOTE 13 • OFF BALANCE SHEET COMMITMENTS GIVEN AND RECEIVED

	Amount of guarantee	of which related companies
Commitments given (contingent liabilities)		
Retirement benefit obligations	2	
Other commitments given[a]	500	
Total	**502**	
Commitments received (contingent assets)		
Other commitments received[a]	500	
Total	**500**	

(a) Interest rate swaps

NOTE 14 • SALES

Sales recorded by Bouygues SA mainly comprise costs of shared support functions recharged to subsidiaries.

NOTE 15 • FINANCIAL INCOME AND EXPENSES

	2011	2010
Dividend income and shares of partnership profits	980	974
Interest income	44	39
Interest expense	(316)	(331)
Other financial income/(expenses), net: proceeds from disposals, impairment losses and provisions	(2)	(23)
Total	**706**	**659**

NOTE 16 • 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 74 subsidiaries in 2011.

Each company in the tax group recognises its own income tax expense as though the group election is not in place; the parent company recognises any tax savings.

At the end of the period, Bouygues SA recognised a net income tax credit, comprising:

	Short-term	Long-term	Total
Net income tax expense on:			
Profit before tax and exceptional items			
Exceptional items	(55)	(14)	(69)
	(55)	**(14)**	**(69)**
Tax credits from group tax election			
Income tax received from profit-making subsidiaries in the tax group	190	14	**204**
Total	**135**		**135**

NOTE 17 • CONTINGENT TAX POSITION

	1 January 2011		Movements in the year		31 December 2011	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Non-deductible expenses						
Provisions for income taxes	28		3	1	30	
Other non-deductible expenses	55		9	7	57	
Total	**83**		**12**	**8**	**87**	
Expenses deductible for tax purposes/ income liable to tax but not recognised for accounting purposes						
Unrealised foreign exchange losses		5	5	5		5
Unrealised foreign exchange gains						
Unrealised foreign exchange gains/ losses, net		**5**	**5**	**5**		**5**
Deferred income	39			9	30	
Capitalisation bonds	13			6	7	
Call options						
Bond repurchase premium		50	6			44
Other income and expenses	**52**	**50**	**6**	**15**	**37**	**44**
Total	**52**	**55**	**11**	**20**	**37**	**49**

NOTE 18 • AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR

	2011	2010
Managerial staff	144	141
Administrative, clerical, technical and supervisory staff	40	41
Total	**184**	**182**

NOTE 19 • ADVANCES, LOANS AND REMUNERATION PAID TO DIRECTORS AND SENIOR EXECUTIVES

Remuneration of directors and senior executives:

> The total amount of direct and indirect remuneration of all kinds received from French and foreign companies by senior executives (Chairman and Chief Executive Officer, and Deputy Chief Executive Officer) was as follows: €1.5 million of basic remuneration, €2.1 million of variable remuneration paid in March 2012 based on 2011 performance, and €0.15 million of directors' fees.

> Directors' fees paid to members of the Board of Directors (including non-voting directors): €0.50 million

NOTE 20 • LIST OF INVESTMENTS

	Number of shares	%	Estimated realisable value	
Alstom	90,543,867	30.745	3,697	(a)
Bouygues Construction	1,705,132	99.936	763	(c)
Bouygues Immobilier	90,924	99.993	547	(c)
Bouygues Telecom	36,086,799	89.184	4,600	(a)
Colas	31,526,344	96.545	2,408	(c)
TF1	91,946,297	43.570	732	(a)
Other holdings			259	
Total holdings in subsidiaries and affiliates			**13,006**	
Negotiable debt instruments and money-market mutual funds			1,854	(a)
Capitalisation bonds			104	(b)
Other investments			13	(b)
Total short-term investments			**1,971**	
Total investments			**14,977**	

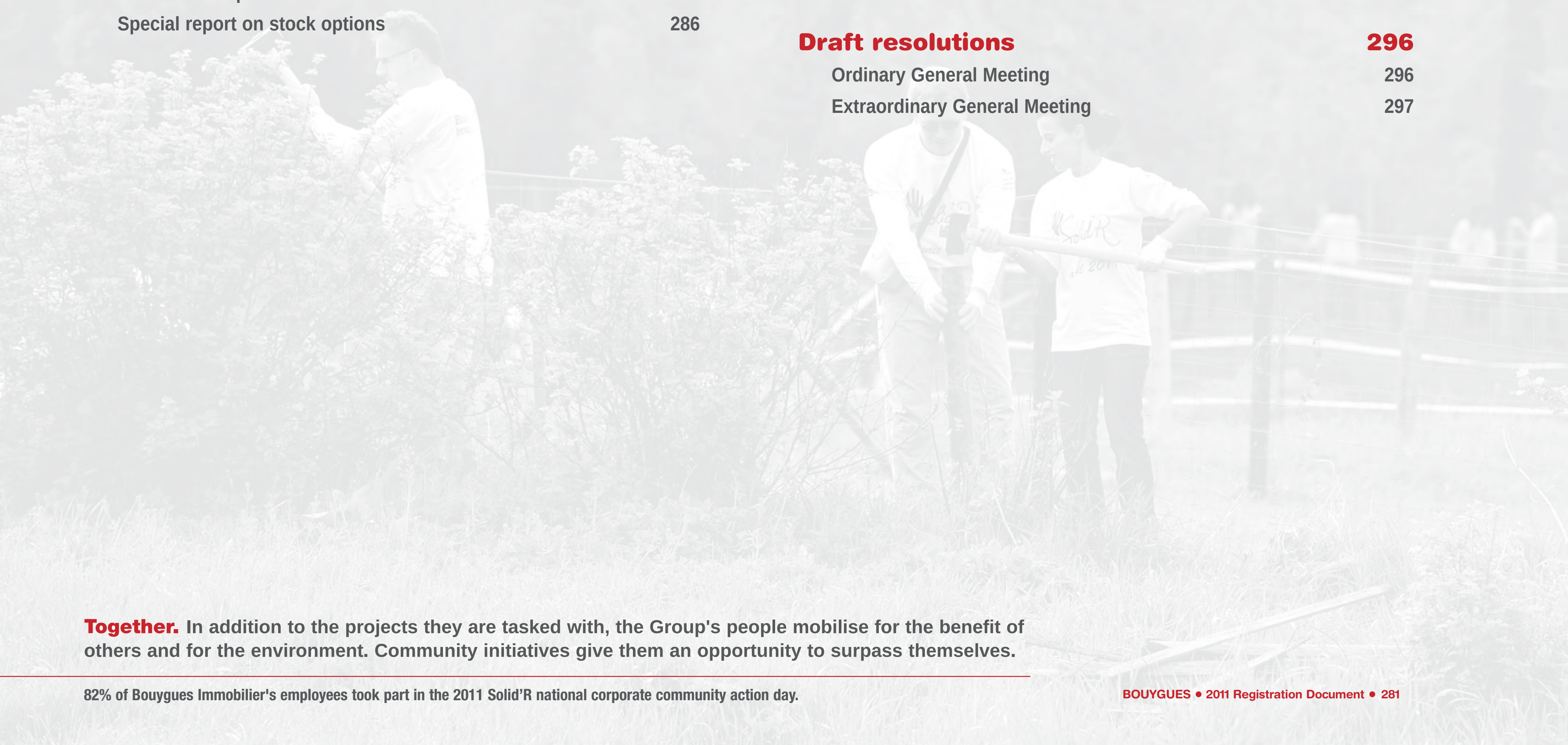
The estimated realisable value shown is:
(a) Carrying amount in the balance sheet (net book value)
(b) Stock market value (closing price for equities)
(c) Share of consolidated net assets

NOTE 21 • LIST OF SUBSIDIARIES AND AFFILIATES

	Share capital[a]	Other shareholders' equity[(a)(b)]	%	Carrying amount[c] Gross	Carrying amount[c] Net	Loans & advances	Guarantees[c]	Sales[c]	Net profit/ (loss)[c]	Dividends received[c]	Comments
A - Detailed information											
1. Subsidiaries (interest > 50%)											
France											
Bouygues Construction	128	636	99.94	59	59			9,802	226	201	(d)
Bouygues Immobilier	139	408	99.99	315	315			2,465	120	105	(d)
Bouygues Telecom	617	1,754	89.18	4,600	4,600			5,741	370	361	(d)
Colas	49	2,445	96.55	1,710	1,710			12,412	336	198	(d)
Total				**6,684**	**6,684**			**30,420**	**1,052**	**865**	
Other countries											
Uniservice	51	18	99.99	32	32				3	5	
Total				**32**	**32**				**3**	**5**	
2. Affiliates (interest > 10%, ≤ 50%)											
France											
Alstom	2,061	2,091	30.75	3,697	3,697			20,923	490	56	(e)
TF1	42	1,533	43.57	732	732			2,620	183	51	(d)
Total				**4,429**	**4,429**			**23,543**	**673**	**107**	
Other countries											
Total											
B - Aggregate information											
3. Other subsidiaries											
France				159	155			25	(2)		
Other countries				4				24			
4. Other affiliates											
France				16	7	9		38	27	4	
Other countries											
Overall total				**11,324**	**11,307**	**9**		**54,050**	**1,753**	**981**	

(a) In the local functional currency (b) Including net profit/loss for the year (c) In euros (d) Parent company of a business segment: consolidated reserves, sales and net profit/loss (excluding minority interests) for the segment, for the year ended 31 December 2011 (e) Year ended 31 March

Combined Annual General Meeting of 26 April 2012



Together. In addition to the projects they are tasked with, the Group's people mobilise for the benefit of others and for the environment. Community initiatives give them an opportunity to surpass themselves.

82% of Bouygues Immobilier's employees took part in the 2011 Solid'R national corporate community action day.

Agenda

1. ORDINARY GENERAL MEETING

> Board of Directors' reports;

> Report of the Chairman of the Board of Directors;

> Auditors' reports;

> Approval of the parent company financial statements and transactions for the year ended 31 December 2011;

> Approval of the consolidated financial statements and transactions for the year ended 31 December 2011;

> Appropriation of earnings, setting of dividend;

> Approval of regulated agreements and commitments;

> Renewal of the term of office of Martin Bouygues as a director;

> Renewal of the term of office of Mrs Francis Bouygues as a director;

> Renewal of the term of office of François Bertière as a director;

> Renewal of the term of office of Georges Chodron de Courcel as a director;

> Appointment of Anne-Marie Idrac as a director;

> Authorisation to the Board of Directors with a view to permitting the company to deal in its own shares.

2. EXTRAORDINARY GENERAL MEETING

> Board of Directors' reports and auditors' reports;

> Authorisation to the Board of Directors to reduce share capital by cancelling shares held by the company;

> Delegation of powers to the Board of Directors to issue equity warrants during the period of a public offer for the company's shares;

> Authorisation to the Board of Directors to increase the share capital during the period of a public offer for the company's shares

> Amendment of Article 19.4 of the by-laws to permit electronic voting at general meetings;

> Powers to carry out formalities.

Board of Director's reports

BOARD OF DIRECTOR'S REPORT AND STATEMENT OF THE REASONS FOR THE RESOLUTIONS TO BE PRESENTED TO THE COMBINED ANNUAL GENERAL MEETING

This report is the part of the Board of Directors' management report concerning the resolutions to be presented to the Combined Annual General Meeting of 26 April 2012.

Ordinary General Meeting

Approval of the parent company and consolidated financial statements for the year ended 31 December 2011

The purpose of the **first resolution** is to approve the parent company financial statements and transactions for the year ended 31 December 2011; the purpose of the **second resolution** is to approve the consolidated financial statements and transactions for the year ended 31 December 2011.

Appropriation of earnings and setting of dividend (€1.60 per share)

The purpose of the **third resolution** is to appropriate the earnings for the year ended 31 December 2011 and set the dividend.

Distributable earnings for the 2011 financial year amounted to €2,597,687,828.42, comprising net profit of €808,081,882.48 and retained earnings of €1,789,605,945.94.

We propose to allocate distributable earnings as follows:

> €503,790,526.40 to dividends,

> €2,093,897,302.02 to retained earnings.

The dividend, which is the same as in 2010, amounts to a payout of €1.60 for each of the 314,869,079 shares existing at 31 December 2011. In accordance with the law, shares held by the company when the dividends are paid out are not eligible for dividends.

The dividend will be paid in cash and will be payable as from 4 May 2012. The ex-rights date on the Euronext Paris market (i.e. the first trading day when the shares trade ex-dividends) will be 30 April 2012. The record date (i.e. the cut-off date for the positions which, after settlement, will qualify for payment) will be the evening of 3 May 2012.

This dividend entitles natural persons resident in France for income tax purposes to 40% tax relief as provided for by Article 158.3-2 of the General Tax Code. However, unless otherwise provided, such persons may opt for the 21% flat-rate withholding (excluding social charges) in full discharge of personal income tax.

Approval of regulated agreements and commitments

The purpose of the **fourth resolution** is to approve agreements and commitments entered into by Bouygues in 2011 and governed by Articles L. 225-38 *et seq.* of the Commercial Code.

These agreements and commitments, which have been previously approved by the Board of Directors, and the amounts billed under these agreements, are detailed in the auditors' special report on regulated agreements and commitments. They chiefly concern:

> services provided by Bouygues to its main subsidiaries: in addition to its senior management role within the Group, Bouygues SA provides a range of general and expert services to Group businesses in areas such as finance, communications, sustainable development, corporate sponsorship, new technologies, insurance, legal affairs, human resources, etc. As part of this, Bouygues SA and its main subsidiaries sign annual agreements relating to these services, so that each business can request relevant services and expertise if need be. The subsidiaries are billed for the real costs of these shared services according to different scales depending on the nature of the service: the ratio of the subsidiary's headcount to the Group's headcount for human resources; the permanent capital ratio for financial services; and the ratio of the subsidiary's sales to Group sales for all other services;

> reciprocal provision of services between Bouygues and SCDM, a company owned by Martin and Olivier Bouygues. The amount billed by SCDM to Bouygues under this agreement (€5.4 million) consists mainly of the salaries of Martin and Olivier Bouygues (85.8% of the total). The remaining 14.2% is for the services provided by the small group that supports Martin and Olivier Bouygues in their deliberations and activities on behalf of the Group, mainly by conducting research and analysis into strategic developments and the growth of the Bouygues group;

> the terms and conditions for use by Group companies of aircraft owned by companies controlled by Bouygues or SCDM;

> the supplementary pension plan for members of the Group management committee, which includes Bouygues executive directors and a number of salaried directors of Bouygues SA. The supplementary provision is equivalent to 0.92% of the reference salary per year of service under the plan, and the supplementary benefits may not exceed eight times the annual maximum amount under the social security regime, i.e. approximately €291,000 in 2012. The plan has been outsourced to an insurance company;

> brand licences granted by Bouygues to certain subsidiaries, with a view to allowing these subsidiaries, including Bouygues Construction, Bouygues Immobilier and Bouygues Telecom, to use the Bouygues brand and associated names.

It should be noted that the agreements and commitments approved by general meetings in previous years do not have to be voted on again by this Annual General Meeting.

Renewal of the term of office of directors

The directorships of Mrs Francis Bouygues, Martin Bouygues, François Bertière and Georges Chodron de Courcel expire after this Annual General Meeting. In the **fifth to eighth resolutions,** we ask you to renew these terms of office for a period of three years, expiring after the Annual General Meeting called to approve the financial statements for the year ended 31 December 2014.

Martin Bouygues was born on 3 May 1952. He is the Chairman and CEO of Bouygues. He was appointed a director of Bouygues on 21 January 1982.

Martin Bouygues joined the Bouygues group in 1974 as a works supervisor. In 1978, he established Maison Bouygues, specialising in the sale of catalogue homes. In 1987, Martin Bouygues was appointed Vice-Chairman of Bouygues' Board of Directors, on which he has served since 1982. On 5 September 1989, Martin Bouygues took over from Francis Bouygues as Chairman and CEO of Bouygues. At Martin Bouygues' instigation, the Group pursued its development in construction as well as in media (TF1) and launched Bouygues Telecom in 1996. In 2006, Bouygues acquired a stake in Alstom and thus expanded into new high-growth business lines in transport and power.

Mrs Francis Bouygues was born on 21 June 1924. She was appointed a director of Bouygues on 19 October 1993.

François Bertière was born on 17 September 1950. He is the Chairman and CEO of Bouygues Immobilier. He was appointed a director of Bouygues on 27 April 2006.

François Bertière graduated from École Polytechnique and École Nationale des Ponts et Chaussées, and is a qualified architect (DPLG). He began his career in 1974 in the Infrastructure Ministry. In 1977, he was appointed technical advisor to the office of the French Education Ministry, then deputy director in charge of planning at the Regional Infrastructure Department of Upper Corsica in 1978. In 1981, he became director of urban development at the Public Development Agency (EPA) of Cergy-Pontoise. He joined the Bouygues group in 1985 as Deputy CEO of Française de Constructions. In 1988, he was appointed Chairman and CEO of France Construction, Vice-Chairman and CEO of Bouygues Immobilier in 1997, then Chairman and CEO of Bouygues Immobilier in 2001. François Bertière has been a director of Bouygues Immobilier since 1991.

Georges Chodron de Courcel was born on 20 May 1950. He is Deputy CEO of BNP Paribas. He was appointed a director of Bouygues on 30 January 1996 and he is a member of the Accounts Committee.

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

Appointment of a new director

In the **ninth resolution,** we ask you to appoint Anne-Marie Idrac as director for three years. She will replace Pierre Barberis, whose term of office expires at the end of this Annual General Meeting. This appointment will expire after the Annual General Meeting in 2015 called to approve the financial statements for the year ended 31 December 2014.

Anne-Marie Idrac was born on 27 July 1951.

A graduate of École Nationale d'Administration, Anne-Marie Idrac served in a number of posts at the French Infrastructure Ministry and on ministerial staffs from 1974 to 1990. From 1990 to 1993 she was director general of the public body responsible for developing the city of Cergy-Pontoise. From 1995 to 1997 she was director of land transportation. She served as Member of Parliament for a constituency in the Yvelines from 1997 to 2002. From 2002 to 2006 she was Chair and Chief Executive of the Paris mass transit authority, RATP, and Chair and Chief Executive of SNCF French railways from 2006 to 2008. From 2008 to 2010 she was junior minister for foreign trade.

Anne-Marie Idrac is a director of Vallourec and Saint-Gobain.

Authorisation to deal in the company's shares

The purpose of the **tenth resolution** is to give the Board of Directors the authorisations required to deal in Bouygues shares on the company's behalf, in accordance with legal requirements.

This authorisation will be granted for a period of eighteen months beginning on the day of the Annual General Meeting. It will replace and cancel with immediate effect the unused portion of the authorisation granted by the Combined Annual General Meeting of 21 April 2011 under the ninth resolution.

In 2011, under authorisations granted by the Annual General Meeting, your company acquired 5,153,093 shares with a view to cancelling them. A further 2,139,592 treasury shares were bought and 2,031,592 shares were sold through a service provider acting within the scope of a liquidity agreement that complies with a code of conduct approved by the Autorité des Marchés Financiers (AMF). Note that under the authorisation given by the Extraordinary General Meeting on 10 October 2011 concerning the share tender repurchase offer, the Board of Directors acquired 41,666,666 shares with a view to cancelling them.

The objectives of the new buyback programme are the same as those of the previous one. They are set out in the tenth resolution and in the description of the buyback programme. Buybacks, which may not exceed 5% of the share capital, can be used, *inter alia,* to cancel shares, pursuant to the authorisation granted in the eleventh resolution, notably to offset the dilutive impact on existing shareholders of the exercise of stock options granted to employees and corporate officers. In compliance with the market practice approved by the AMF, buybacks may also be used to ensure the liquidity of and organise trading in the company's shares through an independent investment service provider. Shares acquired under buybacks may also be delivered as a medium of payment or exchange in an acquisition, merger, spin-off or contribution.

The shares purchased may be sold under the conditions set by the AMF in its instruction published on 19 November 2009 regarding new rules on share buyback programmes.

The maximum purchase price is €60.

The transactions may be carried out at any time, including during the period of a public offer for the company's shares, in accordance with applicable regulations. It is important that the company should be able, where necessary, and even during a public offer, to buy back its own shares in order to honour its obligations towards holders of securities giving access to capital or to cover stock option plans.

By law, share buyback authorisations must respect the following limits:

- the company may not own, either directly or indirectly via a person or entity acting in its own name but on behalf of the company, more than 10% of its own shares;
- the buybacks must not reduce shareholders' equity to a level below that of capital plus those reserves not available for distribution;
- throughout the holding period, the company's reserves (excluding the legal reserve) must be at least equal to the value of the securities owned.

We remind you that treasury stock does not carry voting rights and that the corresponding dividends are allocated to retained earnings.

Extraordinary General Meeting

Option to reduce share capital by cancelling shares

In the **eleventh resolution,** pursuant to Article L. 225-209 of the Commercial Code, we ask you to authorise the Board of Directors to reduce the share capital, on one or more occasions, up to a limit of 10% of the share capital in any twenty-four month period, by cancelling some or all of the shares that the company holds or may hold as a result of using the various share buyback authorisations given by the Annual General Meeting to the Board of Directors, particularly under the tenth resolution submitted to this Annual General Meeting for approval. Cancelling shares makes it possible, if the Board of Directors deems it appropriate, to offset the dilution for shareholders resulting from the creation of new shares in connection, for example, with employee savings schemes and the exercise of stock options.

This authorisation will be granted for a period of eighteen months beginning on the day of the Annual General Meeting. It will terminate with immediate effect the authorisation given under the tenth resolution of the Combined Annual General Meeting of 21 April 2011 and used by the Board of Directors at its meeting on 30 August 2011 to cancel 9,973,287 shares purchased by the company.

It should be remembered that, in connection with the authorisation given by the Extraordinary General Meeting of 10 October 2011 concerning the share tender repurchase offer, the Board of Directors cancelled on 15 November 2011 the 41,666,666 shares repurchased through this offer.

Protecting the company in the event of a public tender or exchange offer for the company's shares

The following two resolutions are designed to enable the Board of Directors to take defensive measures, as allowed by law, to frustrate a tender offer that it believes goes against the interests of the company and its shareholders.

In the **twelfth resolution,** pursuant to Articles L. 233-32 II and L. 233-33 of the Commercial Code, we ask you to delegate to the Board of Directors the power to issue equity warrants to shareholders on preferential terms during the period of a public offer for the company's shares, and to allot such warrants free of charge to all shareholders holding shares in the company prior to expiry of the offer period. These warrants will lapse automatically as soon as the offer or any other competing offer has failed, lapsed or been withdrawn. The number of warrants to be issued would be limited to the number of shares making up the capital at the warrant issue date. The nominal value of the capital increase that may result from exercise of the warrants would be capped at three hundred and fifty million euros (€350,000,000).

The purpose of this delegation is to allow the Board of Directors to increase the value of the company if it considers the offer price to be too low, and thereby encourage the offeror to raise its offer price or abandon its offer.

The Board of Directors considers that it should be able to issue such warrants under the terms and conditions provided for by law, when faced with a tender offer that it believes goes against the interests of the company and its shareholders.

This power is subject to the reciprocity principle provided for in Article L. 233-33 of the Commercial Code, which allows your company to implement measures to frustrate the bid without being required to obtain authorisation from the Annual General Meeting during the offer period, if the offeror (or the entity controlling the offeror or an entity acting in concert with the controlling entity) is not itself subject to identical provisions or equivalent measures.

This delegation will be granted for a period of eighteen months beginning on the day of the Annual General Meeting. It will replace and immediately cancel the previous delegation given by the Combined Annual General Meeting of 21 April 2011 under the twenty-third resolution, which was not used.

In the **thirteenth resolution,** we ask you to authorise the Board of Directors to utilise, during the period of a public offer for the company's shares, the various delegations of power and authorisations granted by the Combined Annual General Meetings of 29 April 2010 and 21 April 2011 to increase the share capital, provided that such utilisation is permitted during the period of a public offer by applicable laws and regulations. As in the twelfth resolution, this entails the application of the reciprocity principle provided for in Article L. 233-33 of the Commercial Code.

This delegation will be granted for a period of eighteen months beginning on the day of the Annual General Meeting. It will replace and cancel with immediate effect the previous delegation given by the Combined Annual General Meeting of 21 April 2011 under the twenty-fourth resolution, which was not used.

Amendments to by-laws

The purpose of the **fourteenth resolution** is to amend the company's by-laws in order to allow the Board of Directors, if it deems appropriate, to allow shareholders to vote by electronic means at future general meetings.

The purpose of the **fifteenth resolution** is to carry out all legal or administrative formalities and to make all filings and publications under and in accordance with applicable law.

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The statutory information concerning employee affairs is contained in the management report.

We kindly ask you to vote on the resolutions submitted for your approval.

The Board of Directors

BOARD OF DIRECTOR'S MANAGEMENT REPORT

This report is on pages 8-167, 190-212 and 283-286 of this Registration Document.

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

This report is on pages 168-189 of the *Legal and Financial Information* section of this Registration Document.

BOARD OF DIRECTOR'S SPECIAL REPORT ON STOCK OPTIONS

This report is on pages 194-198 of the *Legal and Financial Information* section of this Registration Document.

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 2011 on:

- the audit of the accompanying 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.

I – Opinion on the financial statements

We have performed our audit in accordance with the professional practices applicable in France. Those standards require that we plan and perform our audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2011, and of the results of its operations for the year then ended, in accordance with French Generally Accepted Accounting Principles (GAAP).

II – Basis of our opinion

Pursuant to the provisions of Article L. 823-9 of the Commercial Code requiring auditors to explain the basis of their opinion, we draw your attention to the following matters:

Holdings in subsidiaries and affiliates recognised as assets on the company's balance sheet are valued in accordance with the methods described in Note 2.3.1 to the financial statements. We reviewed the data used to estimate the carrying amounts of these investments and checked the calculations of impairment provisions where appropriate. We have no matters to report regarding the methods used, the reasonableness of the estimates made or the relevance of the information disclosed in the notes to the financial statements.

These assessments are an integral part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion expressed in the first part of this report.

III – Specific procedures and information

We also carried out the specific procedures required by law, in accordance with the auditing standards applicable in France.

We have no matters to report regarding the fairness of the information given in the management report prepared by the Board of Directors and the documents sent to shareholders on the company's financial position and financial statements, or its consistency with those financial statements.

We also verified that the disclosures provided in accordance with Article L. 225-102-1 of the Commercial Code on compensation and benefits accruing to corporate officers and on commitments granted to them were consistent with the financial statements or with the data used in preparing the financial statements and, where appropriate, with the information collected by Bouygues from companies controlling it or controlled by it. Based on our work, we certify that this information is accurate and fair.

As required by law, we verified that the identity of shareholders (or holders of voting rights) is disclosed in the management report.

Paris-La Défense, 28 February 2012
The auditors

Ernst & Young Audit
Jean Bouquot

Mazars
Gilles Rainaut

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders,

In accordance with the terms of our appointment at the Annual General Meeting, we present below our report for the year ended 31 December 2011 on:

- the audit of the accompanying consolidated financial statements of the Bouygues group;
- the basis of our opinion;
- the specific procedures and information required by law.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

I – Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform our audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities and financial position of the consolidated group at 31 December 2011, 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.

II – Basis of our opinion

Pursuant to the provisions of Article L. 823-9 of the Commercial Code requiring auditors to explain the basis of their opinion, we draw your attention to the following matters:

- The company performs annual impairment tests on goodwill and other assets with an indefinite useful life, and also assesses whether there is any evidence that non-current assets may be impaired, in accordance with the methods described in Note 2.7.4 to the consolidated financial statements. We reviewed the methods used to carry out the tests and the underlying assumptions.
- Current and non-current provisions carried on the balance sheet were measured as described in Notes 2.12.2 and 2.11.2 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.

These assessments are an integral part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion expressed in the first part of this report.

III – Specific procedures

We also reviewed the information given in the Group's management report in accordance with auditing standards applicable in France.

We have no matters to report on its fairness or consistency with the consolidated financial statements.

Paris-La Défense, 28 February 2012

The auditors

Ernst & Young Audit	**Mazars**
Jean Bouquot	Gilles Rainaut

AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE COMMERCIAL CODE, ON THE REPORT OF THE CHAIRMAN OF BOUYGUES

To the shareholders,

In our capacity as auditors of Bouygues and in accordance with the requirements of Article L. 225-235 of the Commercial Code, we present below our report on the report compiled by the Chairman of the Board of Directors of Bouygues in accordance with Article L. 225-37 of the Commercial Code for the year ended 31 December 2011.

The Chairman is responsible for compiling and submitting a report to the Board of Directors for approval regarding the internal control and risk management procedures put in place within the company, and for providing the other information required by Article L. 225-37 of the Commercial Code, particularly in the area of corporate governance.

Our responsibility is to:

- report our comments on the information contained in the Chairman's report regarding risk management and internal control procedures relating to the preparation and treatment of accounting and financial information; and
- certify that the Chairman's report contains the other information required by Article L. 225-37 of the Commercial Code, it being specified that that we are not responsible for verifying the fairness of that information.

We conducted our work in accordance with the professional practices applicable in France.

Information regarding risk management and internal control procedures relating to the preparation and treatment of accounting and financial information

Professional practices require that we perform procedures to assess the fairness of the information provided in the Chairman's report on risk management and internal control procedures relating to the preparation and treatment of accounting and financial information.

These procedures include:

- obtaining an understanding of the risk management and internal control procedures relating to the preparation and treatment of accounting and financial information described in the Chairman's report, and of other existing documentation;
- obtaining an understanding of the work underlying the information contained in the Chairman's report, and of other existing documentation;
- determining whether the Chairman's report contains the appropriate disclosures regarding any material weaknesses we might have identified in internal control procedures relating to the preparation and treatment of accounting and financial information.

Based on our work, we have no matters to report on the information contained in the Chairman's report prepared in accordance with Article L. 225-37 of the Commercial Code on risk management and internal control procedures relating to the preparation and treatment of accounting and financial information.

Other information

We certify that the Chairman's report contains all of the other information required by Article L. 225-37 of the Commercial Code.

Paris-La Défense, 28 February 2012
The auditors

Ernst & Young Audit	Mazars
Jean Bouquot	Gilles Rainaut

To the shareholders,

In our capacity as auditors of your company, we present below our report on regulated agreements and 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 or which were brought to light as a result of our assignment, without commenting on their relevance or substance and without determining whether other such agreements or commitments exist. It is the responsibility of shareholders, under Article R. 225-31 of the Commercial Code, to determine whether these agreements and commitments are appropriate and should be approved.

We are also required to report to you the information set out in Article R. 225-31 of the Commercial Code regarding operations carried out during the year under agreements and commitments approved by Annual General Meetings in previous years.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved ensuring that the information disclosed to us was consistent with the source documents from which it was taken.

Agreements and commitments submitted to the Annual General Meeting for approval

Agreements and commitments authorised during the year

Pursuant to Article L. 225-40 of the Commercial Code, we were informed of the following agreements and commitments that were authorised by your Board of Directors

a. Purchase by Bouygues of Artémis's interest in Serendipity Investment

At its meeting on 30 August 2011, your Board of Directors authorised the purchase by Bouygues of the interest held by Artémis in Serendipity Investment, under the following terms and conditions:

- Artémis purchased the 25.6% interest held by Serendipity Investment in the agrifood company Michel & Augustin, in return for a €4.2 million payment by Artémis; Artémis effected this payment by offsetting it against its current account claim on Serendipity Investment, which stood at €6.2 million on 30 June 2011, thereby reducing the claim to €2 million post-transaction;
- Bouygues purchased the 50% interest held by Artémis in Serendipity Investment as well as its current account claim, in return for a €2.1 million payment by Bouygues; at the same time Bouygues acquired the balance of Artémis's current account claim on Serendipity Investment, i.e. €2 million, for €2 million plus the interest due at the transaction date.

The above transactions were examined by an independent expert, the Olivier Salustro firm, which concluded that the valuations used were fair.

Directors concerned

François-Henri Pinault and Patricia Barbizet.

b. Service agreements between Bouygues and Actifly

Further to the July 2011 sale by Challenger Luxembourg of the Hawker 900 XP aircraft and the purchase by Actifly (a sub-subsidiary owned 85% by SCDM and 15% by Bouygues) of a Challenger 605, due to be delivered in September 2011 at its meeting of 30 August 2011, your Board of Directors authorised the conclusion of agreements between Bouygues and Actifly, for a period expiring on 31 December 2011, in order to enable:

- Actifly to make the Challenger 605 available to Bouygues for €7,000 excl. VAT per flight hour;
- Bouygues to carry out first-level maintenance of the Challenger 605 for a flat monthly fee of €22,000 excl. VAT;
- Bouygues to provide Actifly with administrative services for a flat monthly fee of €12,500 excl. VAT;
- reciprocal availability to the two companies of a captain and co-pilot for €920 and €600 excl. VAT, respectively, per flight hour.

Actifly invoiced Bouygues €334,320 excl. VAT for the period from September to December 2011 in respect of the agreement to provide the Challenger 605 and pilot services.

Bouygues invoiced Actifly the following amounts in respect of these agreements for the period between September and December 2011:

- €50,000 excl. VAT for administrative services;
- €88,000 excl. VAT for maintenance services;
- €129,337 excl. VAT for piloting services.

Directors concerned

SCDM, Martin Bouygues and Olivier Bouygues.

c. Reorganisation of aircraft ownership arrangements – Agreements between Airby and Bouygues to transfer machinery and equipment and make aircraft available

Since Bouygues and SCDM both have similar long-haul aircraft, they wanted to introduce a more closely coordinated organisational arrangement based on owning and operating aircraft by two French companies, namely Airby (85%-controlled by Bouygues and 15% by SCDM) for the Global 5000, and Actifly (85%-controlled by SCDM and 15% by Bouygues) for the Challenger 605. The purpose of Bouygues' and SCDM's 15% cross-shareholdings is to allow each group to use the other's aircraft, in accordance with prevailing air transport regulations, when its own plane is unavailable.

In connection with the plan for Bouygues and Actifly to set up Transport Air, an economic interest grouping for pooling the human and technical resources needed to operate and maintain the aircraft at its meeting on 15 November, your Board of Directors, meeting on 15 November 2011, authorised the following reorganisation measures:

- sale by Bouygues to Actifly of 15% of the share capital of Airby for €375, based on Airby's net worth on 31 October 2011; Bouygues still holds 85% of the company's share capital;
- sale by Challenger Luxembourg SA to Airby of the Global 5000 for US$31.5 million, based on a quote from its maker, Bombardier Inc.;
- sale by Financière des Bois Verts to Airby of 15% of the share capital of Actifly for €1,005,000, based on Actifly's net worth after covering the losses for the financial year ended 31 August 2011;
- agreement between Airby and Actifly on the incorporating instruments for Transport Air;
- agreement on reciprocal availability of aircraft between Airby and Actifly;
- conclusion of aircraft availability agreements between Airby and the companies using the aircraft;
- agreement between Bouygues and Transport Air to organise the transfer of operating resources to Transport Air in return for payment by the latter of an overall €21,677 to Bouygues;
- agreement between Bouygues and Airby to organise the transfer of machinery and equipment for the Global 5000 to Airby in return for payment by Airby of an overall €19,095 to Bouygues.

In this context, at its meeting on 15 November 2011, your Board of Directors authorised an aircraft availability agreement (including pilots and fees relating to flight services) between to Airby and Bouygues under the following terms and conditions:

- Airby is to provide aircraft at an overall cost of €7,000 excl. VAT per flight hour, regardless of the plane used;
- Airby is to operate the Global 5000 as the first option: it will not use the Challenger 605 unless the Global 5000 is unavailable and will not use a third aircraft unless both the Global 5000 and the Challenger 605 are unavailable;
- the price per flight hour is to be revised annually to reflect market prices;
- the agreement is concluded for an indefinite period.

This agreement had no financial impact on the 2011 financial statements. It will take effect in 2012.

Directors concerned

SCDM, Martin Bouygues and Olivier Bouygues.

d. Amendment to the trademark licence agreement with Bouygues Construction

At its meetings on 1 March and 15 November 2011, your Board of Directors approved the fifth and sixth amendments to the 16 October 2000 trademark licence agreement between Bouygues and Bouygues Construction, with a view to extending the term of the agreement until 30 November 2011 and then to 31 December 2011.

Directors concerned

Olivier Bouygues and Yves Gabriel.

e. Amendment to the trademark licence agreement with Bouygues Bâtiment International

At its meetings on 1 March and 15 November 2011, your Board of Directors approved the seventh and eighth amendments to the 21 December 2000 trademark licence agreement between Bouygues and Bouygues Bâtiment (now Bouygues Bâtiment International), with a view to extending the term of the agreement until 30 November 2011 and then to 31 December 2011.

Director concerned

Yves Gabriel.

f. Amendment to the trademark licence agreement with Bouygues Travaux Publics

At its meetings on 1 March and 15 November 2011, your Board of Directors authorised the fourth and fifth amendments to the 15 December 2000 trademark licence agreement between Bouygues and Bouygues Travaux Publics, with a view to extending the term of the agreement until 30 November 2011 and then to 31 December 2011.

Director concerned

Yves Gabriel.

g. Amendment to the trademark licence agreement with Bouygues Bâtiment Ile-de-France

At its meeting on 15 November 2011, your Board of Directors approved an amendment to the 7 November 2003 trademark licence agreement between Bouygues and Bouygues Bâtiment Ile-de-France, with a view to early termination of the agreement as of 31 December 2011.

Director concerned

Yves Gabriel.

h. Shared service agreements

At its meeting on 6 December 2011, your Board of Directors authorised, for a period of one year starting 1 January 2012, the renewal of shared service agreements between Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom, under which Bouygues provides principally management, HR, IT and financial services to its various sub-groups.

As in previous years the principle behind these agreements is based on the rules for sharing and invoicing the expense of shared services, including special services and the defrayal of a remaining share.

These agreements had no financial impact on the 2011 financial statements. They will take effect in 2012.

Directors concerned

- **Bouygues Construction,** Olivier Bouygues and Yves Gabriel,
- **Bouygues Immobilier,** François Bertière and Hervé Le Bouc,
- **Colas,** François Bertière, Olivier Bouygues, Hervé Le Bouc and Colette Lewiner,
- **TF1,** Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Nonce Paolini,
- **Bouygues Telecom,** Olivier Bouygues and Nonce Paolini.

i. Agreement between Bouygues and SCDM

SCDM, a company owned by Martin Bouygues and Olivier Bouygues, contributes to initiatives in favour of the Bouygues group on an ongoing basis.

At its meeting on 6 December 2011, your Board of Directors authorised the renewal of the agreement between Bouygues and SCDM concerning this contribution for a period of one year starting 1 January 2012.

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 Bouygues 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 supply Bouygues with services other than those provided as part of its permanent duties. These special services are invoiced at arm's length rates.

Under this agreement, Bouygues may invoice SCDM at arm's length for any special services provided.

This agreement had no financial impact on the 2011 financial statements. It will take effect in 2012.

Directors concerned
Martin Bouygues and Olivier Bouygues.

j. Supplementary pension benefits granted to senior executives

At its meeting on 6 December 2011, your Board of Directors authorised the renewal of the supplementary pension plan for members of the Group Management Committee, which includes Bouygues corporate officers and the salaried directors of Bouygues SA, for a period of one year starting 1 January 2012. The supplementary provision is equivalent to 0.92% of the reference salary per year of service under the plan, and the supplementary benefits may not exceed eight times the annual maximum amount under the social security regime. This supplementary plan has been outsourced to an insurance company.

Since this agreement concerns commitments granted to the company's Chairman and Chief Executive Officer and Deputy Chief Executive Officer, the Board was asked to approve its renewal in 2012.

This agreement had no financial impact on the 2011 financial statements. It will take effect in 2012.

Directors concerned
François Bertière, Martin Bouygues, Olivier Bouygues, Yves Gabriel, Hervé Le Bouc and Nonce Paolini.

k. Tax election agreements

At its meeting on 6 December 2011, your Board of Directors authorised the renewal for five years, i.e. from 1 January 2012 to 31 December 2016, renewable tacitly, of the group tax election agreements with Bouygues Construction, Bouygues Bâtiment Ile-de-France, Bouygues Bâtiment International, Bouygues Travaux Publics, ETDE, Bouygues Immobilier, Colas, Aximum, Colas Midi Méditerranée, Sacer Atlantique, Spac and Screg Est.

This agreement had no financial impact on the 2011 financial statements. It will take effect in 2012.

Directors concerned

> **Bouygues Construction,** Olivier Bouygues and Yves Gabriel,

> **Bouygues Bâtiment Ile-de-France,** Yves Gabriel,

> **Bouygues Bâtiment International,** Yves Gabriel,

> **Bouygues Travaux Publics,** Yves Gabriel,

> **ETDE,** Yves Gabriel,

> **Bouygues Immobilier,** François Bertière and Hervé Le Bouc,

> **Colas,** François Bertière, Olivier Bouygues, Hervé Le Bouc and Colette Lewiner,

> **Colas Midi Méditerranée,** Hervé Le Bouc,

> **Aximum,** Hervé Le Bouc,

> **Sacer Atlantique,** Hervé Le Bouc,

> **Spac,** Hervé Le Bouc,

> **Screg Sud-Est,** Hervé Le Bouc.

l. New trademark licence agreement

At its meeting on 6 December 2011, your Board of Directors authorised the conclusion of a single trademark licence agreement between Bouygues and Bouygues Construction in respect of the following trademarks: "Bouygues Construction", "Bouygues Bâtiment", "Bouygues Travaux Publics", "Bouygues TP" and Ellipse, under the following terms and conditions:

> In France and a number of foreign countries, Bouygues Construction has the right to use the above trademarks for products and services limited to the field of construction. Bouygues Construction has to right to sub-licence these trademarks to its subsidiaries, which themselves are entitled to sub-licence them to their own subsidiaries. Bouygues Construction and its subsidiaries also have the temporary right to use the company names and trade names "Bouygues Construction", "Bouygues Bâtiment", "Bouygues Travaux Publics" and "Bouygues TP", as well as the right to use other company names having a "geographical" resonance or ending. Furthermore, Bouygues Construction and its subsidiaries have the right to register domain names that use some or all of the terms "Bouygues Construction", "Bouygues Bâtiment", "Bouygues Travaux Publics" and "Bouygues TP";

> As consideration for granting these rights, Bouygues Construction will pay Bouygues royalties of €500,000 per annum excl. VAT; this amount was set on the basis of an assessment carried out by Paper Audit & Conseil.

This agreement came into force on 1 January 2012 for 15 years, i.e. until 31 December 2026.

The agreement had no financial impact on the 2011 financial statements. It will take effect in 2012.

Directors concerned
Bouygues Construction, Olivier Bouygues and Yves Gabriel.

Agreements and commitments authorised in previous years which were not previously submitted to an Annual General Meeting for approval

We were informed of the following agreements and commitments authorised in 2010, which were referred to in our special report on regulated agreements and commitments dated 1 March 2011, and which were not submitted for approval to the Annual General Meeting of 21 April 2011 called to approve the 2010 financial statements.

a. Shared service agreements

Bouygues has entered into shared service agreements with Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom, under which it provides principally management, HR, IT and financial services to its various sub-groups.

At its meeting on 2 December 2010, your Board of Directors authorised the renewal of the shared service agreements for a period of one year starting 1 January 2011.

Bouygues invoiced the following amounts in respect of this agreement in 2011:

	Amount excl. VAT
Bouygues Construction	€13,451,783
Bouygues Immobilier	€2,962,964
Colas	€16,081,009
Bouygues Telecom	€7,714,938
TF1	€3,496,979

Directors concerned

- **Bouygues Construction,** Olivier Bouygues and Yves Gabriel,
- **Bouygues Immobilier,** François Bertière,
- **Colas,** François Bertière, Olivier Bouygues and Hervé Le Bouc,
- **Bouygues Telecom,** Olivier Bouygues and Nonce Paolini,
- **TF1,** Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Nonce Paolini.

b. Agreement between Bouygues and SCDM

SCDM, a company owned by Martin Bouygues and Olivier Bouygues, contributes to initiatives in favour of the Bouygues group on an ongoing basis.

At its meeting on 2 December 2010, your Board of Directors authorised the renewal of the agreement between Bouygues and SCDM concerning this contribution for a period of one year starting 1 January 2011.

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 Bouygues 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 supply Bouygues with services other than those provided as part of its permanent duties. These special services are invoiced at arm's length rates.

Under this agreement, Bouygues may invoice SCDM at arm's length for any special services provided.

During the year, SCDM invoiced Bouygues €5,393,358 excl. VAT in respect of the agreement, while Bouygues invoiced SCDM €1,279,424 excl. VAT.

Directors concerned

Martin Bouygues and Olivier Bouygues.

c. Service agreements: use of Bouygues aircraft

At its meeting on 2 December 2010, your Board of Directors authorised the renewal for one year starting 1 January 2011 of the agreements between Bouygues and Bouygues Construction, Bouygues Bâtiment International, Bouygues Travaux Publics, ETDE, Bouygues Immobilier, Colas, TF1, Eurosport, Bouygues Telecom, SCDM and Alstom Holdings.

These agreements set the prices for using the two aircraft (a Hawker HS 900 XP and a Global 5000), which at the time were owned by Challenger Luxembourg, belonging to a Bouygues affiliate and operated by the "Bouygues Transport Air" department of Bouygues.

Bouygues invoiced the following amounts in respect of this agreement in 2011:

	Amount excl. VAT
Bouygues Construction	€224,916
Bouygues Bâtiment International	€90,333
Bouygues Travaux Publics	€102,167
ETDE	€72,917
Bouygues Immobilier	€45,500
Colas	€417,375
TF1	€0
Eurosport	€0
Bouygues Telecom	€182,208
SCDM	€903,438
Alstom Holdings	€334,000

Directors concerned

- **Bouygues Construction,** Olivier Bouygues and Yves Gabriel,
- **Bouygues Bâtiment International,** Yves Gabriel,
- **Bouygues Travaux Publics,** Yves Gabriel,
- **ETDE,** Yves Gabriel,
- **Bouygues Immobilier,** François Bertière,
- **Colas,** François Bertière, Olivier Bouygues and Hervé Le Bouc,
- **TF1,** Patricia Barbizet, Martin Bouygues, Olivier Bouygues and Nonce Paolini,
- **Eurosport,** Olivier Bouygues,
- **Bouygues Telecom,** Olivier Bouygues and Nonce Paolini,
- **SCDM,** Olivier Bouygues and Martin Bouygues,
- **Alstom Holdings,** Patrick Kron.

d. Service agreements between Bouygues and Actifly

At its meeting on 2 December 2010, your Board of Directors authorised the renewal for one year starting 1 January 2011 of the agreements between Actifly and Bouygues for reciprocal availability of a captain and a co-pilot.

Under these agreements, Actifly invoiced Bouygues the sum of €47,856 excl. VAT for the period from January to August 2011.

Directors concerned

Martin Bouygues and Olivier Bouygues.

e. Supplementary pension benefits granted to senior executives

At its meeting on 2 December 2010, the Board of Directors authorised the renewal of the supplementary pension plan for members of the Group Management Committee, which includes Bouygues corporate officers and the salaried directors of Bouygues SA, for a period of one year starting 1 January 2011. The supplementary provision is equivalent to 0.92% of the reference salary per year of service under the plan, and the supplementary benefits may not exceed eight times the annual maximum amount under the social security regime. This supplementary plan has been outsourced to an insurance company.

Contributions paid into the plan set up by the insurance company totalled €2,000,000 in 2011.

Since this agreement concerns commitments granted to the company's Chairman and Chief Executive Officer and Deputy Chief Executive Officer, the Board was asked to approve its renewal in 2011.

Directors concerned

François Bertière, Martin Bouygues, Olivier Bouygues, Yves Gabriel, Hervé Le Bouc and Nonce Paolini.

Agreements and commitments approved by Annual General Meetings in previous years

Agreements and commitments approved in previous years

> Agreements and commitments approved in previous years under which transactions took place during the year

Pursuant to Article R.225-30 of the Commercial Code, we were informed that the following agreements and commitments already approved by Annual General Meetings in previous years, under which transactions took place during the year.

a. 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 2011:

	Amount excl. VAT
Bouygues Construction	€49,699[a]
Bouygues Travaux Publics	€19,514[b]
Bouygues Bâtiment International	€14,025[c]
Bouygues Bâtiment Ile-de-France	€15,550
Bouygues Telecom	€700,000

(a) Including under the fourth, fifth and sixth amendments
(b) Including under the third, fourth and fifth amendments
(c) Including under the sixth, seventh and eighth amendments

b. Trademark licence agreement with Bouygues Immobilier

A new licence agreement concerning the "Bouygues Immobilier", "Bouygues Immobilien", "Bouygues Inmobiliaria", "Bouygues Imobiliaria" and "Bouygues Imobiliare" trademarks came into force on 3 December 2010 for a period of 15 years, i.e. until 2 December 2025. This agreement replaces the previous agreements which expired on 15 October 2010.

As consideration for the rights granted, Bouygues Immobilier will pay Bouygues fixed royalties of €250,000 per annum excl. VAT.

In 2011, Bouygues invoiced Bouygues Immobilier an amount of €250,000 excl. VAT under this agreement.

c. Sub-lease agreement concerning the Challenger building

Bouygues entered into a sub-lease agreement with Bouygues Construction for part of the Challenger building in Saint-Quentin-en-Yvelines (France).

Bouygues Construction invoiced Bouygues €275,448 excl. VAT in respect of this agreement in 2011.

> Agreements and commitments approved in previous years but under which no transactions took place during the year

We were also informed of the following agreements and commitments approved by Annual General Meetings in previous years but under which no transactions took place in 2011.

a. Liability for defence costs

On 16 December 2003, Bouygues agreed the principle of assuming any defence costs incurred by senior executives or employees in connection with criminal proceedings resulting in discharge or acquittal, where such proceedings are brought against them for acts committed in performance of their duties or for merely holding office as director, Chairman, Chief Executive Officer, Deputy Chief Executive Officer or any equivalent office in a Group company.

No amounts were paid in respect of this agreement in 2011.

Paris-La Défense, 28 February 2012
The auditors

Ernst & Young Audit	**Mazars**
Jean Bouquot	Gilles Rainaut

AUDITORS' REPORTS ON THE EXTRAORDINARY GENERAL MEETING

To the shareholders,

Auditors' report on the reduction of share capital (eleventh resolution)

In our capacity as statutory auditors of Bouygues, and as required under Article L. 225-209 of the Commercial Code in the event of a capital reduction by cancelling shares repurchased by the issuer, we present below our report on our assessment of the reasons for the proposed capital reduction and the terms and conditions thereof.

The Board of Directors is asking shareholders to grant it full powers, for an eighteenth-month period as from the date of the Extraordinary General Meeting, to cancel, up to a limit of 10% of the capital in any twenty-four month period, the shares bought back by the company pursuant to an authorisation given to the company to buy back its own shares within the scope of the article mentioned above.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved assessing whether the decision to reduce the capital and the terms and conditions thereof, which respect the equal rights of all shareholders, are appropriate.

We have no matters to report concerning the reasons for and terms and conditions of the proposed capital reduction.

Auditors' report on the issue of equity warrants free of charge during the period of a public offer for the company's shares (twelfth resolution)

In our capacity as statutory auditors of Bouygues and as required under 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 is asking shareholders to grant it the power, for a period of eighteen months and pursuant to Article L. 233-32 II of the Commercial Code, to:

> resolve to issue equity warrants giving the holders preferential subscription rights to one or more shares in the company pursuant to Article L. 233-32 II of the Commercial Code, and to allot such warrants free of charge to all eligible shareholders prior to the expiry of the offer period,

> set the terms and conditions of exercise and any other characteristics of the equity warrants.

The nominal amount of shares that may be issued upon exercise of the warrants may not exceed €350,000,000, and the number of warrants issued may not exceed the number of shares forming 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 *et seq.* of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements and other specific information concerning the issue provided in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved assessing the information provided in the Board of Directors' report on this transaction.

We have no matters to report concerning the information provided in the Board of Directors' report on the proposed issue of equity warrants in the event of a public offer for the company's shares.

We will draw up a supplementary report if the Board of Directors decides to use this delegation in accordance with Article R. 225-116 of the Commercial Code, with a view to approval by an Annual General Meeting, as provided for in Article L. 233-32 III of the Commercial Code.

Paris-La Défense, 28 March 2012
The auditors

Ernst & Young Audit
Jean Bouquot

Mazars
Gilles Rainaut

Draft resolutions

1. ORDINARY GENERAL MEETING

First resolution

(Approval of the parent company financial statements and transactions for the year ended 31 December 2011)

The Annual General Meeting, having satisfied the conditions for quorum and majority requirements for ordinary general meetings, having acquainted itself with the Board of Directors' reports, the Chairman's report and the auditors' reports, hereby approves the parent company financial statements for the year ended 31 December 2011, as presented, showing a net profit of €808,081,882.48.

It also approves the transactions recorded in the financial statements and/or disclosed in these reports.

Second resolution

(Approval of the consolidated financial statements and transactions for the year ended 31 December 2011)

The Annual General Meeting, having satisfied the conditions for quorum and majority requirements for ordinary general meetings, having acquainted itself with the Board of Directors' reports, the Chairman's report and the auditors' reports, hereby approves the consolidated financial statements for the year ended 31 December 2011, as presented, showing a net profit attributable to the Group of €1,070 million.

It also approves the transactions recorded in the financial statements and/or disclosed in these reports.

Third resolution

(Appropriation of earnings, setting of dividend)

The Annual General Meeting, having satisfied the conditions for quorum and majority requirements for ordinary general meetings, notes that as net profit amounts to €808,081,882.48 and retained earnings to €1,789,605,945.94, distributable earnings total €2,597,687,828.42.

On the Board of Directors' recommendation, the Annual General Meeting hereby resolves to:

> distribute a dividend of €1.60 per share, making a total of €503,790,526.40;

> carry over the remainder in the amount of €2,093,897,302.02.

Accordingly, the dividend for the year ended 31 December 2011 is hereby set at €1.60 per share carrying dividend rights.

In accordance with Article 158-3-2 of the General Tax Code, natural persons resident in France for income tax purposes will be eligible for 40% tax relief on the dividend, unless they have opted for the 21% flat-rate withholding (excluding social charges) in full discharge of personal income tax, as permitted by Article 117 *quater* of the General Tax Code.

The ex-rights date for the Euronext Paris market will be 30 April 2012. The dividend will be paid in cash on 4 May 2012 and the record date (i.e. the cut-off date for positions qualifying for payment) will be the evening of 3 May 2012.

If the company holds some of its own stock at the dividend payment date, the dividends not paid on these shares will be carried over as retained earnings.

In accordance with law, the Annual General Meeting notes that the following dividends were paid for financial years 2008, 2009 and 2010:

	2008	2009	2010
Number of shares	342,818,079	354,267,911	365,862,523
Dividend per share	€1.60	€1.60	€1.60
Total dividend[(a)(b)]	€545,090,553.60	€566,147,057.60	€570,328,377.60

(a) The amounts shown represent the actual dividends paid out, as no dividends are due on shares bought back by the company
(b) Amounts eligible for 40% tax relief in accordance with Article 158-3-2 of the General Tax Code

Fourth resolution

(Approval of regulated agreements and commitments)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings and having acquainted itself with the auditors' special report on regulated agreements and commitments and in accordance with the provisions of Articles L. 225-38 *et seq.* of the Commercial Code, hereby approves the agreements and commitments referred to therein.

Fifth resolution

(Renewal of the term of office of Martin Bouygues as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Martin Bouygues as a director for three years. This term will expire after the Annual General Meeting called to approve the financial statements for 2014.

Sixth resolution

(Renewal of the term of office of Mrs Francis Bouygues as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Mrs Francis Bouygues as a director for three years. This term will expire after the Annual General Meeting called to approve the financial statements for 2014.

Seventh resolution

(Renewal of the term of office of François Bertière as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of François Bertière as a director for three years. This term will expire after the Annual General Meeting called to approve the financial statements for 2014.

Eighth resolution

(Renewal of the term of office of Georges Chodron de Courcel as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Georges Chodron de Courcel as a director for three years. This term will expire after the Annual General Meeting called to approve the financial statements for 2014.

Ninth resolution

(Appointment of Anne-Marie Idrac as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, appoints Anne-Marie Idrac as a director for three years. She will replace Pierre Barberis, whose term expires at the end of this Annual General Meeting.

This appointment will expire after the Annual General Meeting called to approve the financial statements for 2014.

Tenth resolution

(Authorisation to the Board of Directors with a view to permitting the company to deal in its own shares)

The Annual General Meeting, having satisfied the conditions for quorum and majority requirements for ordinary general meetings, and having acquainted itself with the Board of Directors' report including its description of the share buy-back programme, and in accordance with the provisions of Articles L. 225-209 *et seq.* of the Commercial Code:

1. hereby authorises the Board of Directors to buy back, under the conditions set out below, shares representing up to 5% of the company's share capital at the date of the buy-back, in compliance with the prevailing legal and regulatory conditions at that date, particularly the conditions laid down by Articles L. 225-209 *et seq.* of the Commercial Code, by European Commission Regulation No. 2273/2003 of 22 December 2003, and by the AMF (Autorité des Marchés Financiers) General Regulation.
2. resolves that the purpose of this authorisation is to enable the company to:
   - cancel shares under the conditions provided for by law, subject to authorisation by the extraordinary general meeting;
   - ensure the liquidity of and organise trading in the company's shares, through an investment service provider acting under the terms of a liquidity agreement that complies with a code of conduct recognised by the AMF;
   - retain shares and, where applicable, use them subsequently as a medium of payment or exchange in an acquisition, merger, spin-off or asset contribution, in accordance with the market practices recognised by the AMF and with applicable regulations;
   - retain shares and, where applicable, deliver them subsequently upon exercise of rights attached to securities that are redeemable, convertible, exchangeable or otherwise exercisable for the company's shares;
   - grant or sell shares to employees or corporate officers of the company or related companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option schemes, corporate savings plans and inter-company savings schemes or through an allotment of bonus shares;
   - implement any market practice that may be accepted by the AMF and generally to carry out any other transaction in compliance with prevailing regulations.
3. resolves that the acquisition, sale, transfer or exchange of these shares may be carried out, in compliance with rules issued by the market authorities, in any manner, notably on or off-market (including the over-the-counter market) by using, in particular, derivative financial instruments, and at any time, especially during a public tender or exchange offer. The entire programme may be carried out through block trades. Shares acquired may be sold under the conditions laid down by the AMF in its instruction dated 19 November 2009 regarding the introduction of a new regime governing the buy-back of a company's own shares.
4. resolves that the minimum purchase price be set at €60 per share, subject to any adjustments in connection with share capital transactions. If the share capital is increased by incorporating premiums, earnings, reserves or bonus shares into capital, or in the event of a stock split or reverse stock split, the above price will be adjusted by a multiplication factor equal to the ratio of the number of shares making up the share capital before the transaction to the number of shares after the transaction.
5. sets the maximum amount of funds that can be used for the share buy-back programme at €1,000,000,000 (one billion euros).
6. notes that, in accordance with law, the total shares held at any given date may not exceed 10% of the share capital outstanding at that date.
7. gives full powers to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to implement this authorisation, place all stock orders, conclude all agreements, in particular with a view to the registration of purchases and sales of shares, completing all declarations and formalities with the AMF and any other body, and in general taking all necessary measures to execute the decisions taken within the scope of this authorisation.
8. resolves that the Board of Directors will inform the Annual General Meeting of the transactions carried out, in accordance with applicable regulations.
9. grants this authorisation for eighteen months from the date of this Annual General Meeting and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

2. EXTRAORDINARY GENERAL MEETING

Eleventh resolution

(Authorisation to the Board of Directors to reduce share capital by cancelling shares held by the company)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Article L. 225-209 of the Commercial Code:

1. authorises the Board of Directors to cancel, at its own initiative, on one or more occasions, some or all of the shares that the company holds or may hold as a result of utilising the various share buy-back authorisations given by the Annual General Meeting to the Board of Directors, up to a limit of 10% in any twenty-four month period of the total number of shares making up the company's capital at the date of the transaction.
2. authorises the Board of Directors to charge the difference between the purchase value of the cancelled shares and their nominal value to all available premium and reserve funds.

3. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to carry out the capital reduction(s) resulting from cancellations of shares authorised by this resolution, to have the relevant entries made in the financial statements, to amend the by-laws accordingly, and generally to attend to all necessary formalities.
4. grants this authorisation for eighteen months from the date of this Annual General Meeting and notes that it cancels and replaces the unused portion of any previous authorisation given for the same purpose.

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, in extraordinary session but having satisfied the quorum and majority requirements for ordinary general meetings, in accordance with Articles L. 233-32-II and L. 233-33 of the Commercial Code, and having acquainted itself with the Board of Directors' report and the auditors' special report:

1. delegates to the Board of Directors the power, in compliance with applicable law and regulations, to issue warrants on one or more occasions, during the period of a public offer for the company's shares, giving rights to subscribe on preferential terms for one or more shares in the company, and to allot such warrants free of charge to all shareholders holding shares in the company prior to expiry of the offer period. These warrants will 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 €350,000,000 (three hundred and fifty million euros), and that the maximum number of equity warrants that may be issued shall not exceed the number of shares making up the capital at the time the warrants are issued.
3. resolves that the Board of Directors will have full powers, with the power to sub-delegate under and in accordance with applicable law, to determine the conditions of exercise of the equity warrants, which must relate to the terms of the offer or any other competing offer, and the other characteristics of the warrants, such as the exercise price or the terms for determining the exercise price, and more generally the characteristics and terms of any issue decided on the basis of this authorisation.
4. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to ordinary shares in the company to which any warrants issued pursuant to this delegation may give entitlement.
5. grants this delegation for a period of eighteen months as from the date of this meeting, and notes that it cancels and replaces the unused portion of any previous delegation given for the same purpose.

Thirteenth resolution

(Authorisation to the Board of Directors to increase share capital during the period of a public offer for the company's shares)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and in accordance with Article L. 233-33 of the Commercial Code:

1. expressly authorises the Board of Directors to utilise during the period of a public offer for the company's shares, and in compliance with applicable laws and regulations in force at such time, the various delegations of power, delegations of jurisdiction and authorisations granted to the Board of Directors, by the eleventh to nineteenth resolutions and by the twenty-second resolution submitted to the Combined Annual General Meeting of 21 April 2011, as well as by the nineteenth resolution of the Combined Annual General Meeting of 29 April 2010 concerning the allotment of bonus shares, to increase the share capital according to the conditions and limits specified by the said delegations and authorisations.
2. grants this delegation for a period of eighteen months as from the date of this meeting, and notes that it cancels and replaces the unused portion of any previous delegation given for the same purpose.

Fourteenth resolution

(Amendment of Article 19.4 of the by-laws to permit electronic voting at general meetings)

The Annual General Meeting, having satisfied the conditions for quorum and majority requirements for extraordinary general meetings and having acquainted itself with the Board of Directors' report, resolves to add a new paragraph, worded as follows, at the end of Article 19.4 of the by-laws:

"If the Board of Directors so decides, shareholders may take part in the Annual General Meeting by videoconference or by other means of telecommunication that enables them to be identified in accordance with prevailing regulations. In this case, the company will accept electronic remote voting forms up until 3.00pm (CET) at the latest on the day before the Annual General Meeting."

Fifteenth resolution

(Powers to carry out formalities)

The Annual General Meeting, having satisfied the conditions for quorum and majority requirements for extraordinary general meetings, 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 necessary filings, publications and formalities.

Glossary

CONSTRUCTION

3E®	Range of warm asphalt mixes designed by Colas for road surfacing. Because they are manufactured and applied at temperatures between 40 and 50°C lower than traditional mixes (160°C), these Eco-friendly and Energy-Efficient asphalt mixes save energy and generate lower greenhouse gas emissions during both production and application. See also *Asphalt mix*.
Aggregate	Small stones used for building roads, produced by screening and/or crushing materials extracted from rock quarries or gravel pits.
Asphalt	Composite material (natural or otherwise) consisting of calcareous or siliceous materials impregnated with bitumen, applied to roads or footways or as a sealant for bridges or buildings. Warm asphalt, manufactured and applied at lower temperatures (150°C) than conventional asphalt (250°C), allows for energy savings during both production and application.
Asphalt mix	Paving material made of aggregate mixed into a bituminous, synthetic or plant-derived binder in a coating plant. Warm asphalt, which is manufactured and applied at temperatures between 40 and 50°C lower than traditional mixes (160°C), allows for energy savings and generates lower greenhouse gas emissions. See also *3E®*. Recycled mixes include Reclaimed Asphalt Pavement (RAP) removed from existing pavements.
BBC-effinergie®	Low-energy building label. Based on regulatory requirements contained in a ministerial order of 3 May 2007 and awarded by an accredited body (Cerqual, Promotelec), the label applies to buildings whose maximum primary energy consumption, for new residential properties, is on average 50 kWh/m²/year. This is ten times less than a building from the 1990s and three times less than a recent building. For further information: www.effinergie.org
Bepos	Positive-energy building, designed to consume very little energy (thermal, electricity), offset by systems that produce energy from renewable sources (wind, photovoltaic, etc.). A positive-energy building must produce at least the same amount of energy as it consumes for operational purposes. Bouygues Immobilier's Green Office® buildings are positive-energy buildings. For further information: www.green-office.fr
Binder	Bituminous, hydraulic (water-based), synthetic or plant-derived component used for binding aggregate together to form a road-building material.
Bitumen	Heavy fraction of petroleum used in road building to bind aggregate together to form bituminous concrete for pavements. Bitumen should not be confused with tar, which is derived from coal and, having been classified as a carcinogen by the European Union, is no longer used in road building.
Call for tenders	In the construction industry, a bidding procedure that allows the client to choose between several bidders for a contract for works, services or supplies.
Carbon balance	Method that uses lifecycle analysis to calculate the greenhouse gas emissions of an activity. Ademe, the French environment and energy management agency, has developed a proprietary method, Bilan Carbone®, which it now licenses. See also *Carbon strategy*.
Civil works	Road, railway, waterway, port and airport infrastructure, including directly related structures such as bridges, wharves, etc.
Concession	Contract whereby the management of a public service is entrusted to private-sector partners responsible for constructing and maintaining buildings and/or infrastructure made available to the public sector. In return they receive a fee that depends on the use made of the building or infrastructure concerned.
Contracting authority/Client	Individual or legal entity who has concluded a contract and on whose behalf the work is performed. The client chooses the engineering consultant responsible for coordinating and monitoring the work of the various trades involved in a construction project. In a Public-Private Partnership (PPP), unlike a public procurement project, the contract-holder acts as contracting authority on the public entity's behalf.
Eco-alternative	An alternative in terms of product design, production and/or operation that uses innovative technological or organisational options to reduce or neutralise greenhouse gas emissions.
Eco-design	An approach based on the use of environment-friendly techniques to design a building, for example, that is more energy efficient.
Eco-neighbourhood	Also called sustainable neighbourhood, an urban area designed from the standpoint of its environmental, economic and social impacts. Bouygues Construction's Eikenott project in Switzerland and Bouygues Immobilier's Ginko project in Bordeaux and Fort d'Issy project near Paris are recent flagship examples.
Emulsion (bitumen emulsion)	A dispersion of bitumen – in the form of fine droplets – in water, making the bitumen more fluid. It has many applications in road building. In 2011, Colas was again the world leader in binders and emulsions.
Energy management	A way of optimising a building's energy efficiency by reducing energy consumption while preserving the same level of comfort, thus reducing the environmental, economic and social costs of energy production and consumption. The development of energy management tools is one of the keys to constructing low-energy or positive-energy buildings.
Energy-Pass®	An interactive service from Bouygues Construction based on a touch-screen control panel which measures and tracks the heating, hot water and electricity consumption of a housing unit or building in real time over an extended period and hence provides a picture of its real energy performance.
Enhanced zero-interest loan	A non-means tested zero-interest loan for the acquisition of a principal residence. Introduced on 1 January 2011, the scheme is open to all first-time buyers who have not owned their principal residence in the previous two years. See *Zero-interest loan*.
EPC	Energy Performance Contract concluded between the project owner of a building and a service company. It guarantees a reduction, verified and measured over time, in the energy consumption of a building or group of buildings through investment in works, supplies or services.

Facilities Management (FM)	A service that involves providing a firm's support functions, especially building maintenance and operation. Services include, for example, security, reception, switchboard, office transfers, removals, mailroom, cleaning and gardening. They may also include space and infrastructure services (hard FM) such as heating maintenance and telecom and radio network maintenance.
Granulates	Coated materials derived from old pavements that have been planed or torn up and intended for re-use in new paving after treatment (recycling) in a coating plant or in place.
Green IT	Responsible and sustainable Information and Communication Technologies (ICTs) whose design or usage helps to reduce the negative impacts of human activities on the environment, helps to improve living conditions for the general public and working conditions for employees and helps firms to cope with environment-related regulatory developments and to contribute to green economic growth.
Green Office®	A trade mark created and marketed by Bouygues Immobilier for positive-energy office buildings. Green Office® Meudon is the first large-scale positive-energy office building in France. See also *Bepos*.
Guild worker	Specific term used by Bouygues to recognise the value contributed by building workers. An in-house guild, the Minorange Guild, was created in 1963 to promote the company spirit, pride in work well done and the transmission of knowledge to younger workers. The Minorange Guild has inspired similar initiatives in other Group business areas, in particular at Colas.
H&E	Habitat & Environment. Certification awarded by Cerqual and developed in conjunction with the work of the HQE association. Applicable to new apartment buildings and clusters of detached houses, it is based on seven environmental criteria (environmental management of the project, clean site, energy/greenhouse gas emissions, construction/choice of materials, water, comfort and health, green behaviour). For further information: www.cerqual.fr
HQE®	High Environmental Quality label awarded by Afnor Certification. The certification of office buildings (NF Bâtiments Tertiaires – Démarche HQE®) is delegated to Certivéa (CSTB), of collective housing (NF Logement – Démarche HQE®) to Cerqual and of detached houses (NF Maison Individuelle – Démarche HQE®) to Céquami. The aim is to limit the environmental impacts of a construction, rehabilitation or renovation project in terms of consumption of natural resources, waste management, noise, etc. THQE (very high environmental quality – See RT2012) is neither a label nor a standard, but merely a reference to HQE certification. It is sometimes used in place of THPE (very high energy performance). In October 2006, Bouygues' headquarters became the first office building in Paris with HQE® certification. For further information: www.assohqe.org
Noveom	New generation of adaptable serviced residences created by Bouygues Immobilier. Designed with the help of an occupational therapist, Noveom residences meet the needs of occupants at all stages of life, making them high-quality places to live.
Order book (backlog)	At Bouygues Construction and Colas, the order book represents the amount of work that remains to be done on projects for which a firm order has been taken, i.e. for which a contract has been concluded and has entered into effect. At Bouygues Immobilier, the backlog corresponds, each time the financial statements are signed off, to the book sales that remain to be recognised on aggregate business activity by value. It is expressed in euros or months' sales (on the basis of the previous 12 months' sales).
Order intake	The total amount of sales represented by firm orders. A contract is deemed to be firm when it has been signed and has come into effect (i.e. the service order has been issued and all the conditions precedent have been lifted) and the financing is in place.
Pass-foncier®	Means-tested scheme to promote first-time home ownership set up by the French government and the social partners for the acquisition of a new home (house or apartment).
PFI (Private Finance Initiative)	Scheme introduced by the British government in 1992 under which private-sector operators are entrusted with the financing and construction of public infrastructure and the subsequent provision of maintenance and related services.
Positive Energy Consortium	A consortium created on the initiative of Bouygues Immobilier in October 2008 to pool the R&D efforts of various players involved in the operation of new-generation positive-energy office buildings. Its aim is to reduce the energy consumption of future buildings and increase their capacity to produce energy from renewable sources. Optimising the carbon balance is another goal.
PPP (Public-Private Partnership)	An alternative to traditional public procurement methods. In return for a set rent, private firms construct and maintain buildings and/or infrastructure (hospitals, schools, prisons, etc.) which are then made available to the public sector.
Property development	The assumption of responsibility, for a price determined with the client, for the completion of a building programme, including the legal, administrative and financial aspects connected with the project.
Public service delegation	Contract whereby a public-law entity entrusts the management of a public service for which it is responsible to a public- or private-sector delegatee whose remuneration is substantively linked to the results of operating the service. The delegatee may be asked to build structures or acquire assets necessary for the service.
QSE	A management system that incorporates Quality, Safety and Environment features. The requirements of Afaq QSE certification awarded by Afnor can be met through standards such as ISO 9001, ISO 14000, OHSAS 18001 and ILO OSH 2001.
Quarry	Site for the extraction of rock and production of aggregate suitable for use in road building.

Rehagreen®	A service package created by Bouygues Immobilier with the aim of identifying all the potential for value enhancement in an office building so that it can be refurbished while respecting the architectural heritage. The approach is based on a multicriteria analysis that combines technical, regulatory, functional and planning features.
Reservations by value	The value in euros of properties reserved in a given period. For residential property, Bouygues Immobilier counts the total value of reservation contracts (signed by customers and validated in-house), net of withdrawals and weighted for the consolidation rate in Bouygues Immobilier's accounts of the investment vehicle carrying the transaction. Block residential property reservations are announced when the sale is notarised. For commercial property, reservations are announced when the sale is notarised.
Residential property reservations by volume	Reservations by volume are announced when the reservation contract is signed, for unit reservations, or when the sale is notarised, for block reservations. Net of withdrawals, the figures are weighted for the consolidation rate in Bouygues Immobilier's books of the investment vehicle carrying the transaction.
Road signage	Horizontal road markings (white lines, etc.) and vertical signs, traffic lights, overhead gantry signs, etc.
Scellier scheme	A reference to the so-called Scellier Act that came into force on 1 January 2009. The scheme takes the form of a tax break. Low-energy Scellier scheme: customers who invest in a new residential property with BBC-Effinergie® certification built before 31 December 2012 receive a tax break equal to 13% of the acquisition price (maximum tax reduction of €4,333 per year for nine years). Intermediate low-energy Scellier scheme: after the nine years, the customer may receive an additional tax break equal to 4% of the cost price of the property, for three years renewable once: in 2012, up to 21% of the price of the investment up to a maximum of €4,333 per year for the first nine years, then €2,666 per year for the following six years.
Service order	Instruction given by the contracting authority or client to the contractor to begin a phase of works.
Smart City	Concept initiated by the European Commission. At the cutting edge of new usages and technological progress, its aim is to transform cities by integrating networks (transport, energy, fluids, etc.).
Smartgrid	Power distribution network that uses IT to optimise production and distribution, match supply to demand and ensure the security of network operation, taking account of new energy sources (solar, wind, etc.).
Subcontracting	Delegation of work by a firm that has won a contract.
Sustainable construction	A term used to refer to any construction that limits environmental impacts as far as possible while ensuring the comfort, health and safety of users and that blends as well as possible into surroundings whose natural and local resources it uses to the greatest possible extent.
Take-up	All transactions involving the rental or sale of premises for use as offices carried out by end-users. Take-up is expressed in terms of the area of office space rented or sold. For rentals, it is based on the gross leasable area and takes account only of newly signed leases. It does not therefore include renegotiated leases or sales to sitting tenants.
Urban regeneration zone	Neighbourhood covered by a multiyear agreement with ANRU, the French national urban regeneration agency. Low-income households in urban regeneration zones may, under certain conditions, acquire a principal residence at a 5.5% reduced rate of VAT.
UrbanEra®	Concept developed by Bouygues Immobilier to provide a tailored solution to the requirements of local authorities through a new generation of positive energy-oriented sustainable neighbourhoods, including new services. From the initial diagnosis to operational management of the neighbourhood, UrbanEra® optimises all the parameters of the sustainable neighbourhood while prioritising the human aspect.
Zero-interest loan	Loan on which no interest is due, used to finance the construction of housing, the purchase of a new residential property, the purchase of an existing residential property whatever its date of construction, the purchase and/or redevelopment of business premises transformed for residential use or the purchase of a residential property let under a rent-to-buy contract. Borrowers must not have owned their principal residence in the two years before the date of the loan application. See also *Enhanced zero-interest loan.*

MEDIA AND TELECOMMUNICATIONS

16/9	Aspect ratio with a width of 16 units and a height of 9 units. A widescreen format similar to cinema formats, it is systematically offered on HD Ready and HD TV television screens.
2G (GSM)	Global System for Mobile Communication. Second-generation mobile phone network offering voice, text messaging (SMS) and image messaging (MMS) services. Bouygues Telecom's 2G network covers 99% of the French population.
3G (UMTS)	Universal Mobile Telecommunication System. First version of the third-generation mobile phone network (voice and data). Speed: 380 kbit/s. Since UMTS was created, speeds have been optimised with HSPA (3G+).
3G modem	USB memory stick with a SIM card. It gives subscribers internet access from a laptop via the 3G network. See also *SIM card.*
3G+ (HSPA)	High Speed Packet Access. A system for carrying data in packet mode, used in mobile telephony. The second generation of UMTS (also known as 3G+), it offers improved speeds both for downloads (HSDPA) and uploads (HSUPA) and gives users access to interactive applications such as internet, TV, messaging and video. Bouygues Telecom, which is using HSPA to develop its 3G+ network, had covered all major French towns and cities by the end of 2011, representing 93% of the population. Speed: 7.2 Mbit/s.

4G (LTE)	Long Term Evolution. Fourth-generation mobile phone network offering speeds up to 100 Mbit/s. Arcep allocated frequencies in the 2.6 GHz band in late 2011 and in the 800 MHz band in early 2012. The new technology will be able to handle the growing demand for mobile internet and offer higher-quality video.
ADSL	Asymmetric Digital Subscriber Line. Network technology that uses a traditional telephone line and a router (the Bouygues Telecom Bbox, for example) to offer simultaneous access to internet and telephone services. Television provided by an ADSL operator is called IPTV. See also *Bbox.*
Analogue	In television, a method for producing and transmitting pictures in which the intensity of the electric signals is continuous (analogue) with the sound or light source. In France, the analogue television signal ended on 30 November 2011, replaced by terrestrial broadcasting in digital mode only. See also *DTT.*
Arcep	*Autorité de Régulation des Communications Electroniques et des Postes,* the French electronic communications and postal services regulator. Created in 1996 to regulate the telecommunications sector, its remit was extended to postal services in 2005.
ARPU	Average Revenue Per User, generally expressed as an annual figure.
Audience share	Percentage of audience for a particular medium (TV channel, radio station, etc.) calculated in relation to the total audience for the medium. In 2011, TF1 confirmed its position as France's leading TV channel with 23.7% of the audience of individuals aged four years and over (source: Médiamétrie).
Bbox	Bouygues Telecom's ADSL service, offered in triple play or quadruple play with ideo. Bbox is also the name of the router that gives access to the services. Bouygues Telecom started marketing Bbox Fibre, the first very-high-speed service, in 2010, using the Numericable network. See also *Optical fibre, Quadruple play and Triple play.*
Blu-ray™ disk	High-definition audio and video disk with a storage capacity that improves picture definition by a factor of five in relation to the DVD and allows for the restitution of recorded sound without compression.
Call termination charges (voice/SMS)	Price paid (outgoing fee) by an operator for routing its customer's communications (voice and SMS) to another operator's customer (incoming fee).
Catalogue	Collection of films and dramas that form a corpus of audiovisual rights, either created in-house or acquired from production companies.
Catch-up TV	Television programming offered by television content providers on the internet so that viewers can watch programmes at their convenience. A free or pay service, it may also include supplements not shown with the original programme, such as summaries. MYTF1 offers catch-up services via router, PC, smartphone and tablet.

Cloud computing	The practice of using a network of remote servers hosted on the internet to store, manage, and process data, rather than a local server or a personal computer.
Club store	Network of proprietary retail outlets. The Réseau Clubs Bouygues Telecom (RCBT) had 650 Club stores at end-2011, covering most towns and cities in France.
Connected TV	A term both for a television set directly or indirectly connected to the internet and for television services from internet operators provided using IPTV technology. See also *IPTV.*
Contactless technology	Technology for short-distance data exchange between a terminal and a chip. Incorporated into a mobile phone, it paves the way for services like electronic travel tickets and mobile payment.
CSA	*Conseil Supérieur de l'Audiovisuel.* Independent administrative authority created in 1989 to guarantee the freedom of audiovisual communication in France under the conditions defined in Act 86-1067 of 30 September 1986 (the Freedom of Communications Act).
Customer mix	In mobile telephony, the proportion of plan customers in relation to prepaid customers. See also *Plan* and *Prepaid.*
Data centre	Physical facility where electronic information is stored. Data centres must comply with strict environmental standards (temperature, humidity) in order to protect the servers.
Delayed audience	Audience for programmes watched after they are broadcast, either recorded on a DVD, VHS or DVR or watched with a time delay on a router.
DSLAM	Digital Subscriber Line Access Multiplexer. Telephone exchange equipment that connects subscriber lines to ADSL networks. DSLAMs, which belong to ISPs, are hosted on France Telecom's subscriber connection nodes.
DTT (Digital Terrestrial Television)	Television broadcast in digital mode via the terrestrial network. A box (set-top or integrated into the TV set) decodes the signal, which is compressed at source. Programmes may be free or pay. For example, NT1 and TMC are free channels, while Eurosport is the benchmark DTT pay sports channel.
Gross revenue	Catalogue prices given by sellers of advertising space in accordance with their general conditions of sale, excluding discounts and reductions, applied to a volume of advertising sold.
GSM	See *2G.*
High definition (HD)	Picture resolution with definition in excess of 720 lines. A full HD picture may have up to 1080 lines x 1920 pixels, i.e. nearly 2.1 million pixels, almost five times more than a standard image (576 x 720 pixels). At source, works may be filmed in HD (native HD) and broadcast by various means (satellite, optical fibre, DVD, etc.). See also *Blu-ray disk.*

High-density area	Area with high population density in a significant part of which it is economically worthwhile for several operators to roll out their own optical fibre networks as close as possible to the home. By Arcep's definition, 148 municipalities are situated in high-density areas for the purposes of rolling out optical fibre.
HSPA	See *3G+*.
Interactivity	TV programme or website that seeks audience participation (voting, taking part in a game, etc.).
Internet service provider (ISP)	Company that provides internet access via ADSL, cable or optical fibre. Equipment provided by the operator (modem, router, etc.) is essential.
Inventory (TV programmes)	Television programmes that can be kept and used again in the long term (dramas, documentaries, cartoons, arts, etc.), unlike light entertainment programmes (game shows, sporting events, etc.).
IP	Internet Protocol. Communication protocol for data exchange on networks (internet, ADSL, WiFi, 3G, etc.).
IPTV	Internet Protocol Television. Protocol for distributing television via an IP network like the internet.
Lower density area	An area that is not a high-density area as defined by Arcep for the roll-out of optical fibre. They are areas of average population density and rural areas. See *High-density area.*
LTE	See *4G.*
Machine-to-machine (M2M)	Exchange of information without human intervention between devices equipped with a SIM card and a computer server. Examples include updates of municipal display panels, remote meter reading, bike hire schemes like Velib' in Paris. See also *SIM card.*
Market share (advertising)	Advertising spend attracted by a channel or a medium in a given media market (television, radio, etc.), expressed as a percentage. TF1's advertising market share in 2011 was 37.2% of the total television market (source: TNS Media Intelligence).
Mediamat' Thematik	Médiamétrie's benchmark theme channel audience survey which replaced MediaCabSat in March 2010 and covers the cable, satellite and ADSL television market in France.
MPT	Mobile personal television. A new digital way of receiving television on a mobile phone or reception device. Channels will be broadcast in point-to-multipoint mode via the terrestrial network in addition to the current point-to-point mode (Edge, 3G). For further information: www.forum-tv-mobile.com
MVNO	Mobile Virtual Network Operator. A company that has neither telecommunications infrastructure nor frequencies of its own and buys communication time from traditional operators for resale to its customers. Bouygues Telecom hosts several MVNOs on its network.
Net connections	In the telecommunications industry, the number of new customers minus the number of customers who have terminated their subscription.
Optical fibre	Silicon fibre used in telecommunications networks that may be installed by the operator to the curb (FTTC, fibre to the curb), to the building (FTTB, fibre to the building) or to the home (FTTH, fibre to the home). It enables the very fast transmission of enhanced multimedia services such as internet, telephony, video on demand, high definition pictures, etc.
Parental control	Tool that enables parents to block access to certain TV programmes and websites whose content is deemed inappropriate for children.
Plan	Mobile phone subscription (also called "postpaid"), comprising a monthly communications credit ranging, at Bouygues Telecom for example, from 40 minutes to unlimited calls. When service plans are capped, as with Universal Mobile, there is no possibility of overrun.
Prepaid	Mobile phone service without a subscription, based on buying top-ups (top-ups for Bouygues Telecom cards range from €5 to €60).
Prime time	Part of the schedule when the audience is largest. In France, television prime time is in the evening, generally from 8.45pm. "Access prime time" is between 6.00 and 8.00pm.
Programming costs	Cost of producing and acquiring the rights to programmes shown, including shorts (sponsored), the overheads of programme units and final rights payments.
Public initiative networks	Physical (optical fibre) networks built by local authorities (regions, *départements*, metropolitan areas). As a rule public authorities invest, often with a private partner, to build a network covering the whole zone (or sometimes only zones not covered by ADSL).
Quadruple play (4P)	A high speed subscription package comprising four services (fixed and mobile phone, internet and television). Bouygues Telecom was the first French operator to launch a 4P service with ideo, combining a Bbox router with a mobile phone service plan.
Roaming (international)	Possibility for mobile phone or internet customers (roaming subscribers) travelling in a zone other than the one where they are subscribers to automatically use a different operator's network. Customers are billed by their home operator. Roaming agreements are concluded between operators in different countries.
Sales from network	Revenue generated from Bouygues Telecom customers minus handset sales.
SCN	Subscriber connection node. Owned by the legacy operator, they are telephone multiplexers that host ISP equipment (see also *DSLAM).* They are distributed nationwide according to population density.

SIM card	A movable card with a microprocessor that includes a module (Subscriber Identity Module) containing client information. It identifies the customer and enables him or her to use the phone, especially the directory containing contact details. See also *3G modem*. In addition to SIM cards for mobile phones, Bouygues Telecom manages machine-to-machine (M2M) SIM cards and internet SIM cards, mostly USB modems. See also *Machine-to-machine*.
Smart device	See *Machine-to-machine*.
Smartphone	Mobile phone with an operating system that offers office suite functionalities (e-mail, diary, calendar, internet access, etc.) in addition to conventional telephony. Customers can access free or pay applications from app stores.
Specific Absorption Rate (SAR)	A measure of the quantity of energy carried by radio frequencies towards the user from a mobile phone when the device operates, for example, at full power.
Triple play	A high speed subscription package comprising three services (fixed phone, internet, television) received through a multi-services router such as the Bbox.
UMTS	See *3G*.
Unique visitors	The total number of individuals who have visited a website or used an application at least once during the period under consideration. Individuals who visit the same website or use the same application several times are counted only once. MYTF1.fr was the leading French TV media website in 2011.
Very-high-speed broadband	Internet access with a speed of over 50 Mbit/s, especially via optical fibre. Broadband generally offers speeds of between 128 kbit/s and 50 Mbit/s.
VOD	Video On Demand. A pay service whereby viewers can see the programme of their choice by ordering it with their remote control via a multi-services router such as the Bbox or from their computer. MYTF1VOD, the most widely distributed VOD platform in France, is available on all IPTV services, on the internet at www.mytf1vod.fr and on Samsung connected televisions.
Wiki	Type of internet application for writing and illustrating articles collaboratively. The online amendment of documents may be authorised for all users or reserved for certain members. The collaborative encyclopedia Wikipedia is reckoned to be the most widely consulted wiki site at the present time.

CORPORATE, LEGAL AND FINANCIAL

Afep/Medef Code	A set of recommendations on corporate governance and executive pay in listed companies issued in 2008 by two business organisations, the Association Française des Entreprises Privées (Afep) and the Mouvement des Entreprises de France (Medef). Bouygues has adopted the Afep/Medef Code as its benchmark code.
AMF	*Autorité des Marchés Financiers*. An independent public authority whose remit is to safeguard investments in financial instruments, to ensure that investors receive material information and to maintain orderly financial markets in France.
Bearer share	A form of share ownership where the share account is held by a financial intermediary (custody account-keeper) to which the shareholder pays a management fee. Bearer form is preferred when shares are acquired or subscribed for a relatively short period (a few days or weeks) or when the shareholder has no particular interest in establishing a link with the company. The company is not able to communicate directly with the holders of bearer shares since it does not know their identity.
Biodiversity	Defined at the Rio Earth Summit in 1992 as the *"the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems"*. This very broad definition implies that companies should take account in their activities of all interactions between living organisms.
Bond	Interest-bearing debt security issued by a company or public-sector entity, redeemable for a set amount at a pre-set date. Unlike shares, bonds represent not an interest in the capital but a claim on the issuer. In return for the loan, bondholders receive interest, called a "coupon", and must be repaid the borrowed amount when the loan/bond matures.
CAC 40	Main French stock index published by Euronext. It is computed on a continual basis from the prices of 40 shares listed on the main market and selected from the 100 largest capitalisations. The CAC 40 is a free-float weighted index. Free-float is the portion of a company's shares held by the public.
Cap	An over-the-counter agreement between two counterparties that enables the buyer to hedge against a rise in interest rates beyond a predetermined level (ceiling or strike rate) in return for the immediate payment of a premium.
Carbon strategy	An overall policy that aims to implement an action plan within a company to reduce its carbon footprint. One aspect of a carbon strategy is the promotion of low-carbon alternatives to customers, raising their awareness of the CO_2 reductions and savings generated by such solutions. Another aspect is to stimulate innovation by seeking to reduce energy intensity and energy dependence.
Corporate officers	In a *Société Anonyme* (public limited company) with a board of directors, the corporate officers are the Chairman of the Board, the Chief Executive Officer, the Deputy CEOs (if any) and the directors. Only the Chairman, the Chief Executive Officer and the Deputy CEOs (if any) can be referred to as executive directors.
Company savings scheme	A legal and tax framework that enables employees who so wish to save through their employer. They may make voluntary payments into the scheme or pay in all or some of their profit-sharing bonus. The company may top up payments made by its employees. Savings are unavailable for five years except under certain conditions for early release.

CSR	According to the ISO 26000 standard, CSR is the responsibility of an organisation for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that: (a) contributes to sustainable development, including health and the welfare of society; (b) takes into account the expectations of stakeholders; (c) is in compliance with applicable law and consistent with international norms of behaviour; (d) is integrated throughout the organisation and practised in its relationships.
Directors' fees	Annual sum determined by the general meeting in order to remunerate directors for their work on the board and, where relevant, board committees. The board of directors is free to set the amount payable to each director. Directors' fees frequently include a variable component so that the amount paid to individual directors can be linked to attendance at board meetings.
Dividend	Portion of its profit that a company distributes to each of its shareholders. The amount of the dividend is proposed by the board of directors and approved by the general meeting called to consider and approve the financial statements for the year ended.
Earnings per share	Net profit attributable to the Group divided by the average number of shares during the year.
EBITDA	Earnings before interest, taxes, depreciation and amortisation. Current operating profit plus net amortisation expense plus net provisions and depreciation expense minus reversals of provisions no longer required.
Energy efficiency	Ratio between the useful output and the input in energy terms. Energy efficiency seeks to reduce expenditure on energy while preserving identical service quality for the customer with the aim, by rationalising energy consumption, of limiting the economic cost and environmental impact of energy production.
Exchange offer	An announcement made by a company or by individuals to the shareholders of another company, indicating their intention to acquire the shares of the target company in exchange for other shares.
FCPE	*Fonds Commun de Placement d'Entreprise.* Investment fund reserved for the employees and corporate officers of a company or group of companies with a profit-sharing scheme or corporate savings plan. Payments into the savings plan may be topped up by a payment from the employer. The fund's by-laws must be approved by the AMF.
Firm business	Expression in financial terms of the output of a project, entity or company in a given period of time. It is equivalent to the company's book sales.
Floor	An over-the-counter interest rate agreement which enables the buyer, in return for a premium, to hedge against or take advantage of a fall in interest rates below a given level (floor or strike rate).
Free cash flow	Cash flow minus cost of net debt minus income tax expense minus net capital expenditure. It is calculated before changes in working capital requirement.

Future	A forward agreement that constitutes a firm commitment to buy or sell an agreed quantity of an underlying asset at an agreed price and at an agreed future date. Futures are standardised and listed instruments, relating to reference assets for a standard amount and at set terms.
Gearing	The ratio of net debt to equity (including minority interests).
Global Compact	A United Nations initiative launched in 2000 that invites companies, labour organisations and civil society to adopt, support and apply in their sphere of influence a set of ten universally accepted principles relating to human rights, labour, the environment and anti-corruption. For further information: www.unglobalcompact.org
Greenhouse gases	Gases naturally present in the atmosphere (though representing less than 1% of the composition) which absorb infrared radiation emitted by the earth and hence contribute to the "greenhouse effect". The two most important greenhouse gases are water vapour (H_2O) and carbon dioxide (CO_2). The other main greenhouse gases are methane (CH_4), ozone (O_3), nitrous oxide (N_2O) and halocarbons (PFC, CFC). The concentration of greenhouse gases in the atmosphere contributes to global warming.
Grenelle Environment Summit	A series of meetings organised in autumn 2007 by the French government, trade unions, NGOs, business organisations and other environmental stakeholders with a view to preparing a body of environmental legislation. The Grenelle 1 Act was adopted in July 2009, the Grenelle 2 Act was published in the *Balo* (legal gazette) on 12 July 2010.
GRI (Global Reporting Initiative)	A global initiative to develop principles applicable worldwide for rendering account of economic, environmental and social performance, initially for companies and subsequently for any governmental or non-governmental organisation. For further information: www.sommetjohannesburg.org
Internal control	Arrangements made by a company and implemented under its responsibility to ensure: a) compliance with laws and regulations; b) implementation of instructions and directions given by executive management; c) proper functioning of the company's internal processes, especially those relating to the protection of its assets. In order for processes to function correctly, standards or operating principles have to be established, along with monitoring indicators; d) reliability of financial information (...) (source: AMF reference framework, June 2010).
Leveraged scheme	An employee savings scheme that enables employees to make an investment corresponding, for example, to a single share and, on maturity, to obtain a guarantee or partial protection of their investment plus the benefit of all or some of any appreciation in the price of the share, to which a multiplier (six, for example) is applied. The leverage is obtained by issuing a larger number of shares at a discount (for example, nine times more than the employee's investment), the subscription price being financed by a bank (source: AMF).
Lifecycle analysis (LCA)	A method for assessing the environmental impact of a product or service from creation through use to destruction (or disappearance). The term "cradle to grave" is often used. The aim of lifecycle analysis is to optimise product design in order to minimise the environmental impact.

Liquidity	The status of a market or stock in which transactions (buying and selling) take place in a fluid manner, without sudden fluctuations in price, due to the large number of stocks traded.
Liquidity contract	A contract whereby a listed company makes liquid assets and shares available to an investment services provider (ISP) which, acting independently, will buy or sell shares in the company when the market in its shares is unbalanced. The ISP thus brings additional liquidity to the market in the company's shares and helps to keep trading fluid.
Market capitalisation	The number of shares comprising a company's capital multiplied by the share price at a given date.
Net capital expenditure	Acquisition price of property, plant and equipment and intangible assets minus the price of property, plant and equipment and intangible assets sold (and minus any investment subsidies obtained).
Non-voting director	In a *société anonyme* (public limited company) with a board of directors, a director whose role is to take an outside view of the board's operation. Non-voting directors attend board meetings in a purely advisory capacity. Under Bouygues' by-laws, the general meeting may appoint one or more non-voting directors. Bouygues had one non-voting director in 2011.
Par value (of a share)	The portion of the capital represented by a share. The shareholders are free to set the par value. It is not the same as the market price of the share. The par value of a Bouygues share is one euro.
Performance shares	Shares awarded free of charge by a company under the conditions defined in the French Commercial Code to employees or corporate officers of the company or of companies related to it, subject to the achievement of certain performance targets. Bouygues has not awarded performance shares.
Preferential subscription right	On any cash capital increase, shareholders have a preferential right to subscribe new shares in proportion to the amount of their shareholding. The preferential right is detachable from the shares and negotiable during the subscription period; its purpose is to offer financial compensation for the dilution that shareholders may suffer if they do not subscribe to the capital increase. To facilitate certain financial transactions, such as the arrival of a new shareholder or a capital increase reserved for employees, the shareholders' meeting that decides or authorises a capital increase may cancel the preferential subscription right.
Public offering (of financial instruments)	Comprises one of the following transactions: a communication addressed in whatever form and by whatever means to persons, containing sufficient information about the conditions of the offering and the instruments on offer, such that an investor is in a position to decide whether to buy or subscribe the financial instruments concerned; a placement of financial instruments by financial intermediaries.
Registered share	A form of share ownership where the owner's name is entered in a register kept by the company. Registration is generally the form preferred by shareholders who want the company to know their identity and who want to directly receive information for shareholders from it. Shares may be directly registered with the company *("nominatif pur")* or also registered in a mirror account with the custody account-keeper designated by the shareholder *("nominatif administré")*.

Retirement savings plan (Perco)	A scheme with tax breaks that enables employees who so wish to save for their retirement by acquiring units in one or more corporate investment funds (FCPE) with the help of their employer, which may top up payments made by employees. Funds may be released early under certain conditions.
Seveso (directive)	Directive named after the Seveso disaster in Italy in 1976 which requires EU Member States to identify industrial sites that represent major accident risks. Sites are given a Seveso classification according to the quantities and types of dangerous substances to be found there (e.g. low-threshold or high-threshold Seveso site).
Share	Certificate evidencing ownership of a fraction of the capital of the company that issued it. Shares can yield dividends and entitle the holder to vote at general meetings. They may be listed on a stock exchange, though listing is not a requirement. Also known as a stock or an equity.
Share repurchase tender offer	An announcement made by a company to its shareholders offering to acquire its own shares at a given price with a view to cancelling them. The aim of a share repurchase tender offer is to automatically increase earnings per share. It may have a positive effect on the market price of the share.
Statutory auditor	Appointed by the shareholders at the general meeting for a six-year term, the statutory auditor's assignment is to conduct an independent audit of the company financial statements and, where relevant, consolidated financial statements of the company to which the appointment relates. If satisfied, the statutory auditor certifies that the financial statements give a true and fair view of the company's situation in a report to the shareholders at the general meeting. Companies required to publish consolidated accounts must appoint two statutory auditors who are independent of each other.
Sustainable development	According to the definition proposed in 1987 by Gro Harlem Brundtland, Chair of the World Commission on Environment and Development in the report Our Common Future (the Brundtland Report), *"sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs"*.
Tender offer	An announcement made by a company or by individuals to the shareholders of another company, indicating their intention to acquire the shares of the target company at a given price.
Tunnel	The simultaneous purchase of a cap and sale of a floor, or vice versa. In both cases, the cap and the floor must have the same characteristics (amount, maturity, reference floating rate). See also *Cap* and *Floor*.
Voting right	Right that enables shareholders to take part in collective decisions concerning their company. Voting rights may be differentiated. For example, the law allows double voting rights to be conferred on shares registered in the same name for more than two years. Double voting rights were introduced at Bouygues in 1972.
Working capital requirement	Current assets minus current liabilities (including current provisions but excluding current financial liabilities and debt hedging instruments).

CSR and environmental indicators: note on reporting methodology

Supplementing the extra-financial indicators contained in this document, this note describes the reporting methodology.

SOCIAL/HR REPORTING IN THE BOUYGUES GROUP

Consolidated social/HR indicators may be found in the *Corporate, social and environmental responsibility* section of *The Group* on pp. 26 to 51.

Indicators

The Bouygues group is a diversified industrial group. Social/HR reporting indicators are chosen and defined by consensus through two monitoring committees.

The Social/HR Reporting Improvement Committee, made up of experienced human resources managers from the parent company and the Group's business areas, determines reporting priorities (e.g. constructive industrial relations, health and safety) and draws up a map of indicators likely to illustrate them, in keeping with the specific features of each business line. It reviews each data collection exercise with a view to continuous improvement in terms of both processes and the reliability and relevance of the indicators.

The HRIS and Indicator Tracking Committee is an offshoot of the Social/HR Reporting Improvement Committee, made up of employee management oversight staff. It precisely defines each indicator in terms of scope, computation formula, frequency, deadlines, etc.

All the indicators are summarised in a methodological guide, circulated Group-wide.

As the committee is decentralised, its members communicate with each either via BYpedia, the Bouygues group's collaborative extranet site.

Consolidation

Data are collected, verified and consolidated using a reporting software package that includes a workflow process with an internal validation circuit. There are two main data sources:

- Group HRIS data, supplied monthly or quarterly from business area payroll systems;
- specific business area data, entered directly.

Methodological limitations

Indicators may have methodological limitations due in particular to changes of definition between two collection exercises that may affect their comparability. If that is the case, and unless stated otherwise, indicators relating to previous years are recalculated.

CARBON REPORTING IN THE BOUYGUES GROUP

Consolidated indicators may be found in the *Corporate, social and environmental responsibility* section of *The Group* on pp. 26 to 51.

Aims of carbon reporting

The quantification of greenhouse gas emissions in the Bouygues group has two main aims:

- to measure the Group's dependence on fossil energies,
- to estimate the pressure of the Group's activities on the climate and its exposure to future climate change.

The quantification of greenhouse gas emissions is part of the Group's overall sustainable development policy. The Group can now:

- give a transparent account of its greenhouse gas emissions, since the estimate is prepared on the basis of clearly explained methods;
- analyse its activities from a new standpoint;
- reduce, predict and plan: quantifying greenhouse gas emissions is an essential precondition for an action plan that includes quantified and prioritised targets for reducing them.

Consolidation principles and methods

A pioneer in the use of the Bilan Carbone® carbon balance method, the Group has now implemented a reporting system that enables it to comply with French and international standards for inventories of GreenHouse Gas (GHG) emissions. The Group's GHG balance complies with the ISO 14064 standard.

Drawing on work on ISO 14069, emissions are consolidated using the operational control method.

The scope of 2011 activity data is representative of 2011 sales (Scope 1+2+3). However, certain entities are excluded from the scope (mainly Eurosport and some Bouygues Immobilier subsidiaries) because the methodology is still being refined. Emissions from the use of products sold in all business areas are explicitly excluded from the consolidated estimate because it has proved impossible to devise a single rule that is equally relevant for all of them. These emissions from the use of products sold, labelled Scope 3b for internal purposes, are included in business areas' low-carbon proposals.

The Group's consolidated balance is benchmarked on 2011. The schedule for closing the consolidated balance of GHG emissions is based on the schedule for closing the financial statements: balances are closed in February for 12-month periods. For works activities in general, emissions are prorated over the duration of the project.

Each business area applies a methodological guide that takes account of the specific features of its activity, in accordance with the Group's methodological rules. The guides precisely set out the justification for activity data and the choice of emission factors. Activity data (KWh, litres, km, etc.) are extracted according to the availability of data from current reporting systems, physical measurements, converted data and internal ratios (kg eq. of CO_2 per m^2 built, for example). The ratios used are documented and are derived from carbon analysis of representative samples of the activity concerned in compliance with ISO standards.

Double counting resulting from flows between consolidated entities is eliminated to ensure that the consolidated balance is more representative. The most significant flows (i.e. works operations between Bouygues Construction and Bouygues Immobilier) are eliminated.

Building on cooperation between the Group's business areas and methodological partnerships with private and public bodies, the Group actively helps to reduce method-related uncertainties about GHG emission inventories. Uncertainty with regard to the benchmark balance varies according to the item and the precision of emission factors. Although not easy to quantify, the uncertainty relating to emission factors may be estimated at nearly a quarter of total emissions.

The carbon intensity of each business area corresponds to GHG emissions divided by sales. The sales figure used as the divisor complies with accounting regulations, and the scope covered by GHG emissions complies with the ISO 14064 standard.

For the first year of consolidation, the scope of 2011 GHG emissions covers over 95% of the Group's activities, though this figure may vary slightly from one subsidiary to another. The level of carbon intensity is sometimes slightly underestimated but the discrepancy remains within the margin of uncertainty.

BOUYGUES CONSTRUCTION

In order to ensure that indicators are uniform across the entire Bouygues Construction group, a reporting methodology handbook in French and English is circulated to all staff involved in providing the data from which the indicators are constructed. The handbook is updated after the previous year's data have been consolidated, with contributors being invited to give feedback. It describes the methodologies to be used for providing data, including definitions, methodological principles, units, computation formulae and conversion factors. All reporting support tools can be downloaded from a specific area of the Bouygues Construction group's intranet site.

Data for sustainable development indicators are collected, verified and consolidated using Enablon, a reporting software package that includes a workflow process.

Scope

In 2011, the "Global" criterion in the Enablon software covered 94% of Bouygues Construction's consolidated sales, compared with 99% in 2010. Sales-related indicators are computed on that basis. The following entities do not consolidate data from the entire scope of their activities: Bouygues Bâtiment International (80% of consolidated sales); Bouygues Travaux Publics (99% of consolidated sales); VSL (90% of consolidated sales); ETDE (87% of consolidated sales).

Only social/HR data for the Concessions division are included in the report, since its activities are not consolidated financially.

Where an indicator does not cover the entire scope, the portion covered is stated. For France, the indicators cover 64% of Bouygues Construction's total sales.

HR-related indicators cover all the Group's consolidated entities. Some social/HR data were provided by Bouygues Construction's group HR department.

Inclusion of data relating to consortia and joint ventures

Where a project is carried out by a consortium that includes several Bouygues Construction companies, data relating to the project are provided by the lead company only.

Where a project is carried out by a joint venture, data are prorated to the sales generated by the Bouygues Construction company concerned.

Choice of indicators

A working group comprising a representative from each Bouygues Construction entity and coordinated by the sustainable development department has prepared a reference framework of environmental and social/HR indicators that track the progress of the Bouygues Construction group's sustainable development policy. The group is continuing to work on refining the scope of indicators.

Consolidation and validation

After collection, the data are checked and validated by the Bouygues Construction group's operating units. Social/HR indicators are approved by the group HR department. The sustainable development department consolidates the data and carries out consistency checks.

For the first time, an external consultant (Ernst & Young) audited a set of key indicators using 2011 data. The audit concerned several operating units and covered the various stages of consolidation (operating units, then Bouygues Construction).

Methodological limitations

Sustainable development indicators may have methodological limitations arising from:

> limits on the representative nature of measurements and estimates,

> changes of definition that may affect comparability,

> practical data collection methods.

Concordance

Historical financial information for 2009 and 2010

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:

> interim financial information and the consolidated financial statements for the year ending 31 December 2009 and the auditors' reports relating thereto, presented respectively on pages 12 to 15, 177 to 230 and 253 of the 2009 Registration Document filed with the Autorité des Marchés Financiers on 15 April 2010 under No. D. 09-0266;

> interim financial information and the consolidated financial statements for the year ending 31 December 2010 and the auditors' reports relating thereto, presented respectively on pages 14 to 17, 222 to 274 and 299 of the 2010 Registration Document filed with the Autorité des Marchés Financiers on 14 April 2011 under No. D.10-0295.

These documents are available in the "Finance/Shareholders" section of the Bouygues website at www.bouygues.com.

FULL-YEAR FINANCIAL REVIEW

The 2011 full-year financial review, prepared pursuant to Article L. 451-1-2-I of the Monetary and Financial Code and Article 222-3 of the AMF General Regulation, comprises the following sections of the Registration Document:

	Pages of the Registration Document
> Parent company financial statements	269-279
> Consolidated financial statements	216-268
> Management report	8-167, 190-212, 283-286
> Statement by the person responsible for the Registration Document	314
> Auditors' report on the parent company financial statements	287
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MANAGEMENT REPORT

The management report for 2011 prepared pursuant to Article L. 225-100 of the French Commercial Code is included in this Registration Document. It was approved by the Board of Directors at its meeting on 28 February 2012. It contains the following information (unless otherwise stated, the numbers in brackets refer to the relevant articles of the Commercial Code):

	Pages of the Registration Document
> Review of the business, results and financial position of the company, its affiliates and companies under its control during the year (L. 225-100, L. 225-100-2, L. 232-1, L. 233-6, L. 233-26, R. 225-102)	8-21, 54-133
> Dividends paid out in respect of the last three years (Article 243 bis of the General Tax Code)	9, 209
> Foreseeable developments, outlook (L. 232-1-II, L. 233-26, R. 225-102)	17, 54-59, 70-76, 84-87, 100-103, 112-115, 133
> Important events since the end of the year (L. 232-1-II, L. 233-26)	22-23
> Research and development activities (L. 232-1-II, L. 233-26)	26-28, 48-50, 59-61, 63, 67, 69, 72, 76, 79-80, 82, 87, 95, 107, 114-115, 127, 133
> Key performance indicators of a non-financial nature (L. 225-100, L. 225-100-2)	29-50, 65-69, 81-83, 97-99, 109-111, 123-127
> Main risks and uncertainties (L. 225-100, L. 225-100-2)	136-155
> Information about the company's use of financial instruments (L. 225-100, L. 225-100-2)	147-148
> Powers granted by the Annual General Meeting to the Board of Directors in connection with capital increases (L. 225-100)	205-206
> Information liable to have an effect in the event of a tender offer (L. 225-100-3)	211-212
> Employee shareholdings (L. 225-102)	8-9, 36, 199-200, 206
> Remuneration of corporate officers (L. 225-102-1, L. 225-37)	190-198
> Remits and functions performed by corporate officers (L. 225-102-1)	158-166
> Summary of securities transactions carried out by senior executives (Article 223-26 of the AMF General Regulation, Article L. 621-18-2 of the Monetary and Financial Code)	203
> Purchases and sales of treasury stock (L. 225-211)	207-208, 284-285
> Changes to the presentation of full-year financial statements or the valuation methods used (L. 232-6)	not applicable
> Acquisitions of holdings in or control over companies having their registered office in France (L. 233-6)	21, 105, 117
> Share ownership (L. 233-13)	9, 199-200
> Controlled companies (L. 233-13)	8-9, 267-268
> Company's results in the last five years (R. 225-102)	209
> Breakdown of trade payables (L. 441-6-1, D. 441-4)	212
> Workforce information (L. 225-102-1, R. 225-104)	
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- redundancy and job preservation plans, outplacement measures, re-hires, support measures;	91
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- pay and trends, social security contributions;	38, 69, 92, 98, 110
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- way in which the company's foreign affiliates take account of the impact of their activities on regional development and local people.	26, 30, 46, 62, 64-65, 68, 80, 82, 91, 94, 97, 109, 124
> Environmental information (L. 225-102-1, R. 225-105)	
- consumption of water, raw materials and energy, measures taken to improve energy efficiency and use of renewable energy sources;	26-28, 43-45, 48-49, 56, 59-61, 65, 67, 69, 72-73, 75-76, 78-79, 81, 83, 92-95, 97, 99, 109-112, 121-122, 125, 127
- conditions of soil use, discharges into the atmosphere, water and soil that seriously affect the environment, noise and smells, waste;	26-28, 43-45, 59-61, 63, 65, 67, 69, 72, 76, 78, 80, 83, 92-95, 97, 99, 111, 121-122, 125-127, 132
- steps taken to limit damage to the biological balance, the natural environment and protected species of flora and fauna;	26-28, 43-45, 48-49, 59-61, 65, 67, 69, 72, 76, 92-95, 97-99, 121-122, 125-132

- classified installations;	44-45, 140-141
- steps taken to obtain environmental evaluation or certification;	26-28, 60, 64-65, 67-68, 72, 80-81, 83, 90, 92, 99, 125
- steps taken to ensure that the company's activity complies with the relevant laws and regulations in this area;	44-45, 64, 80, 92-93, 109-110, 128, 139-141
- expenditure incurred in forestalling the environmental consequences of the company's activity;	60, 67-68, 90
- existence within the company of environmental management and employee training and information units and resources devoted to reducing environmental risk, organisation in place to cope with accidents that cause pollution;	28, 48-49, 59-61, 63-64, 91, 118, 139-141, 146
- amount of provisions and guarantees for environmental risks, except if such information is likely to cause serious harm to the company in pending litigation;	140
- amount of compensation paid during the year in execution of a court order relating to the environment and action taken to remedy damage caused to the environment;	154
- objectives set by the company for its foreign affiliates.	62-95

CHAIRMAN'S REPORT ON CORPORATE GOVERNANCE AND INTERNAL CONTROL

The Chairman's report on corporate governance and internal control, prepared pursuant to Article L. 225-37 of the French Commercial Code, may be found on pages 168 to 189 of this Registration Document.

STATEMENT BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I hereby declare that, to the best of my knowledge, the information in this Registration Document is correct and that all reasonable measures have been taken to that end. There are no omissions likely to alter the scope of this information.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial positions and results of the company and all the undertakings included in the consolidation taken as a whole; and that the management report on pages 8 to 167, 190 to 212 and 283 to 286 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.

A Statutory Auditors' report has been issued in respect of the consolidated financial statements for the year ended 31 December 2010 included by reference in this document and is included by reference on page 311 of this document; it contains an observation. A Statutory Auditors' report has been issued in respect of the consolidated financial statements for the year ended 31 December 2009 included by reference in this document and is included by reference on page 311 of this document; it contains observations.

Paris,
11 April 2012

Martin Bouygues
Chairman and Chief Executive Officer

The Bouygues Registration Document

Printed in France, the Bouygues Registration Document is available on the www.bouygues.com website three weeks before the Combined Annual General Meeting.

In response to changing habits and to avoid waste, Bouygues has decided to keep the print run to a strict minimum (1,200 copies). When stocks are exhausted, a digital Print On Demand (POD) service is available on the Group website at Finance/Shareholders – Publications.

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On www.bouygues.com

The Bouygues Registration Document and documents from previous years can be downloaded from the Group's website.

The interactive version of the Registration Document offers a number of useful functionalities:

- a powerful, keyword-driven **search engine** to help you find information quickly,
- the option of inserting **comments** and **e-mailing** the annotated document,
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A condensed version of the Registration Document, Bouygues' *In Brief,* is also available on the website. Published in conjunction with the full-year results presentation, it includes a summary of the past year and key indicators, enhanced with videos, slide shows, additional documents and links to other Group websites.

To access Bouygues' *In Brief* directly, flash the code opposite using a smartphone previously equipped with this application.

Contacts

BOUYGUES GROUP

Headquarters

- Tel.: +33 1 44 20 10 00

Shareholders and investors

Valérie Agathon
Investor Relations Director

- Tel.: +33 1 44 20 10 79
- E-mail: investors@bouygues.com

Registered Share Service

Bouygues offers a free account-keeping service to holders of fully registered shares (see also Bouygues and its shareholders on p. 24).

Philippe Lacourt–Claudine Dessain

- Tel.: +33 1 44 20 11 07/10 73
  Free toll number: 0 805 120 007
  (free from a fixed line in France)
- E-mail: servicetitres.actionnaires@bouygues.com
- Fax: +33 1 44 20 12 42

Bouygues group Press Office

- Tel.: +33 1 44 20 12 01
- E-mail: presse@bouygues.com

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Challenger, headquarters of Bouygues Construction, undergoing environmental renovation

BOUYGUES

BOUYGUES GROUP
Headquarters
32 avenue Hoche
75378 Paris cedex 08
France
Tel.: +33 1 44 20 10 00
www.bouygues.com

BOUYGUES CONSTRUCTION
Headquarters
Challenger
1 avenue Eugène Freyssinet – Guyancourt
78061 Saint-Quentin-en-Yvelines cedex
France
Tel.: +33 1 30 60 33 00
www.bouygues-construction.com

BOUYGUES IMMOBILIER
Headquarters
3 boulevard Gallieni
92445 Issy-les-Moulineaux cedex
France
Tel.: +33 1 55 38 25 25
www.bouygues-immobilier.com

COLAS
Headquarters
7 place René Clair
92653 Boulogne-Billancourt cedex
France
Tel.: +33 1 47 61 75 00
www.colas.com

TF1
Headquarters
1 quai du Point du Jour
92656 Boulogne-Billancourt cedex
France
Tel.: +33 1 41 41 12 34
www.tf1.fr

BOUYGUES TELECOM
Headquarters
32 avenue Hoche
75008 Paris
France
Tel.: +33 1 44 20 10 00
www.bouyguestelecom.fr